

BUDGET ANALYSIS

FISCAL YEAR 2017

Submitted to the 2016 Kansas Legislature



Volume II

*Education
Human Services
Public Safety
Transportation*

Kansas Legislative Research Department
April 2016

BUDGET ANALYSIS

Fiscal Year 2017

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Education
Human Services
Public Safety
Transportation



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FOREWORD

The *Fiscal Year 2016 Budget Analysis* is provided to assist the Legislature in the review of agency budget requests and the Governor's budget recommendations for Fiscal Years 2015 and 2016.

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This report contains the individual analyses of state agency budgets (including the agency budget requests and the Governor's recommendations). The Legislative Research Department's analysis pertains to the Governor's recommendations as originally reported in Volumes 1 and 2 of the Governor's Budget Report as submitted to the Legislature.

This document groups agencies by the function of government in which each agency is classified. There are six functions of government into which agencies are grouped, with similar agencies grouped that share similar basic purposes.

Volume I of this publication contains the Overview of the FY 2016 Governor's Budget Report and agencies in General Government (including the Biennial Budget Agencies), and Agriculture and Natural Resources.

Volume II of this publication contains agencies in Education, Human Services, Public Safety, and Transportation.

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Kansas Juvenile Correctional Complex **CARROLL, JUSTIN** (785) 296-3183

Kansas Lottery **HODISH, DEZEE** (785) 296-7882

Kansas Neurological Institute **FYE, DAVID** (785) 296-4405

Kansas Public Employees Retirement System **DAPP, MARK** (785) 296-4409

Kansas Racing and Gaming Commission **HODISH, DEZEE** (785) 296-7882

Kansas Sentencing Commission **CARROLL, JUSTIN** (785) 296-3183

Kansas State Board of Healing Arts **OUELLETTE, JENNIFER** (785) 296-6684

Kansas State Fair **SKOGLUND, MARK** (785) 296-4407

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Kansas State School for the Deaf **WENGER, SHARON** (785) 296-4439

Kansas State University **MORROW, SHIRLEY** (785) 296-3542

Kansas State University Veterinary Medical Center **MORROW, SHIRLEY** (785) 296-3542

Kansas State University – Extension Systems and Agricultural Research Programs **MORROW, SHIRLEY** (785) 296-3542

Kansas Water Office **SKOGLUND, MARK** (785) 296-4407

Lansing Correctional Facility **CARROLL, JUSTIN** (785) 296-3183

Larned Correctional Mental Health Facility **CARROLL, JUSTIN** (785) 296-3183

Larned Juvenile Correctional Facility **CARROLL, JUSTIN** (785) 296-3183

Larned State Hospital **FYE, DAVID** (785) 296-4405

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Real Estate Commission **SAVOY, MARK** (785) 296-4443

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State Library **WENGER, SHARON** (785) 296-4439

Topeka Correctional Facility **CARROLL, JUSTIN** (785) 296-3183

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University of Kansas Medical Center **MORROW, SHIRLEY** (785) 296-3542

Wichita State University **MORROW, SHIRLEY** (785) 296-3542

Winfield Correctional Facility **CARROLL, JUSTIN** (785) 296-3183

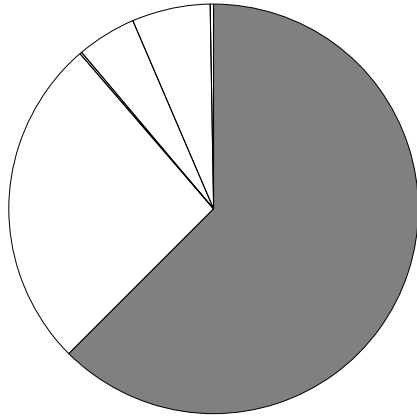
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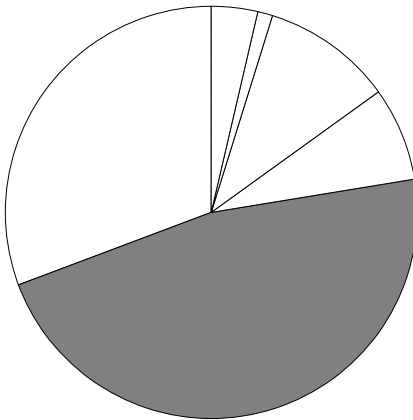
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EDUCATION

State General Fund



All Funds



Education is the function which provides educational services to Kansans through the State Board of Regents institutions and the Board of Education, including certain indirect services such as those provided by the State Historical Society and State Library.

The Governor's FY 2017 recommendation for the Education function totals \$7.5 billion from all funding sources, including \$4.0 billion from the State General Fund.

The FY 2017 recommendation represents a State General Fund increase of less than 1.0 percent or \$37.8 million above FY 2016. Expenditures from all funds increase by 1.6 percent or \$120.2 million above FY 2016.

Agencies in this Function:

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A total of 18,758 FTE positions are recommended by the Governor for the Education function in FY 2017, an increase of 9.0 FTE above FY 2016. Of all state FTE positions, 51.5 percent are in this function.

Agencies in this function comprise 62.7 percent of the total State General Fund budget in FY 2017, a decrease of 0.4 percent below FY 2016. They comprise 46.9 percent of expenditures from all funding sources in FY 2017, a decrease of 0.9 percent below FY 2016.

DEPARTMENT OF EDUCATION

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 3,117,459,086	\$3,202,846,451	\$ 3,168,824,599	\$ 3,377,701,031	\$ 3,189,360,680
Other Funds	1,416,532,449	1,425,876,183	1,439,667,021	1,516,246,613	1,492,582,288
TOTAL	\$ 4,533,991,535	\$4,628,722,634	\$ 4,608,491,620	\$ 4,893,947,644	\$ 4,681,942,968
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 4,533,991,535	\$4,628,722,634	\$ 4,608,491,620	\$ 4,893,947,644	\$ 4,681,942,968
Percentage Change:					
Operating Expenditures					
State General Fund	5.2 %	2.7 %	1.6 %	5.5 %	0.6 %
All Funds	19.1	2.1	1.6	5.7	1.6
FTE Positions	160.0	148.9	148.9	148.9	148.9
Non-FTE Perm.Uncl.Pos.	95.0	97.5	97.5	97.5	100.5
TOTAL	255.0	246.4	246.4	246.4	249.4

AGENCY OVERVIEW

The State Board of Education is a ten-member elected board established by the *Kansas Constitution*. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the State Board of Regents. Its duties include accrediting elementary and secondary schools, establishing standard courses of study in the public schools, certifying teachers and administrators, approving public and private teacher education programs, and administering a variety of state and federal aid and other assistance programs.

MAJOR ISSUES FROM PRIOR YEARS

Montoy v. State of Kansas

On January 3, 2005, the Kansas Supreme Court issued a decision in *Montoy v. State of Kansas* which held the Legislature had failed to meet its burden to make a suitable provision for the finance of public schools as required by the *Kansas Constitution*. The Court retained jurisdiction and gave the Legislature until April 12, 2005, to enact corrective legislation. The 2005 Legislature enacted HB 2247, HB 2259, and SB 43, which amended portions of the school

finance formula or affected the distribution of state aid and appropriated \$141.1 million from the State General Fund in additional funding for elementary and secondary schools.

On June 3, 2005, the Supreme Court issued a supplemental opinion in which it found funding approved by the 2005 Legislature (during the regular Session) did not satisfy the Legislature's constitutional obligation to adequately fund schools. The Court retained jurisdiction and told the Legislature it had until July 1, 2005 to increase funding for school year 2005-06 by an additional \$143.0 million.

In June 2005, the Legislature convened a Special Session and enacted House Sub. for SB 3, which made further revisions to the school finance formula, and added an additional \$148.4 million from the State General Fund for school finance, resulting in a total increase of \$289.5 million in funding for school year 2005-06.

In July 2005, the Supreme Court ruled the Legislature had complied with its June order with regard to providing additional funding for the 2005-06 school year. The Court continued to retain jurisdiction in the case, pending completion of a study of educational costs by the Legislative Division of Post Audit.

2006 Session. The Legislature, upon reviewing a cost study analysis issued by the Legislative Division of Post Audit, enacted 2006 SB 549, a \$466.2 million (from the State General Fund), three-year school finance plan, which appropriated increased funding of \$194.5 million in the 2006-2007 school year, \$149.0 million in the 2007-2008 school year, and \$122.7 million in the 2008-2009 school year. Further, the bill:

- Increased the Base State Aid Per Pupil (BSAPP) from \$4,257 to \$4,316 in FY 2007, to \$4,374 in FY 2008, and \$4,433 in FY 2009 (although only \$4,400 was funded);
- Included funding for action taken by the 2005 Legislature (House Sub. for SB 3) to increase the level of special education excess costs funding from 81.7 percent to 89.3 percent in FY 2006 and to 92.0 percent in FY 2007 and thereafter;
- Clarified that the Capital Outlay State Aid program created by the 2005 Legislature (House Sub. for SB 3) is a demand transfer;
- Increased the at-risk weighting from 19.3 to 27.8 in FY 2007, to 37.8 in FY 2008, and 45.6 in FY 2009;
- Increased the Local Option Budget (LOB) authority from 27.0 percent to 30.0 percent in FY 2007 and to 31.0 percent in FY 2008 and thereafter; and
- Created new weighting categories for high density at-risk pupils and for pupils who are not proficient on the basis of state assessments, but are not eligible for free lunches.

In July 2006, the Supreme Court dismissed the case, ruling that the Legislature had substantially complied with the Court's prior orders to correct flaws in the School Finance Act. The Court stated the constitutionality of 2006 SB 549 was not before it and noted the Legislature will have provided at least \$755.7 million in additional funding for elementary and secondary education by school year 2008-09. The Court also lifted the stay it had placed on two provisions contained in the 2005 legislation and dismissed the appeal.

2007 Session. The 2007 Legislature approved the addition of \$23.1 million, all from the State General Fund, for aid and other assistance programs in FY 2008. Major adjustments include the following items.

- \$4.0 million in General and Supplemental General State Aid to fund 2007 HB 2159 in FY 2008, which allowed all school districts to conduct a second count of students who are military dependents on February 20, 2008, and February 20, 2009.
- \$1.0 million in Supplemental General State Aid to fund a 1.0 percent increase in the LOB authority in FY 2008. Language in the appropriations bill (2007 HB 2368) increased the LOB authority from 31.0 percent to 32.0 percent in FY 2008 and thereafter.
- \$16.1 million in special education excess costs to cover reductions in federal funding for Medicaid reimbursements. The reduction in federal funding was due to a decision by the federal Centers for Medicare and Medicaid Services to begin requiring school districts to request reimbursements on a service-by-service basis in FY 2008, rather than using a bundled payment rate.

In addition, the Legislature approved the transfer of \$122.7 million from the State General Fund to a newly established Keeping Education Promises Trust Fund in FY 2008 to set aside the third year of increased funding (FY 2009) established in the three-year school finance bill (2006 SB 549). In FY 2009, \$122.7 million was transferred back to the State General Fund for General State Aid (\$82.7 million), Supplemental General State Aid (\$15.0 million), and special education excess costs (\$25.0 million).

The Legislature also removed the sunset date of June 30, 2007, for the non-proficient weighting created in the three-year school finance plan (2007 SB 68). No additional funding was needed for the continuation of the non-proficient weighting in FY 2008. The \$10.0 million, all from the State General Fund, the 2006 Legislature appropriated for the weighting in FY 2007 was already included in the agency's FY 2008 budget to finance the weighting in the base General State Aid appropriation.

2007 Interim. In June 2007, the Attorney General issued an opinion that the 1.0 percent LOB increase (from 31.0 percent to 32.0 percent) in the 2007 appropriations bill violated Article 2, Section 16 of the *Kansas Constitution*, which prohibits a bill from containing more than one subject. Because the appropriations bill contained a severability provision, however, the Attorney General indicated that the LOB increase language could be excised without affecting the remaining provisions in the bill.

2008 Session. The 2008 Legislature approved funding of \$2.5 billion, all from the State General Fund, for General and Supplemental General State Aid. This resulted in a BSAPP of \$4,433 in FY 2009 (although, only \$4,400 was funded). In addition, the 2008 Legislature recommended the following items.

- Continued funding for the third year of the three-year school finance plan approved by the 2006 Legislature; added \$37.2 million, all from the State General Fund, in FY 2010 to add a fourth year to the plan, resulting in a BSAPP increase of \$59, from \$4,433 to \$4,492.

- Amended language contained in a previous appropriations bill that required a dollar-for-dollar match from business and industry for the Kansas Career Pipeline. The legislation retained the dollar-for-dollar match but broadened the sources that may be used.
- Shifted \$7.5 million in funding for the Parents as Teachers program from the State General Fund to the Children's Initiatives Fund in FY 2009. Made expenditures of \$5.0 million, all from the Children's Initiatives Fund, for the Kansas Preschool program, formerly known as the Pre-K Pilot. The program had been included in the budget of the Department of Social and Rehabilitation Services (SRS) prior to FY 2009. The Legislature's action transferred the program from SRS to the Department of Education and combines it with the Four Year Old At-Risk program.

2009 Session. The 2009 Legislature made the following major adjustments in FY 2009.

- Deleted \$27.8 million, all from the State General Fund, from General State Aid, which resulted in a BSAPP of \$4,367. (The Governor vetoed the reduction and, instead, reduced the BSAPP by \$11 resulting in a BSAPP of \$4,400 in school year 2008-09.)
- Accelerated the transfer of the fourth-year payment of \$37.2 million from the Keeping Education Promises Trust Fund to the State General Fund from FY 2010 to FY 2009.
- Added \$3.4 million, all from the State General Fund, for local effort adjustments, (or less than expected property tax valuations).
- Added \$2.9 million, all from the State General Fund, for a shortfall in KPERS-School employer contributions in order to maintain funding at the level included in 2009 House Sub. for SB 23.

2010 Session. For FY 2010, the Legislature deleted \$32.75 million, all from the State General Fund, in General State Aid. The BSAPP for the 2010-11 school year was \$3,937.

2011 Session. The 2011 Legislature made the following adjustments.

- Added \$21.7 million, all from the State General Fund, in FY 2011 to ensure the state meets federal special education maintenance of effort requirements. The Legislature added \$21.2 million and included language allowing for the certification of the amount necessary for maintenance of effort requirements at the end of the 2011 Session. If more than the initial \$21.2 million was required to meet the certification, the additional funding would be transferred from the KPERS-School account. In June, the Department of Education, the Kansas Legislative Research Department and the Division of the Budget met and determined that an additional \$476,000 was necessary to meet the federal maintenance of effort requirement.
- Deleted \$69.2 million, all from the State General Fund, to delay the April 15th KPERS-School payment, in FY 2011 to FY 2012.

- Added \$52,287, all from the State General Fund, for school food assistance in FY 2012 in order to meet federal maintenance of effort requirements set forth by the U.S. Department of Agriculture. By adding the funds, the state is eligible to receive approximately \$97.0 million in federal funds for the school lunch program.
- Added \$69.2 million, all from the State General Fund, for FY 2012 for the April 15, 2011, KPERS-School payment, which was deleted in FY 2011.
- Deleted \$1.5 million, all from the State General Fund, to eliminate funding for the Mentor Teacher program in FY 2012.
- Deleted language in FY 2012 that required the award for parent education program grants (Parents As Teachers) to be conditioned on the school district providing services for those families at 150.0 percent of federal poverty level and charging a fee for those families above that income level.

In addition, House Sub. for Sub. for SB 111 was passed. The bill allows school districts to expend a portion of the unencumbered balances held in particular funds and provides a prioritized list. Local school boards are not limited to using the funds in the priority list and are not required to expend the total unencumbered balance before utilizing the unencumbered balance in another fund. The bill limits the amount of money a school district can use from its unencumbered balance through a formula that is calculated by the State Board of Education.

2012 Session. The 2012 Legislature made the following adjustments.

- Deleted \$615,663, all from the State General Fund, for the Mentor Teacher program in FY 2013.
- Added \$65,663, all from the State General Fund, for costs associated with an increase in the transaction fee for the Financial Management System (FMS) in FY 2013.
- Deleted \$28.9 million, all from the State General Fund, from the Technical Education Grants Program fund and added \$28.9 million, all from the State General Fund, to General State Aid in FY 2013 to maintain the 0.5 weighting for career and technical education.
- Added \$40.0 million, all from the State General Fund, to increase the BSAPP from \$3,780 to \$3,838 in FY 2013.

2013 Session. The 2013 Legislature made the following adjustments to the Department's budget.

- Transferred \$44,441 from the Kansas Universal Service Fund (KUSF) in FY 2013 to a newly established fund within the Department to fund an Educational Technology Coordinator position, which had been funded with a federal grant that was due to expire at the end of federal FY 2013.
- Added \$250,000, all from the State General Fund, for Communities in Schools for FY 2014 and FY 2015.

- Deleted \$1.2 million, all from the State General Fund, to reduce operating expenditures for FY 2014.
- Transferred \$43.0 million for FY 2014 and \$10.0 million for FY 2015, all from the State Highway Fund, for special education transportation and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Transferred \$96.6 million for FY 2014 and \$96.6 million for FY 2015, all from the State Highway Fund, for general state aid transportation weighting and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Transferred \$650,000 for FY 2014 and \$650,000 for FY 2015, all from the State Highway Fund, for career and technical education transportation and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Transferred \$37.5 million for FY 2014 and \$39.5 million for FY 2015, all from the Expanded Lottery Act Revenues Fund (ELARF), for KPERS School Retirement and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Added \$46,908, all from the State General Fund, including 0.5 FTE position, in both FY 2014 and FY 2015 for an Education Program Consultant for the Coalition of Innovative Districts Act.

2014 Session. In response to a ruling by the Kansas Supreme Court, the 2014 Legislature appropriated an additional \$109.3 million for Supplemental General State Aid from the State General Fund (local option budget equalization aid) and made a revenue transfer of \$25.2 million to the Capital Outlay Fund from the State General Fund to fully fund equalization aid in both these areas.

Changes in the school finance formula, described below, resulted in a decrease in various weightings taking effect in FY 2015 and thereafter, unless otherwise noted below.

- A phase-out of the school facilities weighting limited its use to only those districts that have a local option budget (LOB) of at least 25 percent of the amount of state financial aid for which the contractual bond obligations incurred by the district were approved by voters on or before July 1, 2014.
- Nonproficient at-risk weighting was eliminated.
- Virtual weighting was eliminated from the LOB calculation.
- At-risk weighting was eliminated for part-time students (grades 1 through 12) and students over 19 years of age (excluding students with Individualized Education Programs (IEPs)).

2015 Session. The 2015 Legislative Session resulted in the repeal of the School District Finance and Quality Performance Act (SDFQPA) that was passed in 1992. In its place, the Legislature created the Classroom Learning Assuring Student Success Act or CLASS Act. The CLASS Act provided a block grant form of funding for each school district for school years 2015-

2016 and 2016-2017. Each district's block grant was based in part on, and is at least equal to, the total state financial support as provided in school year 2014-2015.

House Sub. for SB 7 included the CLASS Act. Senate Sub. for HB 2353 was a "trailer bill" making some adjustments to SB 7. Details from both bills are including in the following description.

Classroom Learning Assuring Student Success Act

The CLASS Act is effective from July 1, 2015, through June 30, 2017, and made appropriations for K-12 education for fiscal years (FYs) 2015, 2016, and 2017.

Block Grant for FYs 2016 and 2017

The block grant includes the following provisions:

- General State Aid school districts are entitled to receive for school year 2014-2015, with some adjustments, and a 0.4 percent reduction for an Extraordinary Need Fund (will be disbursed to districts in the same manner as in current law);
- Supplemental general state aid and capital outlay state aid as adjusted in 2014-2015 (adjustment described below);
- Virtual state aid as recalculated for FYs 2016 and 2017 (described below);
- Amounts attributable to the tax proceeds collected by school districts for the ancillary school facilities tax levy, the cost of living tax levy, and the declining enrollment tax levy; and
- Kansas Public Employees Retirement System (KPERs) employer obligations, as certified by KPERs.

General state aid for school year 2014-2015 is adjusted to account for consolidated school districts. Adjustments also are made in all school years to ensure districts eligible for the new facilities weighting will receive that weighting as outlined in current law.

Special education funding to school districts did not change and is a separate appropriation in the bill.

Extraordinary Need Fund

For FYs 2016 and 2017, 0.4 percent of general state aid will be transferred to the Extraordinary Need Fund. Any unencumbered funds remaining in this Fund at the end of the fiscal year will be transferred back to the State General Fund. Districts can apply to the State Finance Council for payments from this Fund. In reviewing a district's application for payment from the Fund, the Finance Council will consider any:

- Extraordinary increase in enrollment;
- Extraordinary decrease in the district's assessed valuation; and
- Other unforeseen acts or circumstances substantially impacting a district's general fund.

Recalculation of Supplemental General State Aid (Local Option Budget [LOB] State Aid)

The Local Option Budget is comprised of a local mill levy and equalization aid from the state based on a formula described below.

LOB State Aid is recalculated based on quintiles below the 81.2 percentile of school districts' assessed valuation per pupil (AVPP) in school year 2014-2015 and capped at that amount for subsequent school years with gradations as follows based on AVPP, beginning with the districts with the lowest AVPP. (Each quintile equals about 46 school districts.)

- Lowest quintile – 97.0 percent of LOB State Aid;
- Second lowest quintile – 95.0 percent of LOB State Aid;
- Middle quintile – 92.0 percent of LOB State Aid;
- Second highest quintile – 82.0 percent of LOB State Aid; and
- Highest quintile – 72.0 percent of LOB State Aid.

Districts may continue to adopt a LOB and levy a property tax in an amount not to exceed the LOB of the district in school year 2014-2015, unless the district approves a higher amount for school year 2015-2016, prior to July 1, 2015.

The bill uses the AVPP for school year 2015-2016 (instead of the current school year) for the purpose of determining LOB State Aid for any district if the district has a total assessed valuation for school year 2015-2016 less than the assessed valuation in the current school year; the difference in assessed valuation between the current school year and 2015-2016 is greater than 25.0 percent; and having such reduction is the direct result of the classification of tangible personal property by 2014 legislation changing the tax classification of commercial and industrial machinery used directly in the manufacture of cement, lime, or similar products. (KSA 2014 Supp. 79-507)

Recalculation of Capital Outlay State Aid

The state aid percentage begins at 75.0 percent for the district with the lowest AVPP and decreases by 1.0 percent for each \$1,000 incremental increase in AVPP.

Bond and Interest State Aid

The bill amends the calculation of state aid for general obligation bonds approved for issuance at an election held on or after July 1, 2015, using the same formula as the amended Capital Outlay State Aid formula.

Virtual State Aid

There is no change in the calculation of Virtual State Aid in school year 2014-2015. In school year 2015-2016, funding for full-time equivalent students will be calculated at \$5,000 per student; part-time students, \$4,045 per student; and students 19 and older, \$933 per 1-hour credit course successfully completed in the school year.

In school year 2016-2017, funding for full-time equivalent students will be calculated at \$5,600 per student; part-time students, \$1,700 per student; and students 19 and older, \$933 per 1-hour credit course successfully completed in the school year.

Special Levies

Districts are authorized to impose special local tax levies (for ancillary facilities, cost of living, and declining enrollment), if the district levied such tax in school year 2014-2015 or if the district is qualified to levy such tax under current law.

Fund Flexibility

Districts have fund flexibility at the district level, allowing the transfer of funds to the district's general fund with no cap on the amount of the transfer. Excluded from this flexibility are three funds: bond and interest, special education, and special retirement contributions.

2015 Senate Sub. for HB 2353

2015 Senate Sub. for HB 2353 amended the CLASS Act to provide:

- Any student who is not a resident of a school district and attended that district in the 2014-15 school year would be allowed to attend school in the district in the 2015-16 and 2016-17 school years;
- Out-of-state virtual students are ineligible for state aid; and
- Districts experiencing changes in federal impact aid would not lose funding because of those changes.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$4.6 billion, an increase of \$30.1 million over the approved budget, or 0.7 percent. The difference includes increased salaries and wages of approximately \$950,000, resulting primarily from a reduction in the shrinkage rate, an increase in special revenue funds included \$8.3 million more in School District Capital Improvement Fund and \$4.0 million more in federal funding for the National School Lunch Program. In addition, \$2.1 million of Children's Initiatives Funds were added for the Kansas Reading Success Program.

For FY 2016, the agency requested and increase in the agency operating budget above the approved amount by \$12.5 million, all funds. The majority of this change (\$11.5 million)

involved a shift of expenditures from financial aid to contractual services due to a changed emphasis and increased clarification in Uniform Grant Guidance for federal grantees. According to agency officials, entities formerly paid as subgrantees are now to be considered contractors, thus this change.

The **Governor** recommends a FY 2016 budget of \$4.6 billion, including \$3.2 billion from the State General Fund. The difference in the agency estimate and the Governor's recommendation is a net reduction of \$20.2 million, all funds, derived from a net savings in the KPERS employer contribution estimate of \$15.7 million (resulting from a revised KPERS employer contribution estimate developed in November 2015 in the education consensus process) and \$4.5 million in other Governor's adjustments, described below:

- \$1.5 million savings related to and additional appropriation for two school districts facing issues related to business valuations (2015 Senate Sub. for HB 2353);
- \$2.9 million savings in the Extraordinary Need Fund appropriation;
- \$200,000 savings in the Juvenile Detention Program; and
- An addition of \$120,112 to the block grant for USD 413, Chanute.

Because the 20 mill statewide levy resulted in \$13.8 million more than estimated, the funding for this portion of the block grant came from the School District Finance Fund, rather than the State General Fund.

These changes resulted in a Governor's recommendation of \$34.0 million difference (reduction) in the State General Fund agency estimate and a \$13.8 million increase in an all other funds estimate.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$4.9 billion, an increase of \$265.0 million in all funds, or 5.7 percent. The majority of the increased request results from supplemental requests totaling \$243.0 million, all fund, and \$223.0 million from the State General Fund.

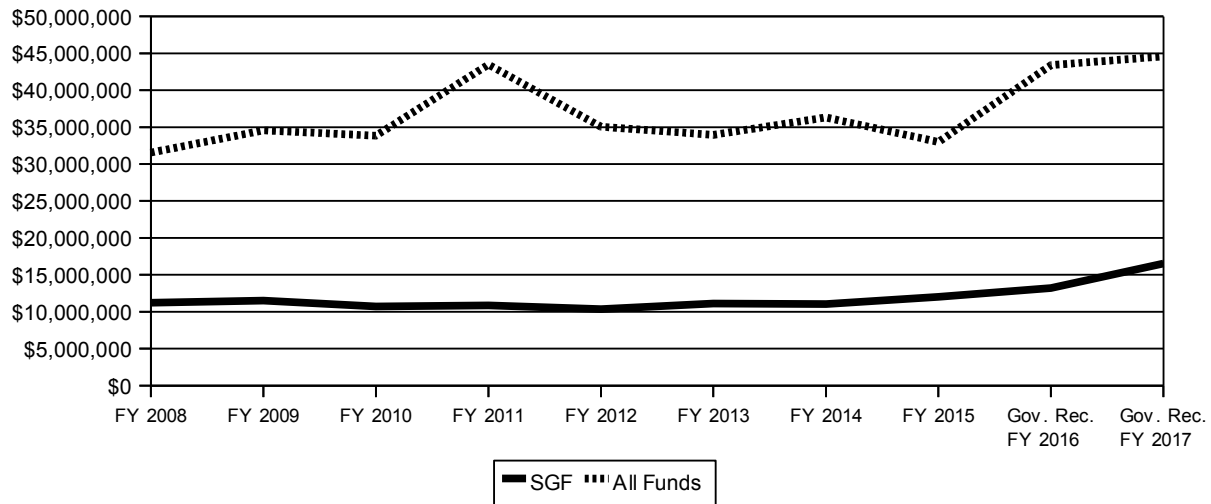
The **Governor** recommends a revised FY 2017 estimate of \$4.7 billion, including \$3.2 billion from the State General Fund. This is \$212.0 million less in all funds than the agency request, including \$188.0 million less from the State General Fund.

The Governor did not recommend funding for any of the agency's supplemental requests which amounted to \$223.0 million from the State General Fund. The Governor did recommend the supplemental request of \$18.5 million for capital improvement state aid.

The Governor's recommendation reduced the KPERS employer contribution by a net amount of \$19.6 million due to a revised estimate; added \$5.7 million (for the 20 mill levy) and \$17.0 million (for the Mineral Production Fund) from the State General Fund for revised estimates on both levies. In addition, the Governor's recommendation added \$31.5 million from the State General Fund for the following items: \$2.1 million for the Kansas Reading Success Program; \$19.0 million to move the Children's Cabinet to the Department of Education; fund the Pre-K Pilot Program from the State General Fund (\$4.8 million); and add \$5.8 million to move the *tiny-K* program (Kansas Infant and Toddler Program for children with disabilities) from the Kansas Department of Health and Environment to the Department of Education.

BUDGET TRENDS

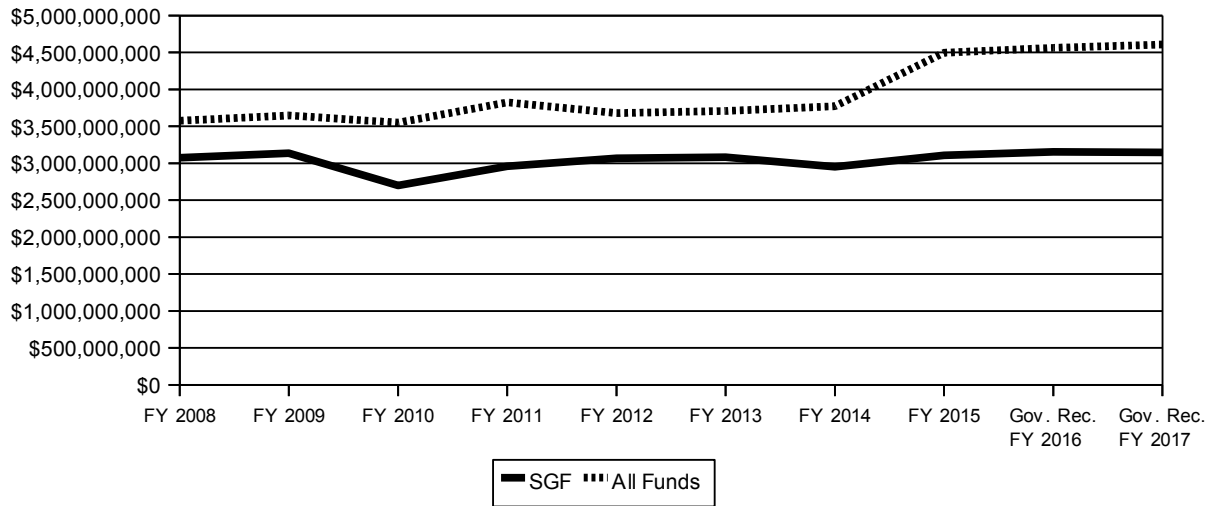
OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 11,237,342	5.4 %	\$ 31,551,327	0.9 %	212.3
2009	11,510,498	2.4	34,561,283	9.5	213.3
2010	10,735,847	(6.7)	33,840,356	(2.1)	210.3
2011	10,876,684	1.3	43,460,681	28.4	210.3
2012	10,361,045	(4.7)	35,064,224	(19.3)	188.3
2013	11,132,026	7.4	33,956,966	(3.2)	170.0
2014	11,050,938	(0.7)	36,308,792	6.9	170.0
2015	12,011,002	8.7	32,997,169	(9.1)	160.0
2016 Gov. Rec.	13,219,692	10.1	43,397,812	31.5	148.9
2017 Gov. Rec.	16,546,262	25.2	44,582,726	2.7	148.9
Ten-Year Change Dollars/Percent	\$ 5,308,920	47.2 %	\$ 13,031,399	41.3 %	(63.4)

AID AND OTHER ASSISTANCE EXPENDITURES FY 2008 – FY 2017



AID AND OTHER ASSISTANCE EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 3,075,357,811	9.1 %	\$ 3,575,547,560	8.9 %	212.3
2009	3,135,854,735	2.0	3,647,248,002	2.0	213.3
2010	2,698,815,637	(13.9)	3,549,720,129	(2.7)	210.3
2011	2,960,334,113	9.7	3,824,032,285	7.7	210.3
2012	3,066,459,334	3.6	3,678,685,623	(3.8)	188.3
2013	3,080,705,948	0.5	3,707,586,052	0.8	170.0
2014	2,952,153,298	(4.2)	3,772,343,727	1.7	171.0
2015	3,105,426,306	5.2	4,496,737,571	19.2	160.0
2016 Gov. Rec.	3,155,571,937	1.6	4,562,249,121	1.5	148.9
2017 Gov. Rec.	3,149,080,564	(0.2)	4,607,267,984	1.0	148.9
Ten-Year Change Dollars/Percent	\$ 73,722,753	2.4 %	\$ 1,031,720,424	28.9 %	(63.4)

Summary of Operating Budget FY 2015 - FY 2017

Department of Education

		Agency Estimate				Governor's Recommendation			
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 14,602,992	\$ 13,646,678	\$ 13,466,998	\$ (179,680)	(1.3) %	\$ 13,646,678	\$ 13,466,998	\$ (179,680)	(1.3) %
Governance of Educ.	328,400	372,793	375,506	2,713	0.7	372,793	375,506	2,713	0.7
Child Nutrition & Wellness	4,727,758	3,998,011	4,012,865	14,854	0.4	3,998,011	4,012,865	14,854	0.4
Standards & Assessment Services	8,654,131	10,808,103	8,474,814	(2,333,289)	(21.6)	10,808,103	10,574,814	(233,289)	(2.2)
Special Educ. Services	4,494,800	11,562,442	10,843,714	(718,728)	(6.2)	11,562,442	10,843,714	(718,728)	(6.2)
Title Programs & Services	3,158,402	4,025,909	3,843,140	(182,769)	(4.5)	4,025,909	3,843,140	(182,769)	(4.5)
Career & Technical Education	1,287,481	1,828,563	1,742,144	(86,419)	(4.7)	1,828,563	1,742,144	(86,419)	(4.7)
Financial Aid	4,496,737,571	4,582,480,135	4,851,188,463	268,708,328	5.9	4,562,249,121	4,607,267,984	45,018,863	1.0
Children's Cabinet	0	0	0	0	0.0	0	29,815,803	29,815,803	0.0
TOTAL	\$ 4,533,991,535	\$4,628,722,634	\$4,893,947,644	\$ 265,225,010	5.7 %	\$ 4,608,491,620	\$ 4,681,942,968	\$ 73,451,348	1.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 16,434,521	\$ 17,540,121	\$ 17,861,724	\$ 321,603	1.8 %	\$ 17,540,121	\$ 18,524,792	\$ 984,671	5.6 %
Contractual Services	15,165,390	25,025,213	21,418,164	(3,607,049)	(14.4)	25,025,213	25,128,752	103,539	0.4
Commodities	653,294	750,205	677,838	(72,367)	(9.6)	750,205	683,559	(66,646)	(8.9)
Capital Outlay	743,964	82,273	245,423	163,150	198.3	82,273	245,623	163,350	198.5
Subtotal - Operations	\$ 32,997,169	\$ 43,397,812	\$ 40,203,149	\$ (3,194,663)	(7.4) %	\$ 43,397,812	\$ 44,582,726	\$ 1,184,914	2.7 %
Aid to Local Units	4,456,693,471	4,540,696,943	4,808,235,548	267,538,605	5.9	4,520,465,929	4,567,127,534	46,661,605	1.0
Other Assistance	44,300,895	44,627,879	45,508,947	881,068	2.0	44,627,879	70,232,708	25,604,829	57.4
TOTAL	\$ 4,533,991,535	\$4,628,722,634	\$4,893,947,644	\$ 265,225,010	5.7 %	\$ 4,608,491,620	\$ 4,681,942,968	\$ 73,451,348	1.6 %
Financing:									
State General Fund	\$ 3,117,459,086	\$3,202,846,451	\$3,377,701,031	\$ 174,854,580	5.5 %	\$ 3,168,824,599	\$ 3,189,360,680	\$ 20,536,081	0.6 %
Expanded Lottery Act Revenues Fund	39,490,000	36,158,948	35,430,948	(728,000)	(2.0)	36,158,948	35,430,948	(728,000)	(2.0)
Children's Initiatives Fund	12,037,447	14,137,447	12,497,447	(1,640,000)	(11.6)	14,137,447	0	(14,137,447)	(100.0)
Transportation Fund	107,250,849	107,250,000	107,950,000	700,000	0.7	107,250,000	107,250,000	0	0.0
All Other Funds	1,257,754,153	1,268,329,788	1,360,368,218	92,038,430	7.3	1,282,120,626	1,349,901,340	67,780,714	5.3
TOTAL	\$ 4,533,991,535	\$4,628,722,634	\$4,893,947,644	\$ 265,225,010	5.7 %	\$ 4,608,491,620	\$ 4,681,942,968	\$ 73,451,348	1.6 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$3,202,746,452 for the Kansas Department of Education in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$7,567,813, was transferred to agency operating expenditures from FY 2015 reappropriations in KPERS (\$7,144,112), juvenile detention facilities (\$339,095), and the teaching excellence scholarships and awards program (\$84,606), pursuant to the Governor's Executive Directive No. 15-464;
- Of the total above, the Governor lapsed \$7,467,814, as authorized under 2015 House Bill No. 2135, leaving \$99,999 to help offset fee increases assessed by the Department of Administration and the Kansas Office of Information Technology Services in FY 2016; and
- In November of 2015, the Governor lapsed \$15,722,725, all from the State General Fund, to adjust for revised estimates in KPERS costs for school employees in FY 2016.

These adjustments change the FY 2016 approved State General Fund to \$3,186,123,726 billion. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 3,187,123,726	\$ 3,202,846,451	\$ 15,722,725	\$ 3,168,824,599	\$ (18,299,127)
All Other Funds	1,411,520,138	1,425,876,183	14,356,045	1,439,667,021	28,146,883
TOTAL	\$ 4,598,643,864	\$ 4,628,722,634	\$ 30,078,770	\$ 4,608,491,620	\$ 9,847,756
FTE Positions	160.0	148.9	(11.1)	148.9	(11.1)

The **agency** requests a revised estimate of \$4.6 billion, an increase of \$30.1 million, or 0.7 percent, with \$14.4 million of the total from special revenue funds. The difference includes the KPERS fund lapse described above. The lapse occurred after the Department's budget submission. The largest increase in special revenue funds included \$8.3 million more in School District Capital Improvement Fund and \$4.0 million more in federal funding for the National School Lunch Program. In addition, \$2.1 million of Children's Initiatives Funds were added for the Kansas Reading Success Program.

For FY 2016, the agency requested and increase in the agency operating budget above the approved amount by \$12.5 million, all funds. The majority of this change (\$11.5 million) involved a shift of expenditures from financial aid to contractual services due to a changed emphasis and increased clarification in Uniform Grant Guidance for federal grantees. According to agency officials, entities formerly paid as subgrantees are now to be considered contractors, thus this change. The **Governor** recommends a FY 2016 budget of \$4.6 billion, including \$3.2 billion from the State General Fund. The difference in the FY 2016 approved budget and the Governor's recommendation is a net total of \$9.8 million, including a reduction of \$18.3 million from the State General Fund and an increase of \$28.1 million in special revenue funds.

The difference in the Governor's State General Fund recommendation and the approved budget primarily consists of the revised KPERS employer contribution estimate described above. Other major changes in the Governor's recommendation from the approved budget include the items below:

- \$1.5 million savings related to and additional appropriation for two school districts facing issues related to business valuations (2015 Senate Sub. for HB 2353);
- \$2.9 million savings in the Extraordinary Need Fund appropriation;
- \$200,000 savings in the Juvenile Detention Program; and
- An addition of \$120,112 to the block grant for USD 413, Chanute.

Because the 20 mill statewide levy resulted in \$13.8 million more than estimated, the funding for this portion of the block grant came from the School District Finance Fund, rather than the State General Fund.

The difference in the Governor's recommendation and the approved budget mainly consists of an additional \$8.3 million in capital improvement state aid; \$13.8 million from the School District Finance Fund described above; and the remainder in increases in various federal funds, above the initial estimates.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvement State Aid	\$ 0	\$ 8,300,000	0.0	\$ 0	\$ 8,300,000	0.0

The **agency** requests an additional \$8,300,000 for Capital Improvement State Aid, also known as bond and interest state aid. The total amount determined for capital improvement state aid during the April consensus process was \$162,500,000, although that amount was inadvertently left out of the amount approved by the 2015 Legislature; the actual revised estimate is \$163,300,000 for FY 2016.

The **Governor** concurs with this supplemental request.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment/HB 2135			
Reappropriations	\$ (7,467,814)	\$ (7,467,814)	0.0
November Allotment			
KPERs	<u>\$(15,722,725)</u>	<u>\$(15,722,725)</u>	<u>0.0</u>
TOTAL	<u>\$(23,190,539)</u>	<u>\$(23,190,539)</u>	<u>0.0</u>

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$3,154,702,643 for the Department of Education in FY 2017.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 3,154,702,643	\$ 3,377,701,031	\$ 222,998,388	\$ 3,189,360,680	\$ 34,658,037
All Other Funds	1,488,331,738	1,516,246,613	27,914,875	1,492,582,288	4,250,550
TOTAL	\$ 4,643,034,381	\$ 4,893,947,644	\$ 250,913,263	\$ 4,681,942,968	\$ 38,908,587
FTE Positions	160.0	148.9	(11.1)	148.9	(11.1)

The **agency** requests a revised estimate of \$4.9 billion, an increase of \$265.2 million in all funds, or 5.7 percent, above the approved budget. The majority of the increased request results from enhancement requests totaling \$223.0 million from the State General Fund, and \$18.5 million from the School District Capital Improvement Fund for an increased estimate and the technical correction mentioned in the discussion above under FY 2016.

The **Governor** recommended \$34.7 million more from the State General Fund than the approved amount and \$4.3 million more in special revenue funds. This additional amount includes the following:

- \$2.1 million for the Kansas Reading Success program;
- \$19.0 million to move the Children 's Cabinet to the Department of Education;
- \$4.8 million to change the funding for the Pre-K Pilot Program from Children's Initiative Funds to the State General Fund; and
- \$5.8 million to move the tiny-K - Infant and Toddler Program from the Kansas Department of Health and Environment to the Department of Education.

Related to the block grant for USDs, the revised estimate for KPERS employer contributions was reduced by \$23.9 million (although \$4.3 million was added to fund the KPERS employer contribution for community colleges, technical schools, and interlocals); however, an addition of \$22.7 was needed to fully fund the 20 mill statewide levy (\$5.7 million) and the mineral production fund (\$17.0 million) - thus the net loss to the block grant was \$1.2 million. Finally, the Governor reduced the juvenile detention facilities program by the savings of \$200,000.

The Governor did not recommend funding for any supplementals, except for the revised estimate in the Capital Improvement State Aid Fund of \$18.5 million.

Supplementals Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Block Grants to USDs (includes All Day Kindergarten)	\$ 123,171,118	\$ 123,171,118	0.0	\$ 0	\$ 0	0.0
Special Education Services Aid	91,677,270	91,677,270	0.0	0	0	0.0
Professional Development	5,000,000	5,000,000	0.0	0	0	0.0
Mentor Teacher Program	3,000,000	3,000,000	0.0	0	0	0.0
Capital Improvement State Aid	0	18,500,000	0.0	0	18,500,000	0.0
Technical Education Transportation	0	700,000	0.0	0	0	0.0
Parent Education Program	0	460,000	0.0	0	0	0.0
Agriculture in the Classroom	50,000	50,000	0.0	0	0	0.0
Discretionary Grants (Environmental Education)	50,000	50,000	0.0	0	0	0.0
Discretionary Grants (Communities in Schools)	50,000	50,000	0.0	0	0	0.0
TOTAL	\$ 222,998,388	\$ 242,658,388	0.0	\$ 0	\$ 18,500,000	0.0

The **agency** requests \$123.2 million from the State General Fund as an addition to **block grants to school districts**. This total includes: \$93.6 in general state aid representing a 3.0 percent increase, which would restore budget reductions made by the Legislature and offset increased operating costs incurred by school districts, according to the agency. In addition, this request includes \$10.6 million for an estimated increased in **KPERS employer contributions**, and \$19.0 million to begin the phase in of **all day kindergarten** over a five year period.

The request includes State General Fund funding for **professional development**, not funded for FYs 2010 through 2016. According to the agency, this request would fund at 50 percent, professional development activities for educators for FY 2017. Regarding the supplemental request of \$3.0 million for the **mentor teacher program**, the agency indicated the Legislature eliminated all program funding in FY 2012 for this program. This request is anticipated to fully fund the program for FY 2017, providing \$1,000 for a mentor teacher.

An supplemental request of \$91.7 million from the State General Fund to fund **special education** at the statutorily-required level of 92.0 percent of excess costs (KSA 72-798).

The request for \$5.0 million - a demand transfer from the State General Fund - for **Capital Improvement State Aid** would fund the estimated costs for this program for FY 2017.

The agency indicated that due to the increasing number of districts participating in the career and technical education program (SB 155) the appropriation for transportation for this program has been pro-rated at 50.0 percent for FY 2016 and 48.2 percent for FY 2017, based on approved appropriations. This request from the State Highway Fund would fully fund the **career and technical education transportation program**.

A request for \$50,000 from the State General Fund would help fund the operations of the Kansas Foundation for **Agriculture in the Classroom**. Prior appropriations ranged from \$25,000 to \$35,000, and were eliminated altogether in FY 2012. The \$50,000 State General Fund request for discretionary grants would provide funding for **environmental education** (funding was eliminated in FY 2010) and \$50,000 for **Communities in Schools** of Kansas. Communities in Schools was funded off and on over twenty years. For FYs 2009 through 2011, \$35,000 was provided; in FYs 2014 and 2015, \$250,000 was provided. No funding was provided in FY 2016.

The **Governor** recommends funding of one supplemental the revised estimate for Capital Improvement State Aid for \$18,500,000 which is a demand transfer.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	69.0 %	0.0 %
Expanded Lottery Act Revenues Fund	0.7	0.0
Children's Initiatives Fund	0.3	0.0
All Other Funds	30.0	0.0
TOTAL	100.0 %	100.0 %

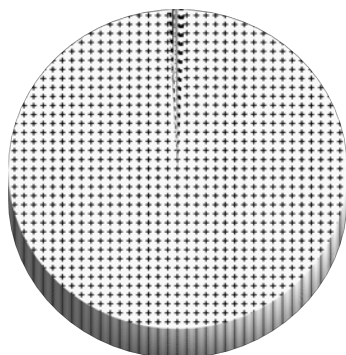
Note: Percentages may not add due to rounding.

PROGRAM DETAIL

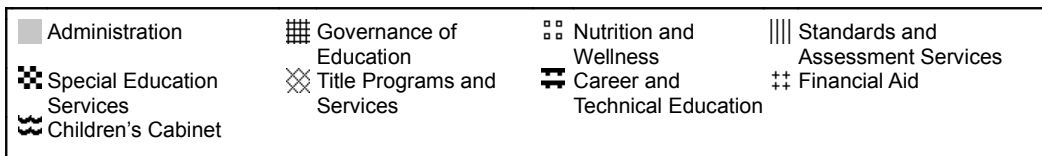
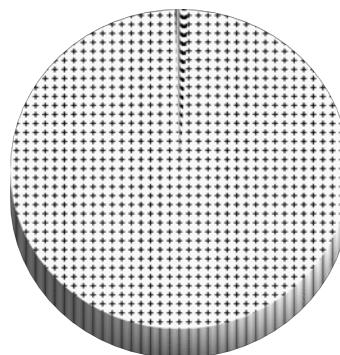
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 13,466,998	0.3 %	\$ 8,041,506	0.3 %
Governance of Education	375,506	0.0	375,506	0.0
Nutrition and Wellness	4,012,865	0.1	289,104	0.0
Standards and Assessment Services	10,574,814	0.2	4,903,480	0.2
Special Education Services	10,843,714	0.0	581,212	0.0
Title Programs and Services	3,843,140	0.1	188,136	0.0
Career and Technical Education	1,742,144	0.0	1,051,461	0.0
Financial Aid	4,607,267,984	98.4	3,149,080,564	98.7
Children's Cabinet	29,815,803	0.6	24,849,711	0.8
TOTAL	\$ 4,681,942,968	100.0 %	\$ 3,189,360,680	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	83.4	74.0	74.0	74.0	74.0
Governance of Education	0	0	0.0	0	0.0
Child Nutrition & Wellness	16.6	17.9	17.9	17.9	17.9
Standards & Assessment Services	16.7	16.0	16.0	16.0	16.0
Special Education Services	17.2	16.9	16.9	16.9	16.9
Title Programs & Services	12.7	12.0	12.0	12.0	12.0
Career & Technical Education	13.5	12.1	12.1	12.1	12.1
Children's Cabinet	0.0	0.0	0.0	0.0	0.0
TOTAL	160.0	148.9	148.9	148.9	148.9

A. Agency Operating Budget

AGENCY OPERATIONS BUDGET SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 16,434,521	\$ 17,540,121	\$ 17,540,121	\$ 17,861,724	\$ 18,524,792
Contractual Services	15,165,390	25,025,213	25,025,213	21,418,164	25,128,752
Commodities	653,294	750,205	750,205	677,838	683,559
Capital Outlay	743,964	82,273	82,273	245,423	245,623
<i>Subtotal - Operations</i>	<i>\$ 32,997,169</i>	<i>\$ 43,397,812</i>	<i>\$ 43,397,812</i>	<i>\$ 40,203,149</i>	<i>\$ 44,582,726</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 32,997,169	\$ 43,397,812	\$ 43,397,812	\$ 40,203,149	\$ 44,582,726
Financing:					
State General Fund	\$ 12,011,002	\$ 13,219,692	\$ 13,219,692	\$ 13,303,148	\$ 16,546,262
All Other Funds	20,986,167	30,178,120	30,178,120	26,900,001	28,036,464
TOTAL	\$ 32,997,169	\$ 43,397,812	\$ 43,397,812	\$ 40,203,149	\$ 44,582,726
FTE Positions	160.0	148.9	148.9	148.9	148.9
Non-FTE Uncl. Perm. Pos.	95.0	97.5	97.5	97.5	106.5
TOTAL	255.0	246.4	246.4	246.4	255.4

The **agency** requests \$43.4 million in all funds and \$13.2 million from the State General Fund, for FY 2016.

For FY 2016, the agency requested an increase in the agency operating budget above the approved amount by \$12.5 million, all funds. The majority of this change (\$11.5 million) involved a shift of expenditures from financial aid to contractual services due to a changed emphasis and increased clarification in Uniform Grant Guidance for federal grantees. According to agency officials, entities formerly paid as subgrantees are now to be considered contractors, thus this change.

For FY 2017, the agency requested \$9.5 million more, all funds, from the approved amount for the same reason as noted above related to federal grant guidance.

The **Governor** recommends an all funds budget of \$43.4 million, including \$13.2 from the State General Fund, for FY 2016, the same amount as the agency estimate.

For FY 2017, the Governor recommends a revised estimate of \$44.6 million all funds, including \$16.5 million from the State General Fund. This total estimate is \$4.4 million more than the agency request. The largest amount of this addition is the Governor's recommendation of \$2.1 million from the State General Fund to continue the Kansas Reading Success Program. Another \$1.1 million of State General Fund finances an early childhood program *via* the Children's Cabinet.

B. Aid and Other Assistance

AID AND OTHER ASSISTANCE PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
State General Fund					
General State Aid	\$ 1,886,700,212	\$ 0	\$ 0	\$ 0	\$ 0
Block Grant to USDs	0	2,731,944,802	2,696,232,055	2,802,206,770	2,677,840,313
Supplemental State Aid	452,257,384	0	0	0	0
Special Education	418,360,566	424,902,949	424,902,949	515,657,725	423,980,455
Extraordinary Need Fund	0	12,292,000	9,363,599	17,521,425	17,521,425
Educable Deaf/Blind	110,000	110,000	110,000	110,000	110,000
Capital Outlay State Aid	28,927,119	0	0	0	0
KPERS - School *	311,138,290	11,838,054	16,657,350	12,628,263	16,932,116
Juvenile Detention Facilities	4,632,405	4,971,500	4,771,500	4,971,500	4,771,500
School Food Assistance	2,510,429	2,510,486	2,510,486	2,510,486	2,510,486
Teaching Excellence Scholarship & Awards	242,894	327,500	327,500	327,500	327,500
Agriculture in the Classroom	0	0	0	50,000	0
Discretionary Grants	322,457	322,457	322,457	372,457	322,457
Mentor Teacher Grants	0	0	0	3,000,000	0
Professional Development	0	0	0	5,000,000	0
Communities in Schools	250,000	0	0	50,000	0
Pre-K Pilot					4,799,812
Ft. Riley Match		409,541	409,541	0	0
Early Childhood Block Grant	0	0	0	0	17,406,597
Child Care Quality Initiative	0	0	0	0	500,000
Infant Toddler Program	0	0	0	0	4,074,861
TOTAL STATE GENERAL FUND	\$ 3,105,451,756	\$ 3,189,629,289	\$ 3,155,607,437	\$ 3,364,406,126	\$ 3,171,097,522
School District Finance Fund	\$ 635,626,579	\$ 628,448,934	\$ 642,239,772	\$ 668,307,934	\$ 662,591,329
KPERS-ELARF	39,490,000	36,158,948	36,158,948	35,430,948	35,430,948
Capital Improvement State Aid	145,009,015	163,300,000	163,300,000	181,000,000	181,000,000
General State Aid Mineral Production Fund	0	0	0	28,427,000	11,473,000
Transportation Aid - State Highway Fund	107,250,849	107,250,000	107,250,000	107,950,000	107,250,000
Communities in Schools Program	50,000	50,000	50,000	50,000	50,000
State Safety Aid	1,098,294	800,000	800,000	1,525,000	1,525,000
Extraordinary Need Fund **	779,567	0	0	0	0
Children's Initiatives Fund					
Parent Education (Parents as Teachers) ***	7,237,635	7,237,635	7,237,635	7,697,635	0
Kansas Preschool Program (Pre-K Pilot) ****	4,799,812	4,799,812	4,799,812	4,799,812	0
* Beginning in FY 2016, KPERS school expenditures reflect only aid to community colleges and do not include amounts to school districts. For FYs 2016 and 2017, KPERS employer contributions for USDs are included in the block grant appropriation. ** In FY 2015, the extraordinary need fund was funded via a transfer from SGF into a special revenue fund; in years thereafter, an appropriation was made for this item. *** In FY 2017, the Governor recommended Parents as Teachers be funded via a newly-created fund from federal TANF moneys. **** In FY 2017, the Governor recommended the Kansas Preschool Program be funded from the State General Fund.					

AID AND OTHER ASSISTANCE PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Selected Federal Funds					
Special Education	107,569,868	98,704,000	98,704,000	98,704,000	98,704,000
School Food Assistance	188,267,716	194,291,593	194,291,593	201,124,631	201,124,631
Parents as Teachers	0	0	0	0	7,237,635
Remainder of Other Assistance and Aid to Local Grants	158,363,275	154,654,611	154,654,611	154,321,409	154,321,409
TOTAL OTHER FUNDS	\$ 1,395,542,610	\$ 1,388,991,955	\$ 1,388,991,955	\$ 1,395,491,791	\$ 1,402,729,426
GRAND TOTAL	\$ 4,500,994,366	\$ 4,578,621,244	\$ 4,544,599,392	\$ 4,759,897,917	\$ 4,573,826,948

The FY 2016 financial aid and other assistance budget request is \$17.6 million more than the approved budget, primarily due to a November of 2015 Governor's lapse of \$15,722,725, all from the State General Fund, to adjust for revised estimates in KPERS costs for school employees in FY 2016.

The **Governor** recommends a FY 2016 all funds budget of \$4.6 billion for aid to local units and other assistance. This amount is \$20,231,014 less than the agency request.

The difference in the Governor's recommendation and the agency request primarily consists of the revised KPERS employer contribution estimate described earlier, that is a reduction of \$15.7 million because of a lower estimated covered payroll for KPERS school employees. Other major changes in the Governor's recommendation from the agency estimate include the items below:

- \$1.5 million savings related to and additional appropriation for two school districts facing issues related to business valuations (2015 Senate Sub. for HB 2353);
- \$2.9 million savings in the Extraordinary Need Fund appropriation;
- \$200,000 savings in the Juvenile Detention Program; and
- An addition of \$120,112 to the block grant for USD 413, Chanute.

The FY 2017 **agency** estimate for aid and other assistance exceeds the approved amount by \$241.4 million, primarily attributable to enhancement requests described earlier.

The **Governor** recommends a FY 2017 budget of \$4.6 billion all funds for aid to local units and other assistance. This is \$216.4 million less than the agency request. This difference primarily is due to the Governor's lack of recommendation of \$224.2 million of enhancement requests by the agency. However, the Governor's recommendation included the following items that were not in the agency's request:

- \$2.1 million for the Kansas Reading Success program;
- \$17.9 million for the early childhood program and childcare initiative moved from the Children's Cabinet and Children's Initiative Funds to the Department of Education with funding from the State General Fund;

- \$4.8 million to change the funding for the Pre-K Pilot Program from Children's Initiative Funds to the State General Fund; and
- \$1.7 million to move the tiny-K - Infant and Toddler Program from the Kansas Department of Health and Environment to the Department of Education.

Related to the block grant for USDs, the revised estimate for KPERS employer contributions was reduced by \$23.9 million; however, an addition of \$22.7 was needed to fully fund the 20 mill statewide levy (\$5.7 million) and the mineral production fund (\$17.0 million) - thus the net loss to the block grant was \$1.2 million. The Governor's recommendation for KPERS includes \$4.3 million more than the agency request to fund the KPERS payments for community college, technical school, and interlocal employees - those employees not included in the KPERS employer contributions for school districts.

The **Governor** did not recommend funding for any enhancements, except for the revised estimate in the Capital Improvement State Aid Fund of \$18.5 million.

Aid and Other Assistance Program Descriptions

Following are descriptions of the major programs or areas budgeted in the Aid and Other Assistance portion of the Department budget.

Block Grant to School Districts

The CLASS Act is effective from July 1, 2015, through June 30, 2017, and made appropriations for K-12 education for fiscal years (FYs) 2015, 2016, and 2017.

Block Grant for FYs 2016 and 2017

The block grant includes the following provisions:

- General State Aid school districts are entitled to receive for school year 2014-2015, with some adjustments, and a 0.4 percent reduction for an Extraordinary Need Fund (will be disbursed to districts in the same manner as in current law);
- Supplemental general state aid and capital outlay state aid as adjusted in 2014-2015 (adjustment described below);
- Virtual state aid as recalculated for FYs 2016 and 2017 (described below);
- Amounts attributable to the tax proceeds collected by school districts for the ancillary school facilities tax levy, the cost of living tax levy, and the declining enrollment tax levy; and
- Kansas Public Employees Retirement System (KPERS) employer obligations, as certified by KPERS.

For each of FY 2016 and FY 2017, the agency's requests includes approximately \$450.0 million in federal flow-through payments to local school districts, private child and adult day care facilities, and other organizations. The three major federal programs are described below.

- **Title I.** These funds are targeted to schools that serve high concentrations of students from families that live in poverty. The funds are provided to help improve teaching and learning for those students most at risk of failing to meet state academic achievement standards;
- **Education of Handicapped Child.** This federal program provides grants to states to assist in providing a free, appropriated public education to all children and youth ages 3 through 21 with disabilities;
- **Food Assistance - School Breakfast and Lunch.** According to the agency, approximately 100.0 million meals and snacks are served to Kansas children *via* this program annually. Participating schools and institutions must serve breakfasts that meet federal nutrition standards and provide free- and reduced-price breakfasts to eligible children. The National School Lunch program provides subsidies to residential child care institutions, public, and non-profit private schools (high school grades or under) for free- or reduced-price lunches meeting federal nutrition requirements; and
- **The Kansas Children's Cabinet.** The program is charged with assisting the Governor in developing and implementing a coordinated delivery system to improve the health and well being of families and children in Kansas. In the past, the Children's Cabinet evaluates programs funded with Children's Initiatives Fund moneys. The Governor's recommendation is to move this program to the Department of Education in FY 2017.

POSTSECONDARY EDUCATION SYSTEMWIDE

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 772,589,439	\$ 787,597,544	\$ 774,242,597	\$ 823,983,011	\$ 790,429,694
Other Funds	1,772,249,166	1,843,725,803	1,851,725,803	1,875,024,974	1,875,024,974
TOTAL	\$ 2,544,838,605	\$ 2,631,323,347	\$ 2,625,968,400	\$ 2,699,007,985	\$ 2,665,454,668
Capital Improvements:					
State General Fund	\$ 7,312,535	\$ 3,912,786	\$ 3,912,786	\$ 3,849,853	\$ 3,849,853
Other Funds	122,176,653	156,412,329	156,412,329	163,813,172	163,813,172
TOTAL	\$ 129,489,188	\$ 160,325,115	\$ 160,325,115	\$ 167,663,025	\$ 167,663,025
GRAND TOTAL	\$ 2,674,327,793	\$ 2,791,648,462	\$ 2,786,293,515	\$ 2,866,671,010	\$ 2,833,117,693
Percentage Change:					
Operating Expenditures					
State General Fund	2.5 %	1.9 %	0.2 %	4.6 %	2.1 %
All Funds	4.2	3.4	3.2	2.6	1.5
FTE Positions	17,959.2	18,173.1	18,173.1	18,173.1	18,173.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	17,959.2	18,173.1	18,173.1	18,173.1	18,173.1

AGENCY OVERVIEW

Postsecondary Education Systemwide summarizes state expenditures for higher education. The state operates six state universities under the control of the Board of Regents. The state universities are divided into nine budget units. Separate analysis for each of these units follow this overview. The state also provides financial assistance to local postsecondary educational institutions and student financial aid through the budget of the Board of Regents. Only the state's share of the local postsecondary educational institutions' budgets are reflected in the state budget.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) which transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents. The responsibilities of the Board of Regents also changed to include coordination of all postsecondary education in the state including Washburn University and private colleges and universities.

The legislation outlined several funding components which were designed to be adjusted annually over four years.

- An operating grant formula was established to provide state funding for the community colleges and Washburn University beginning in FY 2001. The grant amount would be calculated based upon the State General Fund appropriations at the regional Regents' universities (Emporia State University (ESU), Fort Hays State University (FHSU), or Pittsburg State University (PSU)) and the institutions' FTE enrollment and would increase incrementally over four years. County out-district tuition would be phased out over the four years and be replaced by state aid which would be added to the operating grant. Only the first three years of this provision have been implemented.
- An amount equal to the increase in the community college operating grant would be given to the Regents' institutions for faculty salary increases.
- A performance funding mechanism was established through which an institution could receive up to an additional 2.0 percent of its State General Fund appropriation based upon its performance as compared to pre-specified indicators. This provision has not been implemented at any funding level.

The **2001 Legislature** adopted a proposal which provided for the state universities to be funded through an operating or block grant rather than the multiple line-item appropriations which had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The legislation authorized the Board of Regents to review and approve institutional improvement plans and to use those plans to implement a performance agreement with each institution. Each performance agreement is to include specific performance measures and, beginning in FY 2007, any new state funds will be based upon compliance with those measures.

The **2002 Legislature** passed the University Research and Development Act (2002 HB 2690) which authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The legislation also directed the Board of Regents to form a subsidiary corporation to oversee and implement these projects. The proceeds of the research bonds were to be used for four specific projects:

- Constructing the Food Safety and Security Research Facility at Kansas State University (KSU);
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center (KUMC);
- Expanding the Aviation Engineering Complex at Wichita State University (WSU);
and
- Equipping the Biosciences Research Building at the University of Kansas (KU).

The debt service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than \$10.0 million per year and not more than \$50.0 million over the course

of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The legislation also provided for additional bond authority of \$13.0 million for capital improvements and equipment purchases for the National Institute of Aviation Research at WSU. The capital improvement projects outlined in the legislation included laboratories and equipment for icing and wind tunnels, crash testing, and advanced manufacturing. Debt service on this bond issuance is to be paid through State General Fund appropriations or special revenue fund expenditures.

The **2003 Legislature** passed a bill that required technical colleges to replace its existing governing boards (typically the local school board) with an independent governing board (SB 7). An implementation plan was required to be presented to the Board of Regents by July 1, 2005, and agreement reached on the plan by June 30, 2007. The plan was required to include: composition of the new governing board; territory of the technical college; method of election of the new board; date the new board will assume management of the college; and issues relating to the transfer. The governance change was sought to facilitate the North Central Association accreditation of the technical colleges.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** passed legislation for the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that purpose. The academy provides an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The two-year curriculum includes course work designed to meet both high school graduation requirements and requirements for associate of arts or associate of science degrees. The academy is conducted at a Kansas postsecondary educational institution (state university, municipal university, community college, technical college, or technical school) designated by the Board of Regents.

The **2006 Legislature** passed legislation authorizing public colleges, universities and technical schools to purchase insurance, other than employee health insurance, independently of the Committee on Surety Bonds and Insurance. An institution that purchases insurance pursuant to the legislation must make that purchase using a competitive bid or competitive negotiation in accordance with procedures prescribed by the Kansas Board of Regents. The legislation requires that the insurance be purchased from an insurance company authorized to do business in Kansas. Under prior law, most state agencies, including state universities, were prohibited from separately purchasing insurance.

The same legislation also authorizes the Board of Regents to enter into contracts for accident and health insurance or the services of a health maintenance organization for students of state universities and their dependents. Purchase of coverage would be voluntary on the part of the student. Universities would continue to pay an employer contribution for those students who are employees of that university. The employer contribution rate would be set by the Board of Regents.

Under prior law, health insurance for student employees at state universities was provided through the Kansas State Employees Health Care Commission. The legislation transfers that authority to the Board of Regents. In addition, the Kansas State Employees Health

Care Commission no longer will be able to charge the state universities for employer contributions for health care benefits for student employees. The legislation requires the Kansas State Employees Health Care Commission to continue coverage for the student employees until any contracts entered into by the Board of Regents become effective. Health insurance purchased pursuant to the legislation cannot cover elective procedures.

The **2006 Legislature** passed legislation establishing the Veterinary Training Program for Rural Kansas at the College of Veterinary Medicine at KSU. The purpose of the program is to provide encouragement, opportunities and incentives for persons pursuing a veterinary medicine degree program at KSU to locate their veterinary practices in rural Kansas communities and receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is to be administered by the College of Veterinary Medicine at KSU.

The **2007 Legislature** passed legislation increasing the number of months (from 12 months to 60 months) which Kansas residents who move out of the state and then return are allowed to be gone and still be considered state residents for tuition purposes at any of the state educational institutions under the control and supervision of the Kansas Board of Regents. The legislation does not apply to certain persons without lawful immigration status.

The legislation increased the stipend for students participating in the Medical Student Loan Agreement from a maximum of \$1,500 per month to a maximum of \$2,000 per month. It also allows loans to be awarded retroactively for any academic year that a student has completed successfully, but for which a loan had not been awarded previously. The legislation required the University of Kansas School of Medicine to report to the 2008 Legislature on its evaluation of criteria for identifying underserved areas to be served by recipients of the Medical Student Loans.

The legislation also created the Nurse Educator Service Scholarship Program Act, initially created by proviso in the 2006 Legislative Session. This Act provides funding for registered nurses in graduate level degree-granting programs leading to a master of science or doctorate degree in nursing, and who plan to teach nursing.

The legislation also consolidated the existing four teacher service scholarship programs into a single program, the Teacher Service Scholarship program. The four programs consolidated include the following:

- The Kansas Teacher Service Scholarship;
- The Math and Science Teacher Service Scholarship;
- The Special Education Teacher Service Scholarship; and
- The Teacher Education Scholarship.

Finally, the legislation established the Teacher Education Competitive Grant program for state universities and Washburn University, with the intent of increasing the number of students in courses of study leading to licensure to teach in hard-to-fill teaching disciplines or who agree to teach in an underserved area. The Kansas Board of Regents was required to submit a report to the Legislature by January 14, 2009, describing program activity.

The **2007 Legislature** also passed legislation establishing the State Educational Institution Long-Term Infrastructure Maintenance program. The program has three components - direct funding, bond funding, and tax credits - to fund deferred maintenance at Regents

governed institutions and Regents coordinated institutions. The direct funding, which is provided only for the state universities, totals \$90.0 million, including \$47.0 million from the State General Fund, over five years. \$100.0 million in bond funding was made available to Washburn University, the community colleges and the technical colleges, over a five-year period. The bond principal payments will be made by the institutions, while the bond interest payments will be made by the state, for a total state investment of \$38.1 million. The legislation further authorized new tax credits effective for tax years 2008-2012 for contributions earmarked for deferred maintenance at post-secondary educational institutions; certain capital improvements at community colleges (excluding new construction and real property acquisition); and deferred maintenance and certain technology or equipment at technical colleges which represent a five-year total state investment of \$62.5 million.

The **2007 Legislature** also passed legislation establishing the Postsecondary Technical Education Authority, which would be composed of the following 12 members: 4 appointed by the Board of Regents, 3 appointed by the Governor, including the chairman, one appointed by the President of the Senate, and one appointed by the Speaker of the House. There are also three *ex-officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

The legislation required the governing bodies of Northeast Kansas Technical College; Kansas City Area Technical School; Kaw Area Technical School; Salina Area Technical School; and Southwest Kansas Technical School to submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board by July 1, 2008. Salina Area Technical School became Salina Area Technical College, Southwest Kansas Technical School merged with Seward Community College, Northeast Kansas Technical School merged with Highland Community College, Kansas City Area Technical School merged with Kansas City Kansas Community College, and Kaw Area Technical School merged with Washburn University.

The Legislation originally set a sunset date of June 30, 2014 but the 2013 Legislature amended the sunset to June 30, 2017.

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than twelve months. Further, the Board of Regents can establish and adopt procedures, standards, and criteria for the program. The amount invested under the pilot program is limited to \$40.0 million at any one time and the core balance invested must be approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity, designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents, or report on the request of the Board of Regents.

The **2008 Legislature** passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could

authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for the KAMS for fiscal years 2009 through 2014, as follows:

- FY 2009 - \$295,000;
- FY 2010 - \$713,000;
- FY 2011 - \$754,000;
- FY 2012 - \$792,000;
- FY 2013 - \$835,000; and
- FY 2014 - \$938,000.

KAMS is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of KAMS is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated FHSU as the site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by FHSU and the Board of Regents.

The **2010 Legislature** passed legislation amending the Private and Out-of-State Postsecondary Educational Institutions Act. Under previous law, each institution would have to apply to the Kansas Board of Regents for a certificate of approval, but would not have to obtain additional approval for a branch campus. The legislation requires that institutions notify the Kansas Board of Regents about the existence of the branch campus. The branch campus is subject to fees and review by the Board to ensure it is in compliance with laws and regulations. Other provisions of the legislation include new definitions of regulated institutions, changes to the application and renewal process for branch campuses, clarification of the types of degrees requiring a certificate of approval, and greater penalties for violations of the Act. The legislation also establishes a broad range of fees for degree and non-degree granting institutions. The fee increases were in effect for FY 2011 only. Finally, the legislation requires any faculty member employed by a state educational institution who receives an annual salary of \$150,000 or more, other than an adjunct faculty member, file a statement of substantial interests with the Kansas Governmental Ethics Commission.

The **2010 Legislature** passed legislation exempting all Regents institutions from state purchasing laws and regulations, including the Prison Made Goods Act. It also exempts universities from the statutes covering the procurement of professional services, negotiated procurement processes, and the mandated use of the State Division of Printing. However, universities are not exempt from procurement requirements related to architectural, engineering, construction management, or ancillary technical services.

The **2011 Legislature** passed legislation making technical corrections and updates related to postsecondary technical education. The bill updated terminology, removed definitions for terms no longer used, eliminated vocational school references, added individual institution specific references, updated and removed obsolete sections of identified statutes, and repealed statutes no longer needed.

The bill created the Postsecondary Tiered Technical Education State Aid Act, replacing the current funding structure. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the Kansas Board of Regents, using a credit hour cost calculation model that includes all of the following concepts:

- Arrange into categories or tiers, technical education programs, recognizing cost differentials, *e.g.* programs with similar costs comprise one of six tiers;
- Consider target industries critical to the Kansas economy;
- Respond to program growth;
- Consider local taxing authority for credit hours generated by in-district students; and
- Include other factors and considerations determined necessary by the Kansas Board of Regents.

The bill provides that each community college and technical college is eligible for a grant from the State General Fund, in an amount determined by the Kansas Board of Regents for non-tiered course credit hours approved by the Board of Regents after dialogue with community college and technical college presidents.

The **2011 Legislature** passed legislation allowing revenues from rents, boarding fees, and other charges related to university student housing at state universities, to go to either the Housing System Suspense Fund or directly to the Housing System Operations Fund, at the discretion of the university.

In addition, the bill allows interest earned from the Housing System Operations Fund and Housing System Repairs Fund to be transferred into those funds. The bill requires that the interest earnings from the Johnson County Education Research Triangle sales tax be transferred from the State General Fund to the Johnson County Education Triangle Fund of the University of Kansas, KUMC, and KSU.

The bill requires that the interest earnings be transferred by the tenth day of each month, and is determined by the average daily balance in each of the respective funds in the preceding month, and the net earnings rate for the Pooled Money Investment Board portfolio for the preceding month.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The counties receiving the ROZ designation are: Barber, Chautauqua, Cheyenne, Clark, Cloud, Comanche, Decatur, Edwards, Elk, Gove, Graham, Greeley, Greenwood, Hamilton, Harper, Hodgeman, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Logan, Marion, Mitchell, Morton, Ness, Norton, Osborne, Pawnee, Phillips, Pratt, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita, Wilson, and Woodson.

ROZ counties are authorized to adopt resolutions prior to January 1, 2012 (and every subsequent year through January 1, 2016) irrevocably obligating the counties to pay half of certain extant student loan costs, up to a maximum of \$15,000, in equal increments over a five-year period. A state matching program, subject to appropriations, will provide for matching payments. (If the maximum \$15,000 amount were to be adopted in a ROZ county resolution, the state and the county would each repay \$7,500 in equal increments over a five-year period, or \$1,500 per year per governmental entity.)

Resident individuals are entitled to apply for the loan repayments relative to payments made to attend institutions of higher learning where they obtained an associate, bachelor or post-graduate degree, provided they have established domicile in a ROZ county on or after the date such county commenced participation in the program, and prior to July 1, 2016. Eligibility for the loan repayment program terminates upon relocation outside of the ROZ county from which initial eligibility was obtained.

The **2012 Legislature** passed legislation requiring the Kansas Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the Kansas Board of Regents and the Kansas Board of Education.

The legislation requires the Kansas Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The bill replaces the existing Vocational Education Scholarship with the new Career Technical Workforce Grant. The grant is available for students at or accepted into a designated career technical education program at the postsecondary level as designated by the Kansas Board of Regents. The Kansas Board of Regents, within the limits of appropriations, could award grants to those applicants who exhibit financial need. Under the bill, a grant for a full-time student will be up to \$1,000 per year, but could not exceed the cost of tuition and fees.

The bill extends the authority until June 30, 2017, for the Kansas Board of Regents to fix, charge, and collect fees for Kansas private and out-of-state postsecondary institutions operating in Kansas.

The bill prohibits State General Fund dollars from being used for remedial courses at state universities effective August 15, 2015, but does not prohibit the courses from being provided with funding from other sources. It also allows the development of individual student plans for success by each state educational institution admitting a student under the 10.0 percent exception to the minimum admissions standards.

The bill requires the Kansas Board of Regents to conduct a study regarding the retention and graduation rates of students who are accepted into state universities through the exception to the minimum admissions standards. The Kansas Board of Regents is required to report the study's findings to the Senate and House Committees on Education by January 13, 2014.

The **2013 Legislature** reduced all universities and Board of Regents State General Fund overall operating budgets and salaries and wages all funds expenditures.

The **2014 Legislature** created the general educational development (GED) Accelerating Opportunity program. This program allows the funds from the tuition for technical education fund to be used for adult students to enroll in technical education classes while obtaining a GED.

The **2014 Legislature** also created performance-based incentives program to award individuals receiving a GED or technical certification from a postsecondary educational institution.

In addition, the **2014 Legislature** added \$500,000 to the Board of Regents to create information technology educational opportunities in cooperation with the Department of Education.

The **2015 Legislature** made the following appropriation changes:

- Added \$555,738, all from the State General Fund, to sustain the Regents Data System for FY 2016 and FY 2017;
- Added \$770,000, all from the State General Fund, to the Municipal Operating Grant for a new forensic science program at Washburn University for FY 2016 and FY 2017;
- Added \$750,000, all from the State General Fund, for the Incentive for Technical Education and prorated the distribution of the funds to participating schools for FY 2016 and FY 2017. The Governor's recommendation had deleted the \$1.0 million appropriated as part of SB 155 that allowed the participating school districts \$1,000 for each participating student who received a degree through this program;
- Added language dispersing no less than 60.0 percent of the Kansas Comprehensive Grant to the Independent and Private Colleges for FY 2016;
- Added language including Johnson County Community College to the Performance-based Incentives Program for FY 2016;
- Added language capping the tuition increase for FY 2016 and FY 2017 to the rate from the previous year adding the Consumer Price Index plus 2.0 percent;

- Transferred the debt service for the KUMC Health Education Building construction to the Department of Administration;
- Added expenditure authority for FHSU for construction of the Institute of Applied Technology and Department of Art buildings with parking lots and demolition of the Wiest Hall “B” building;
- Added bonding authority language for KSU student union expansion and the College of Architecture Planning and Design buildings and an additional \$3.7 million in Educational Building Fund for debt service on the College of Architecture Planning and Design construction;
- Allowed for a land exchange between PSU and the City of Pittsburg; and
- Moved KUMC debt service payments to the Department of Administration.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agencies** request a revised estimate of \$2.8 billion, including \$791.5 million from the State General Fund. This is an all funds increase of \$98.7 million, or 3.7 percent, and a State General Fund increase of \$3.7 million, or 0.5 percent, from the FY 2016 approved amount. The State general Fund increase includes a reappropriation of \$1.4 million that was lapsed by the Governor after the agency submitted their budget. The \$2.3 million State General Fund increase is the supplemental request for additional expenditures for the Career Technical Education tuition program due to the increased participation.

The **agencies** request revised capital improvements budgets of \$160.3 million, including \$3.9 million from the State General Fund. This is an increase of \$32.2 million, or 25.1 percent all funds and \$482,170, or 14.1 percent, State General Fund above the approved amount. The increase is primarily due to the Wiest Hall replacement and track and field projects at FHSU, the West Residence Hall mechanical project at KSU, and the Health Education Building project at the KUMC. The increase in State General Fund is for debt service principal for KUMC.

The **Governor** concurs with the agencies’ requests but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$8.0 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations. The Governor also reduced the Kansas State University Global Food System grant by \$1.0 million and the Career Technical Education Initiative by \$700,000, both from State General Fund. The Governor did not recommend the supplemental request.

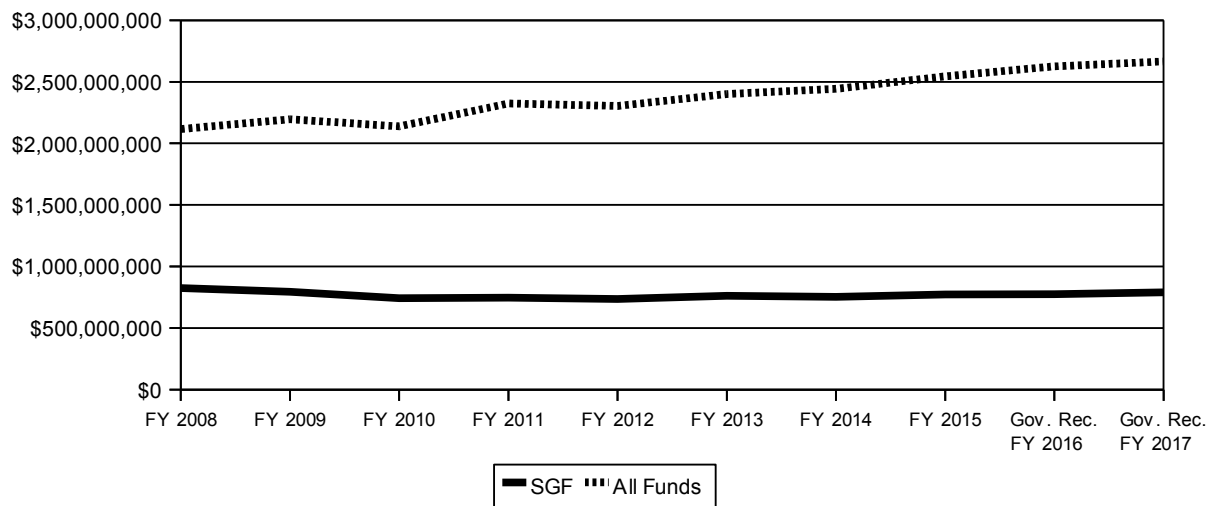
FY 2017 – Budget Year. The **agencies** request a revised estimate of \$2.9 billion, including \$827.8 million from the State General Fund. This is an increase of \$145.5 million, or 5.3 percent, all funds and \$28.9 million, or 3.6 percent, State General Fund, above the approved amount. The All Other Funds increase is \$116.7 million, or 6.1 percent, above the approved amount. This includes an increase of operating expenditures of \$57.4 million, or 3.2 percent, above the approved amount primarily in salaries and wages of \$42.1 million and capital improvement expenditures of \$59.7 million. The State General Fund increase is due to supplemental requests from the agencies.

The **agencies** request revised capital improvements budgets of \$167.7 million, including \$3.8 million from the State General Fund. This is an increase of \$59.7 million, or 55.4 percent all funds and \$484,581, or 14.4 percent, State General Fund above the approved amount. The increase is primarily due to the request for a new residence hall at ESU, the Applied Technology Building at FHSU, Summerfield Hall and additional housing maintenance projects at the University of Kansas, the Health Education Building project at KUMC, and the new School of Business at WSU. The increase in State General Fund is for debt service principal for the KUMC.

The **Governor** concurs with the agencies' revised estimates except reduced the Kansas State University Global Food System grant by \$4.0 million and the Career Technical Education Initiative by \$700,000, both from State General Fund. The Governor did not recommend any of the supplemental requests.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 825,079,439	5.9 %	\$ 2,116,647,735	7.3 %	17,699.7
2009	794,816,142	(3.7)	2,195,650,938	3.7	17,653.1
2010	741,672,175	(6.7)	2,138,265,805	(2.6)	17,779.2
2011	745,910,105	0.6	2,324,306,207	8.7	16,996.0
2012	734,513,248	(1.5)	2,304,122,481	(0.9)	17,189.1
2013	762,051,658	3.7	2,400,661,542	4.2	18,025.3
2014	753,699,829	(1.1)	2,443,086,258	1.8	17,974.5
2015	772,589,439	2.5	2,544,838,605	4.2	17,959.2
2016 Gov. Rec.	774,242,597	0.2	2,625,968,400	3.2	18,173.1
2017 Gov. Rec.	790,429,694	2.1	2,665,454,668	1.5	18,173.1
Ten-Year Change Dollars/Percent	\$ (34,649,745)	(4.2)%	\$ 548,806,933	25.9 %	473.4

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate				Governor's Recommendation			
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Board of Regents	\$ 213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%
Emporia State University	83,607,328	89,279,454	89,905,906	626,452	0.7	89,279,454	89,905,906	626,452	0.7
Fort Hays State University	115,447,559	117,324,896	119,713,105	2,388,209	2.0	117,324,896	119,713,105	2,388,209	2.0
Kansas State University	537,049,700	566,876,471	575,886,735	9,010,264	1.6	565,876,471	571,886,735	6,010,264	1.1
KSU - ESARP	135,657,175	133,536,563	133,820,470	283,907	0.2	133,536,563	133,820,470	283,907	0.2
KSU Veterinary Medical Center	46,079,808	46,867,351	47,878,094	1,010,743	2.2	46,867,351	47,878,094	1,010,743	2.2
Pittsburg State University	104,052,919	107,526,780	108,264,965	738,185	0.7	107,526,780	108,264,965	738,185	0.7
University of Kansas	694,424,696	706,440,170	719,357,859	12,917,689	1.8	706,440,170	719,357,859	12,917,689	1.8
University of Kansas Medical Center	325,633,791	343,472,700	359,225,709	15,753,009	4.6	343,472,700	359,225,709	15,753,009	4.6
Wichita State University	288,997,422	301,788,052	301,673,030	(115,022)	(0.0)	301,788,052	301,673,030	(115,022)	(0.0)
TOTAL	<u>\$ 2,544,838,605</u>	<u>\$2,631,323,347</u>	<u>\$2,699,007,985</u>	<u>\$ 67,684,638</u>	<u>2.6 %</u>	<u>\$ 2,625,968,400</u>	<u>\$ 2,665,454,668</u>	<u>\$ 39,486,268</u>	<u>1.5 %</u>
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,540,130,357	\$1,586,723,835	\$1,635,515,016	\$ 48,791,181	3.1 %	\$ 1,586,723,835	\$ 1,635,515,016	\$ 48,791,181	3.1 %
Contractual Services	356,788,242	366,826,078	360,596,441	(6,229,637)	(1.7)	365,826,078	356,398,441	(9,427,637)	(2.6)
Commodities	91,108,552	99,919,080	100,271,607	352,527	0.4	99,919,080	100,271,607	352,527	0.4
Capital Outlay	71,936,462	76,566,997	73,797,121	(2,769,876)	(3.6)	76,566,997	73,797,121	(2,769,876)	(3.6)
Debt Service	28,639,794	36,470,368	37,887,864	1,417,496	3.9	36,470,368	37,887,864	1,417,496	3.9
Subtotal - Operations	\$ 2,088,603,407	\$2,166,506,358	\$2,208,068,049	\$ 41,561,691	1.9 %	\$ 2,165,506,358	\$ 2,203,870,049	\$ 38,363,691	1.8 %
Aid to Local Units	181,541,345	184,830,047	193,020,090	8,190,043	4.4	181,880,047	181,759,556	(120,491)	(0.1)
Other Assistance	274,693,853	279,986,942	297,919,846	17,932,904	6.4	278,581,995	279,825,063	1,243,068	0.4
TOTAL	<u>\$ 2,544,838,605</u>	<u>\$2,631,323,347</u>	<u>\$2,699,007,985</u>	<u>\$ 67,684,638</u>	<u>2.6 %</u>	<u>\$ 2,625,968,400</u>	<u>\$ 2,665,454,668</u>	<u>\$ 39,486,268</u>	<u>1.5 %</u>
Financing:									
State General Fund	\$ 772,589,439	\$ 787,597,544	\$ 823,983,011	\$ 36,385,467	4.6 %	\$ 774,242,597	\$ 790,429,694	\$ 16,187,097	2.1 %
General Fees Fund	716,135,310	741,767,992	750,691,410	8,923,418	1.2	741,767,992	750,691,410	8,923,418	1.2
Restricted Fees Fund	490,609,877	503,967,091	505,851,433	1,884,342	0.4	503,967,091	505,851,433	1,884,342	0.4
All Other Funds	565,503,979	597,990,720	618,482,131	20,491,411	3.4	605,990,720	618,482,131	12,491,411	2.1
TOTAL	<u>\$ 2,544,838,605</u>	<u>\$2,631,323,347</u>	<u>\$2,699,007,985</u>	<u>\$ 67,684,638</u>	<u>2.6 %</u>	<u>\$ 2,625,968,400</u>	<u>\$ 2,665,454,668</u>	<u>\$ 39,486,268</u>	<u>1.5 %</u>

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$785,933,841 for the Postsecondary Education Systemwide in FY 2016. Two adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$3,326,489, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016; and
- A reduction of \$1,404,947, as the result of the Governor's November 6, 2015 State General Fund allotment.

These adjustments change the FY 2016 approved State General Fund to \$787,855,383. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agencies budgets were submitted before the Governor's November allotment, so the agencies revised budget estimates do not incorporate the allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 787,855,383	\$ 791,510,330	\$ 3,654,947	\$ 778,155,383	\$ (9,700,000)
All Other Funds	1,905,051,538	2,000,138,132	95,086,594	2,008,138,132	103,086,594
TOTAL	<u>\$2,692,906,921</u>	<u>\$2,791,648,462</u>	<u>\$ 98,741,541</u>	<u>\$2,786,293,515</u>	<u>\$ 93,386,594</u>
FTE Positions	17,959.2	18,173.1	213.9	18,173.1	213.9

The **agencies** request a revised estimate of \$2.8 billion, including \$791.5 million from the State General Fund. This is an all funds increase of \$98.7 million, or 3.7 percent, and a State General Fund increase of \$3.7 million, or 0.5 percent, from the FY 2016 approved amount. The State General Fund increase includes a reappropriation of \$1.4 million that was lapsed by the Governor after the agency submitted their budget. The \$2.3 million State General Fund increase is the supplemental request for additional expenditures for the Career Technical Education tuition program due to the increased participation.

The **Governor** concurs with the agencies' requests but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$8.0 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations. The Governor also reduced the Kansas State University Global Food System grant by \$1.0 million and the Career Technical Education Initiative by \$700,000, both from State General Fund.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Career Technical Education Tuition	\$ 2,250,000	\$ 2,250,000	0.0	\$ 0	\$ 0	0.0
TOTAL	\$ 2,250,000	\$ 2,250,000	0.0	\$ 0	\$ 0	0.0

The **agencies** request \$2.3 million, all from the State General Fund, for the Career Technical Education Tuition program's increased participation in FY 2016.

The **Governor** does not recommend the supplemental request.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
November Allotment			
Board of Regents Lapsed Reappropriation	1,404,947	1,404,947	0.0
TOTAL	\$ 1,404,947	\$ 1,404,947	0.0

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$798,979,547 for the Postsecondary Education Systemwide in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 798,979,547	\$ 827,832,864	\$ 28,853,317	\$ 794,279,547	\$ (4,700,000)
All Other Funds	1,922,157,879	2,038,838,146	116,680,267	2,038,838,146	116,680,267
TOTAL	\$2,721,137,426	\$2,866,671,010	\$ 145,533,584	\$ 2,833,117,693	\$ 111,980,267
FTE Positions	17,970.7	18,173.1	202.4	18,173.1	202.4

The **agencies** request a revised estimate of \$2.9 billion, including \$827.8 million from the State General Fund. This is an increase of \$145.5 million, or 5.3 percent, all funds and \$28.9 million, or 3.6 percent, State General Fund, above the approved amount. The All Other Funds increase is \$116.7 million, or 6.1 percent, above the approved amount. This includes an increase of operating expenditures of \$57.4 million, or 3.2 percent, above the approved amount primarily in salaries and wages or \$42.1 million and capital improvement expenditures of \$59.7 million. The State General Fund increase is due to supplemental requests from the agencies as detailed below.

The **Governor** concurs with the agencies' revised estimates except reduced the Kansas State University Global Food System grant by \$4.0 million and the Career Technical Education Initiative by \$700,000, both from the State General Fund.

Supplemental Detail

Supplementals	FY 2017 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Board of Regents Office Lease	\$ 178,000	\$ 178,000	0.0	\$ 0	\$ 0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
FHSU - Increase Retention and Graduation Rates	2,188,568	2,188,568	0.0	0	0	0.0
PSU - School of Transportation	1,500,000	1,500,000	0.0	0	0	0.0
WSU - Department of Chemical and Materials Engineering	2,000,000	2,000,000	0.0	0	0	0.0
KSU - Geoscience Building Debt Service	5,000,000	5,000,000	0.0	0	0	0.0
KU - Integrated Science Building	3,500,000	3,500,000	0.0	0	0	0.0
KUMC - Merit-based Salary Enhancement	3,406,215	3,406,215	0.0	0	0	0.0
Postsecondary Tiered Technical Education State Aid	8,310,534	8,310,534	0.0	0	0	0.0
Technical Education Tuition	2,250,000	2,250,000	0.0	0	0	0.0
Midwest Higher Education Dues	20,000	20,000	0.0	0	0	0.0
TOTAL	\$ 28,853,317	\$ 28,853,317	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$28.9 million, all from State General Fund, for additional supplemental funding. The supplemental requests are for the individual universities as well as the Board of Regents and the detail for each supplemental is described below.

- **KBOR Office Space.** The Board requests \$178,000, all from the State General Fund, for FY 2017 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this supplemental request.

- **ESU - Newman Division of Nursing.** ESU requests \$500,000, all from the State General Fund, in recurring funding to begin in FY 2017. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers for Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this supplemental request.

- **FHSU - Retention, Graduation, and Enrollment Supplementals.** FHSU requests \$2.2 million, all from the State General Fund, for FY 2017. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 to increase higher education attainment among Kansans by expanding the

Freshman seminar model; expanding the living and learning communities; expanding the Freshman Advising Center; and providing a focused approach on at-risk students.

The **Governor** does not recommend this supplemental request.

- **PSU - Create the PSU School of Transportation.** PSU requests \$1.5 million, all from the State General Fund, in recurring funding starting in FY 2017. PSU's automotive programs have continued their development in both program sophistication as well as breadth of offerings. According to the agency, the future of the Automotive Department certainly has additional opportunities that are viable and worthy of pursuit. These would be best served by housing all programs into a single School of Transportation.

The **Governor** does not recommend this supplemental request.

- **WSU - Establish Department of Chemical and Materials Engineering.** WSU requests \$2.0 million, all from the State General Fund, in recurring funding starting in FY 2017. The College of Engineering at WSU currently has five departments offering seven engineering programs. It has been experiencing extensive growth due in part to the investment by the State of Kansas through the Engineering Expansion Grant. The establishment of a Department of Chemical and Materials Engineering at WSU would provide the basis for sustainable industrial growth in the region; further diversify the College; provide an interdisciplinary research program; and continue to strengthen and grow the College of Engineering expanding the number of real-world-ready engineers in Kansas.

The **Governor** does not recommend this supplemental request.

- **KSU - Geoscience Building Debt Service.** KSU is requesting \$5.0 million, all from the State General Fund, in recurring funding to support the College of Arts and Sciences, Department of Geology, to construct a new facility, install state-of-the-art training and research equipment, and provide much-needed resources for faculty, staff, and students to accommodate added recruitment, teaching, advising, research, and retention activities. State support will be matched with \$2.5 million in private donations, \$1.0 million from tuition revenues, and \$1.5 million from research.

The **Governor** does not recommend this supplemental request.

- **KU - Integrated Science Buildings for Innovation Way.** KU requests \$3.5 million for FY 2017 and \$7.0 million in recurring funding beginning in FY 2018, all from the State General Fund, for integrated science buildings as part of the Innovation Way development, the centerpiece of KU's Campus Master Plan. The state support to be phased in over two years, will be one source of revenue for this unique public-private partnership.

The **Governor** does not recommend this supplemental request.

- **KUMC - Merit-based Salary Supplemental.** KUMC requests \$3.4 million, all from the State General Fund, in recurring funding beginning in FY 2017 for a 3.0 percent merit-based salary for faculty and staff at KUMC. This supplemental will help attract and retain top faculty and staff.

The **Governor** does not recommend this supplemental request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests \$8.3 million, all from the State General Fund, for FY 2017 in recurring funding, to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this supplemental request.

- **Increase the Technical Education Tuition.** The Board requests \$2.3 million, all from the State General Fund, for continued support to fully fund SB 155, the Excel in Career Technical Education Initiative.

The **Governor** does not recommend this supplemental request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The Board requests \$20,000, all from the State General Fund, in recurring funding to begin in FY 2017 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this supplemental request.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

FY 2018 ADDITIONAL CONSIDERATIONS						
Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
WSU - Technology Transfer Phase I	\$ 9,200,000	\$ 9,200,000	0.0	\$ 0	\$ 0	0.0
WSU - Innovation Equipment	10,000,000	\$ 10,000,000	0.0	0	0	0.0
KUMC - Community-based Education in Wichita	3,500,000	3,500,000	0.0	0	0	0.0
KSU - College of Architecture/Research and Extension New Facility	5,000,000	5,000,000	0.0	0	0	0.0
KSU - College of Architecture, Planning and Design	3,700,000	3,700,000	0.0	0	0	0.0
ESU - STEM Programming for Kansas Economy	715,700	715,700	0.0	0	0	0.0
PSU - Rural Health-Care Professions Initiative	1,000,000	1,000,000	0.0	0	0	0.0
TOTAL	\$ 33,700,000	\$ 33,700,000	0.0	\$ 0	\$ 0	0.0

Items for Additional Consideration:

- **WSU - Support for Economic, innovation, Diversification, Technology Transfer - Phase I.** WSU requests \$9.2 million, for FY 2017 and \$3.2 million recurring funding for FY 2018, all from the State General Fund, as part of Phase I and broken down into three parts: Part One - to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion (\$1.5 million); Part Two - base funding to support technology transfer and business development infrastructure (\$1.7 million); and Part Three - funding for construction of the Innovation Center on the Innovation Campus (\$6.0 million).

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** WSU requests \$10.0 million, all from the State General Fund, for FY 2017 with recurring funding of \$2.5 million for FY 2018 for updated electronics and equipment for advanced manufacturing and biomedical technologies.

The **Governor** does not recommend this additional request.

- **KUMC - Strengthen Community-Based Medical Education in Wichita.** KUMC requests \$3.5 million, all from the State General Fund for FY 2017 and \$5.7 recurring funding for FY 2018. To address Kansas' crucial shortage of doctors the School of Medicine in Wichita was expanded to a full four-year program. Additional funds are needed to secure the expanded program's continued operation and expand class size to train more doctors for Kansas.

The **Governor** does not recommend this additional request.

- **KSU - College of Agriculture/Research and Extension New Facility Request.** KSU requests \$5.0 million, all from the State General Fund, for FY 2017 in recurring funding. The funding is to build a new Food Systems Research and Education Facility. This facility would house diverse programs related to agricultural and food systems including cutting edge research laboratories, modern greenhouses, specialized teaching laboratories, extension and distance education space, and classrooms.

The **Governor** does not recommend this additional request.

- **KSU - College of Architecture, Planning and Design.** KSU requests \$3.7 million, all from the State General Fund, for FY 2017 in recurring funding. They also request a realignment of the \$3.7 million appropriated to the university during the 2015 Session from the Educational Building Fund to the State General Fund. The funding would pay the debt service for the bonds.

The **Governor** does not recommend this additional request.

- **ESU - STEM Programming for the Kansas Economy.** ESU requests \$715,700, all from the State General Fund, for FY 2017 in recurring funding for an array of Science-Engineering-Technology-Mathematics related programs.

The **Governor** does not recommend this additional request.

- **PSU - Rural Health-Care Professions Initiative.** PSU requests \$1.0 million, all from the State General Fund, for FY 2017 and recurring at \$2.0 million for FY 2018 for pre-medical school preparation, pre-health professions program, and professional nursing degrees.

The **Governor** does not recommend this additional request.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	30.5 %	29.7 %
General Fees Fund	27.8	28.2
Restricted Fees Fund	18.7	19.0
All Other Funds	22.9	23.2
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

UNIFIED OPERATING GRANT

	Actual FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
University of Kansas	\$ 134,463,063	\$ 135,510,583	\$ 133,635,355	\$ 138,755,895	\$ 138,755,895
University of Kansas Medical Center	107,261,725	107,973,763	106,488,966	111,555,200	111,555,200
Kansas State University	102,568,685	104,804,066	102,376,569	106,928,191	102,928,191
Kansas State University ESARP	46,265,381	46,956,273	46,316,699	47,658,837	47,658,837
KSU Veterinary Medical Center	14,728,160	14,891,022	14,688,197	15,159,612	15,159,612
Emporia State University	30,937,394	31,157,183	30,732,803	31,792,085	31,792,085
Fort Hays State University	33,308,350	33,535,686	33,078,908	34,047,251	34,047,251
Pittsburg State University	34,794,683	35,246,275	34,760,497	35,839,583	35,839,583
Wichita State University	70,934,109	75,278,380	74,275,237	74,879,391	74,879,391
<i>Subtotal</i>	<i>\$ 575,261,550</i>	<i>\$ 585,353,231</i>	<i>\$ 576,353,231</i>	<i>\$ 596,616,045</i>	<i>\$ 592,616,045</i>
Technical Colleges	\$ 70,153	\$ 71,585	\$ 71,585	\$ 71,585	\$ 71,585
Washburn University	10,908,302	11,900,920	11,900,920	11,900,920	11,900,920
Non-Tiered Course Credit Hour Grant	74,966,402	76,496,329	76,496,329	76,496,329	76,496,329
Postsecondary Tiered Technical Education	57,134,944	58,300,961	58,300,961	66,611,495	66,611,495
State Aid					
Unified Operating Grant Increase	0	0	0	0	0
TOTAL	\$ 718,341,351	\$ 732,123,026	\$ 723,123,026	\$ 751,696,374	\$ 747,696,374

The **Postsecondary Educational Institutions**, which include the state universities, community colleges, technical colleges, and Washburn University, request \$751.7 million from the State General Fund for Unified Operating Grants for FY 2017, an increase of \$8.3 million million, or 1.1 percent, above the FY 2017 approved amount. The increase is due to an additional \$8.3 million for Postsecondary Tiered Technical Education State Aid.

The **Governor** concurs with the agencies' revised estimates but reduced the Kansas State University Global Food System grant by \$4.0 million and did not recommend any of the supplemental requests.

Other State Funding

The Board and universities request \$4.5 million from the other centrally appropriated state funds for the benefit of the universities for FY 2017 as follows.

Economic Development Initiatives Fund

- \$2,547,726 for Technical Education Capital Outlay.
- \$179,284 for Technology Innovation and Internship Program.
- \$993,265 for EPSCOR.
- \$500,000 for Community College Comparative Grants.
- \$296,614 for research KSU-ESARP.

State Water Plan Fund

- \$26,841 for the geological survey at the University of Kansas.

The **Governor** concurs with the agencies' revised estimates.

State Universities

Faculty of Distinction Program. The Faculty of Distinction program provides a transfer of the equivalent of interest earnings on designated donations to public postsecondary institutions. FY 2003 was the first year of the program. Beginning in FY 2004, the transfers were treated under the Governor's recommendation as a revenue transfer instead of a State General Fund demand transfer. **The agency and the Governor estimate that transfers will total \$150,000 for FY 2017.**

Tuition and General Fees. State university tuition and fees are set with the approval of the Kansas Board of Regents. With the exception of certain designated fees that are credited to restricted use funds, tuition and general fees are credited to the General Fees Fund of each institution. Although subject to appropriation, under the State University Operating Grant Plan, the General Fees Fund are appropriated to the institutions without an expenditure limit, permitting maximum flexibility in the use of those funds. For FY 2016, the Board of Regents set tuition rates after the adjournment of the 2015 Legislative Session and the same schedule is anticipated for FY 2017. **[The 2015 Legislature capped the tuition increase limit for FY 2016 and FY 2017 to that years Consumer Price Index plus 2.0 percent.]** The budgets submitted by the universities assume no increase in tuition rates in FY 2017. The following compares estimated General Fees Fund expenditures for the current year as presented to the 2015 Legislature, the revised current year estimate and the current estimate for FY 2017.

STATE UNIVERSITY GENERAL FEE FUND EXPENDITURES

Institution	Original Estimate FY 2016	Revised Est. and Gov. Rec FY 2016	Difference	Gov. Rec. for FY 2017
University of Kansas	\$ 280,650,658	\$ 293,477,128	\$ 12,826,470	\$ 296,461,049
KU - Medical Center	41,153,325	43,824,000	2,670,675	44,711,253
Kansas State University	212,222,499	213,254,130	1,031,631	215,336,119
KSU - Veterinary Medical Center	18,095,193	17,079,808	(1,015,385)	17,585,089
KSU - ESARP	0	0	0	0
Emporia State University	26,321,098	28,398,541	2,077,443	27,961,230
Fort Hays State University	49,178,538	44,186,248	(4,992,290)	49,337,978
Pittsburg State University	35,775,222	37,376,602	1,601,380	37,376,602
Wichita State University	81,355,111	84,264,686	2,909,575	85,157,857
TOTAL	\$ 744,751,644	\$ 761,861,143	\$ 17,109,499	\$ 773,927,177

Community Colleges, Technical Colleges, and Washburn University

Community and Technical College Operating Grants. The **Board** requests \$76.5 million from the State General Fund for FY 2017 for non-tiered course credit hour grants for general education and \$66.6 million for postsecondary tiered technical education state aid for technical education courses to support the 19 community colleges and seven technical colleges in the state. The request is an increase of \$8.3 million above the FY 2017 approved amount due to an enhancement request.

The **Governor** concurs with the agencies' revised estimates.

Municipal University Operating Grant. The **Board** requests \$11.9 million for FY 2017 for the Municipal University Operating Grant. 1999 SB 345 applies the same funding formula for state support for Washburn University as is used for community colleges. The request is the same as the FY 2017 approved amount.

The **Governor** concurs with the agencies' revised estimate.

Adult Basic Education. The **Board** requests \$5.1 million, including \$1.5 million from the State General Fund and \$3.2 million in federal funds, to support the 30 adult education centers in the state for FY 2017. The request is the same as the approved amount.

The **Governor** concurs with the agencies' revised estimate.

Student Financial Aid

Student Financial Aid. The **Board** administers a number of student financial aid programs, as well as other special programs. The agency requests \$21.3 million, all from the State General Fund, to support state sponsored student financial aid programs for FY 2017. This is the same as the approved amount.

The **Governor** concurs with the agencies' revised estimate.

Enrollment Trends. Student enrollment at the public universities, private colleges and universities, community colleges, technical colleges, and other institutions in the Fall of 2015

totaled 207,722, a decrease of 4,683 students, or 2.2 percent, below the Fall of 2014. Not included in this data are students enrolled in proprietary schools and vocational education students who are not attending a community college or technical college. The following table compares headcount enrollments for the Fall of 2013, 2014, and 2015.

Headcount Students

Institution	Fall 2013	Fall 2014	Fall 2015	Change Fall 2013- Fall 2015	Percent
University of Kansas	24,435	24,612	24,708	273	1.1 %
University of Kansas Medical Center	3,349	3,371	3,383	34	1.0
Kansas State University	24,116	24,290	23,678	(438)	(1.8)
KSU Veterinary Medical Center	465	476	468	3	0.6
Emporia State University	6,033	6,114	6,094	61	1.0
Fort Hays State University	13,441	13,825	14,210	769	5.7
Pittsburg State University	7,400	7,479	7,244	(156)	(2.1)
Wichita State University	14,550	15,003	14,495	(55)	(0.4)
<i>Subtotal-Regents Institutions</i>	<i>93,789</i>	<i>95,170</i>	<i>94,280</i>	<i>491</i>	<i>0.5</i>
Washburn University	6,973	6,722	6,615	(358)	(5.1)
Community Colleges	77,879	74,931	72,786	(5,093)	(6.5)
Technical Colleges	6,464	6,859	7,333	869	13.4
Washburn Institute of Technology	1,162	1,217	1,330	168	9.8
Independent Colleges and Universities	26,138	26,182	25,378	(760)	(2.9)
TOTAL	118,616	115,911	113,442	(5,174)	(4.4)
GRAND TOTAL	212,405	211,081	207,722	(4,683)	(2.2)

Source: Kansas Higher Education Enrollment Report (KHEER).

Peer Comparisons. The Regents institutions use a system of peer comparisons based upon the concept of comparing themselves to similar institutions. A similar method is used by institutions and systems in many states. Peer institutions were first selected by a Regents task force in 1976 with the weighted basis for selection being similarity in degree programs (60 percent); enrollment levels (30 percent); and financial expenditures (10 percent). The peer institutions for WSU, ESU, FHSU, and PSU were adjusted in 1995 using the same weightings. Each Regents university conducts a comprehensive cost study of its peer institutions each year. Peer comparisons are used for a number of purposes at the institutional and system level including local program review and comparative references related to faculty salaries, OOE support, and tuition rates.

REGENTS PEER INSTITUTIONS

University of Kansas

Indiana University - Bloomington
University of Missouri - Columbia
University of Oregon
Michigan State University
University of Buffalo

Wichita State University

New Mexico State University
University of Massachusetts - Lowell
University of Nevada - Reno
University of North Dakota
Wright State University

Fort Hays State University

Northwest Missouri State University
Colorado Mesa University
Northeastern State University - OK
Southeast Missouri State University
Tarleton State University

Kansas State University

Colorado State University
Auburn University
Clemson University
Oklahoma State University
University of Massachusetts - Amherst

Emporia State University

Colorado State University - Pueblo
Northwest Missouri State University
Pittsburg State University
University of Nebraska - Kearney
West Texas A&M University

Pittsburg State University

Arkansas Tech University
Ferris State University
Indiana University of Pennsylvania
Northwest Missouri State University
Valdosta State University

Source: Table 4.35 State University Databook, January 2015

RELATIVE FUNDING OF SALARY - BY INSTITUTION

Institution	Salaries FY 2011	Salaries FY 2015
KU	90.1 %	88.7 %
KSU	89.9	92.0
ESU	88.9	90.2
FHSU	90.7	102.1
PSU	92.8	86.4
WSU	86.3	81.2
Systemwide	91.8 %	91.1 %

Source: Table 4.35 State University Databook, revised 8/28/2015

Peer comparisons are also made with regard to the level of both resident and nonresident tuition and fees charged to students during an academic year (AY) at the Regents institutions. Historically, tuition for both resident and nonresidents at Kansas schools has been less than that at the peer institutions.

TUITION AND FEES RELATIVE TO PEER INSTITUTIONS

Institution	Resident Tuition AY 2010	Resident Tuition AY 2015	Nonresident Tuition AY 2010	Nonresident Tuition AY 2015
KU	87.3 %	93.7 %	81.0 %	81.8 %
KSU	80.8	83.0	82.1	84.3
ESU	82.4	84.6	111.8	133.7
FHSU	71.6	68.7	125.6	94.6
PSU	72.7	80.5	101.4	107.1
WSU	78.7	87.6	79.0	74.7

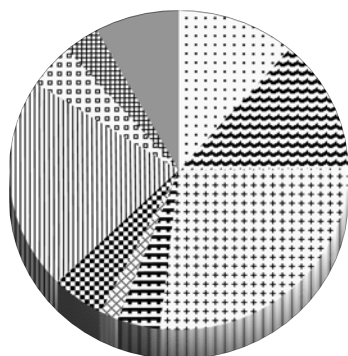
Source: Table 2.3 State University Databook, revised 8/28/2015

PROGRAM DETAIL

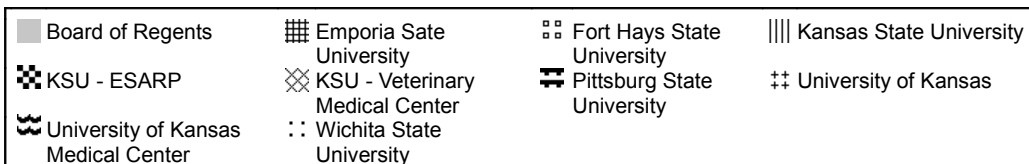
Expenditures by Agency

Governor's FY 2017 Recommendation

All Funds



State General Fund



Agency	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Board of Regents	\$ 213,728,795	8.0 %	\$ 197,813,649	25.0 %
Emporia State University	89,905,906	3.4	31,792,085	4.0
Fort Hays State University	119,713,105	4.5	34,047,251	4.3
Kansas State University	571,886,735	21.5	102,928,191	13.0
KSU-ESARP	133,820,470	5.0	47,658,837	6.0
KSU-Veterinary Medical Center	47,878,094	1.8	15,159,612	1.9
Pittsburg State university	108,264,965	4.1	35,839,583	4.5
University of Kansas	719,357,859	27.0	138,755,895	17.6
University of Kansas Medical Center	359,225,709	13.5	111,555,200	14.1
Wichita State University	301,673,030	11.3	74,879,391	9.5
TOTAL	\$ 2,665,454,668	100.0 %	\$ 790,429,694	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Board of Regents	62.5	62.5	62.5	62.5	62.5
Emporia State University	702.5	705.2	705.2	705.2	705.2
Fort Hays State University	841.0	889.5	889.5	889.5	889.5
Kansas State University	3,861.7	3,840.9	3,840.9	3,840.9	3,840.9
KSU-ESARP	1,125.1	1,107.2	1,107.2	1,107.2	1,107.2
KSU Veterinary Medical Center	332.6	342.6	342.6	342.6	342.6
Pittsburg State university	958.5	962.4	962.4	962.4	962.4
University of Kansas	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1
KU Medical Center	2,716.1	2,855.8	2,855.8	2,855.8	2,855.8
Wichita State University	2,017.1	2,064.9	2,064.9	2,064.9	2,064.9
TOTAL	17,959.2	18,173.1	18,173.1	18,173.1	18,173.1

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Board of Regents	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
Emporia State University	7,733,775	7,733,775	23,457,000	23,457,000
Fort Hays State University	35,360,907	35,360,907	25,852,862	25,852,862
Kansas State University	34,109,911	34,109,911	18,101,421	18,101,421
KSU-ESARP	450,000	450,000	0	0
KSU Veterinary Medical Center	3,395,328	3,395,328	0	0
Pittsburg State university	8,295,310	8,295,310	4,058,604	4,058,604
University of Kansas	37,822,719	37,822,719	26,650,741	26,650,741
KU Medical Center	19,359,406	19,359,406	30,189,581	30,189,581
Wichita State University	13,797,759	13,797,759	7,352,816	7,352,816
TOTAL	<u>\$ 160,325,115</u>	<u>\$ 160,325,115</u>	<u>\$ 167,663,025</u>	<u>\$ 167,663,025</u>
Financing:				
State General Fund	\$ 3,912,786	\$ 3,912,786	\$ 3,849,853	\$ 3,849,853
All Other Funds	156,412,329	156,412,329	163,813,172	163,813,172
TOTAL	<u>\$ 160,325,115</u>	<u>\$ 160,325,115</u>	<u>\$ 167,663,025</u>	<u>\$ 167,663,025</u>

FY 2016 – Current Year. The agencies request revised capital improvements budgets of \$160.3 million, including \$3.9 million from the State General Fund. This is an increase of \$32.2 million, or 25.1 percent all funds and \$482,170, or 14.1 percent, State General Fund, above the approved amount. The increase is primarily due to the Wiest Hall replacement and track and field projects at FHSU, the West Residence Hall mechanical project at KSU, and the Health Education Building project at the KUMC.

The **Governor** concurs with the agencies' revised estimates.

FY 2017 – Budget Year. The **agencies** request revised capital improvements budgets of \$167.7 million, including \$3.8 million from the State General Fund. This is an increase of \$59.7 million, or 55.4 percent all funds and \$484,581, or 14.4 percent, State General Fund, above the approved amount. The increase is primarily due to the request for a new residence hall at ESU, the Applied Technology Building at FHSU, Summerfield Hall and additional housing maintenance projects at the University of Kansas, the Health Education Building project at the KUMC, and the new School of Business at WSU.

The **Governor** concurs with the agencies' revised estimates.

BOARD OF REGENTS

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 197,327,889	\$ 202,244,313	\$ 197,889,366	\$ 227,366,966	\$ 197,813,649
Other Funds	16,560,318	15,966,597	15,966,597	15,915,146	15,915,146
TOTAL	\$ 213,888,207	\$ 218,210,910	\$ 213,855,963	\$ 243,282,112	\$ 213,728,795
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	32,000,000	32,000,000
TOTAL	\$ 0	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
GRAND TOTAL	\$ 213,888,207	\$ 218,210,910	\$ 213,855,963	\$ 275,282,112	\$ 245,728,795
Percentage Change:					
Operating Expenditures					
State General Fund	0.7 %	2.5 %	0.3 %	12.4 %	(0.0) %
All Funds	0.4	2.0	(0.0)	11.5	(0.1)
FTE Positions	62.5	62.5	62.5	62.5	62.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	62.5	62.5	62.5

AGENCY OVERVIEW

Article 6 of the *Kansas Constitution* directs the Legislature to provide for a State Board of Regents comprised of nine members appointed by the Governor, subject to confirmation by the Senate. One member is to be from each Congressional District, with the remaining members appointed at-large. The Board of Regents is responsible for coordination of all postsecondary education in the state and supervising the operation of the six state Regents' universities. In carrying out this responsibility, the Board: (1) appoints a chief executive officer to administer each university; (2) reviews the mission, role, and curriculum of each university; (3) sets tuition, fees, and charges to be collected at each university; (4) submits requests to the Legislature for funds to operate its universities and central office staff, and for funds to construct, maintain, and equip university buildings; (5) administers student financial aid programs; (6) determines the eligibility of private postsecondary Kansas institutions to confer academic or honorary degrees; (7) registers courses conducted in Kansas by postsecondary institutions located outside of the state; and (8) administers state aid to Washburn University. The 1999 Legislature expanded the duties of the Board with the passage of the Higher Education Coordination Act (SB 345). Under the act, the Board is charged with the coordination of all higher education and is responsible for state assistance in support of community colleges, vocational technical schools, and adult basic education.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) which transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents. The responsibilities of the Board of Regents also changed to include coordination of all postsecondary education in the state including Washburn University and private colleges and universities.

The legislation outlined several funding components which were designed to be adjusted annually over four years:

- An operating grant formula was established to provide state funding for the community colleges and Washburn University beginning in FY 2001. The grant amount would be calculated based upon the State General Fund appropriations at the regional Regents' universities (Emporia, Fort Hays, or Pittsburg) and the institutions' FTE enrollment and would increase incrementally over four years. County out-district tuition would be phased out over the four years and be replaced by state aid which would be added to the operating grant. Only the first three years of this provision have been implemented;
- An amount equal to the increase in the community college operating grant would be given to the Regents' institutions for faculty salary increases; and
- A performance funding mechanism was established through which an institution could receive up to an additional 2.0 percent of its State General Fund appropriation based upon its performance as compared to pre-specified indicators. This provision has not been implemented at any funding level.

The **2001 Legislature** adopted a proposal which provided for the state universities to be funded through an operating or block grant rather than the multiple line-item appropriations which had been used previously. The change was made to allow the institutions greater flexibility in managing their budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) which authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The legislation also directed the Board of Regents to form a subsidiary corporation to oversee and implement the projects.

The proceeds of the research bonds were to be used for four specific projects:

- Constructing the Food Safety and Security Research Facility at Kansas State University (KSU);
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center (KUMC);
- Expanding the Aviation Engineering Complex at Wichita State University (WSU); and

- Equipping the Biosciences Research Building at the University of Kansas.

The debt service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than \$10.0 million per year and not more than \$50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The legislation also provided for additional bond authority of \$13.0 million for capital improvements and equipment purchases for the National Institute of Aviation Research at Wichita State University. The capital improvement projects outlined in the legislation included laboratories and equipment for icing and wind tunnels, crash testing, and advanced manufacturing. Debt service on this bond issuance is to be paid through State General Fund appropriations or special revenue fund expenditures.

The **2003 Legislature** passed legislation requiring technical colleges to replace their existing governing boards (typically the local school board) with an independent governing board (SB 7). An implementation plan was required to be presented to the Board of Regents by July 1, 2005, and agreement reached on the plan by June 30, 2007. The plan was required to include: composition of the new governing board; territory of the technical college; method of election of the new board; date the new board will assume management of the college; and issues relating to the transfer. The governance change was sought to facilitate the North Central Association accreditation of the technical colleges.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** passed legislation for the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that purpose. The academy provides an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The two-year curriculum includes course work designed to meet both high school graduation requirements and requirements for associate of arts or associate of science degrees. The academy is conducted at a Kansas postsecondary educational institution (state university, municipal university, community college, technical college, or technical school) designated by the Board of Regents.

The Board of Regents is also authorized to aid Regents' institutions in developing short-term summer academies that may be either residential or conducted over KAN-ED. The Board of Regents is required to request funds for operation of those academies in its annual budget. The Governor is required by the legislation to include funding for the academies in the budget report to the Legislature. The Board of Regents is authorized to accept and expend public and private funds for KAMS.

The **2006 Legislature** passed legislation authorizing public colleges, universities and technical schools to purchase insurance, other than employee health insurance, independently of the Committee on Surety Bonds and Insurance. An institution that purchases insurance pursuant to the legislation must make that purchase using a competitive bid or competitive negotiation in accordance with procedures prescribed by the State Board of Regents. The legislation requires that the insurance be purchased from an insurance company authorized to

do business in Kansas. Under prior law, most state agencies, including state universities, were prohibited from separately purchasing insurance.

The same legislation also authorizes the Board of Regents to enter into contracts for accident and health insurance or the services of a health maintenance organization for students of state universities and their dependents. Purchase of coverage would be voluntary on the part of the student. Universities would continue to pay an employer contribution for those students who are employees of that university. The employer contribution rate would be set by the Board of Regents.

Under prior law, health insurance for student employees at state universities was provided through the Kansas State Employees Health Care Commission. The legislation transfers that authority to the Board of Regents. In addition, the Kansas State Employees Health Care Commission will no longer be able to charge the state universities for employer contributions for health care benefits for student employees. The legislation requires the Kansas State Employees Health Care Commission to continue coverage for the student employees until any contracts entered into by the Board of Regents become effective. Health insurance purchased pursuant to the legislation cannot cover elective procedures.

The **2006 Legislature** also passed legislation permitting the Board of Regents to authorize resident tuition and fees to members of the military who retired or were honorably discharged from the military, who had served on active duty in Kansas, and who reside in Kansas at the time of enrollment. The provisions also apply to the spouse and dependents of that individual.

The **2006 Legislature** also passed legislation establishing the Veterinary Training program for Rural Kansas at the College of Veterinary Medicine at KSU. The purpose of the program is to provide encouragement, opportunities and incentives for persons pursuing a veterinary medicine degree program at KSU to locate their veterinary practices in rural Kansas communities and receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is to be administered by the College of Veterinary Medicine at KSU.

The **2007 Legislature** passed legislation increasing the number of months – from 12 months to 60 months – Kansas residents who move out of the state and then return are allowed to be gone and still be considered state residents for tuition purposes at any of the state educational institutions under the control and supervision of the Kansas Board of Regents. The legislation does not apply to certain persons without lawful immigration status.

The legislation increased the stipend for students participating in the Medical Student Loan Agreement from a maximum of \$1,500 per month to a maximum of \$2,000 per month. It also allows loans to be awarded retroactively for any academic year that a student has completed successfully, but for which a loan had not been awarded previously. The legislation required the University of Kansas School of Medicine to report to the 2008 Legislature on its evaluation of criteria for identifying underserved areas to be served by recipients of the Medical Student Loans.

The legislation also created the Nurse Educator Service Scholarship Program Act, initially created by proviso in the 2006 Legislative Session. This Act provides funding for registered nurses in graduate level degree-granting programs leading to a master of science or doctorate degree in nursing, and who plan to teach nursing.

The legislation also consolidated the existing four teacher service scholarship programs into a single program, the Teacher Service Scholarship program. The four programs consolidated include the following items:

- The Kansas Teacher Service Scholarship;
- The Math and Science Teacher Service Scholarship;
- The Special Education Teacher Service Scholarship; and
- The Teacher Education Scholarship.

Finally, the legislation established the Teacher Education Competitive Grant program for state universities and Washburn University, with the intent of increasing the number of students in courses of study leading to licensure to teach in hard-to-fill teaching disciplines or who agree to teach in an underserved area. The Kansas Board of Regents was required to submit a report to the Legislature by January 14, 2009, describing program activity.

The **2007 Legislature** also passed legislation establishing the Postsecondary Technical Education Authority (Authority), which is composed of the following 12 members: 4 appointed by the Board of Regents, 3 appointed by the Governor, including the chairman, one appointed by the President of the Senate, and one appointed by the Speaker of the House. There are also three *ex officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

The Authority, under delegated authority from the Board of Regents, is responsible for coordination and review of technical education in the state, as well as the development benchmarks, accountability standards, and a policy agenda for technical education each year. The Authority also conducts studies of ways to maximize resources to best meet the needs of business and industry, and makes recommendations to the State Board of Regents, which are considered and acted on by the State Board of Regents. Disapproval of a recommendation requires a majority vote of all members of the State Board of Regents, within 45 days of the submission of the recommendation.

The Authority and the Board of Regents select a Vice-president of Workforce Development to serve as the executive director of the Authority, with the participation of the Kansas Association of Technical Schools and Colleges and the Kansas Association of Community College Trustees. The Vice-President is not a member of the Authority and serves in the unclassified service, at the pleasure of the Board of Regents.

The legislation required the governing bodies of Northeast Kansas Technical College; Kansas City Area Technical School; Kaw Area Technical School; Salina Area Technical School; and Southwest Kansas Technical School to submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board by July 1, 2008. Salina Area Technical School became Salina Area Technical College, Southwest Kansas Technical School merged with Seward Community College, Northeast Kansas Technical School merged with Highland Community College, Kansas City Area Technical School merged with Kansas City Kansas Community College and Kaw Area Technical School merged with Washburn University.

The Legislation originally set a sunset date of June 30, 2014 but the 2013 Legislature amended the sunset to June 30, 2017.

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to

invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than twelve months. Further, the Board of Regents can establish and adopt procedures, standards, and criteria for the program. The amount invested under the pilot program is limited to \$40.0 million at any one time and the core balance invested must be approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity, designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents, or report on the request of the Board of Regents.

The **2008 Legislature** also passed legislation amending the law concerning the KAMS. The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for KAMS for fiscal years 2009 through 2014, as follows:

- FY 2009 - \$295,000;
- FY 2010 - \$713,000;
- FY 2011 - \$754,000;
- FY 2012 - \$792,000;
- FY 2013 - \$835,000; and
- FY 2014 - \$938,000.

KAMS is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of KAMS is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by Fort Hays State University and the Board of Regents.

The **2011 Legislature** passed legislation making technical corrections and updates related to postsecondary technical education. The bill updated terminology, removed definitions for terms no longer used, eliminated vocational school references, added individual institution specific references, updated and removed obsolete sections of identified statutes, and repealed statutes no longer needed.

The bill created the Postsecondary Tiered Technical Education State Aid Act (the Act), replacing the current funding structure. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of

Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model that includes all of the following concepts:

- Arrange into categories or tiers, technical education programs, recognizing cost differentials, e.g. programs with similar costs comprise one of six tiers;
- Consider target industries critical to the Kansas economy;
- Respond to program growth;
- Consider local taxing authority for credit hours generated by in-district students; and
- Include other factors and considerations determined necessary by the State Board of Regents.

The State Board of Regents will establish the rates to be used as the state's share in a given year, as well as in the actual distribution. The bill prohibits receipt of both tiered technical education state aid and non-tiered course state aid for any one credit hour. (A non-tiered course would be a general education course.)

The bill provides for fund accounting and management requirements related to state aid received under the Act. The bill authorizes the State Board of Regents to adopt policies necessary or desirable to implement and administer the Act.

The bill provides that each community college and technical college is eligible for a grant from the State General Fund, in an amount determined by the State Board of Regents for non-tiered course credit hours approved by the Board of Regents after dialogue with community college and technical college presidents.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The counties receiving the ROZ designation are: Barber, Chautauqua, Cheyenne, Clark, Cloud, Comanche, Decatur, Edwards, Elk, Gove, Graham, Greeley, Greenwood, Hamilton, Harper, Hodgeman, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Logan, Marion, Mitchell, Morton, Ness, Norton, Osborne, Pawnee, Phillips, Pratt, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita, Wilson, and Woodson.

ROZ counties are authorized to adopt resolutions prior to January 1, 2012 (and every subsequent year through January 1, 2016) irrevocably obligating the counties to pay half of certain extant student loan costs, up to a maximum of \$15,000, in equal increments over a five-year period. A state matching program, subject to appropriations, will provide for matching payments. (If the maximum \$15,000 amount were to be adopted in a ROZ county resolution, the state and the county would each repay \$7,500 in equal increments over a five-year period, or \$1,500 per year per governmental entity.)

Resident individuals are entitled to apply for the loan repayments relative to payments made to attend institutions of higher learning where they obtained an associate, bachelor or

post-graduate degree, provided they have established domicile in a ROZ county on or after the date such county commenced participation in the program, and prior to July 1, 2016. Eligibility for the loan repayment program terminates upon relocation outside of the ROZ county from which initial eligibility was obtained.

The **2011 Legislature** passed legislation replacing the Kansas Bioscience Authority with the Kansas Department of Administration in that section of law giving authority to issue revenue bonds and to make expenditures from the proceeds of the bonds for the purpose of land acquisition, site preparation, fencing, central utility plant facility construction and improvements in anticipation of the construction of the National Bio and Agro-Defense Facility (NBAF) at KSU. The bill adds a provision predicated issuance of the bonds on approval by the State Finance Council.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** also passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, which applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** also passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The bill replaced the Vocational Education Scholarship with the new Career Technical Workforce Grant. The grant is available for students at or accepted into a designated career technical education program at the postsecondary level as designated by the Kansas Board of Regents. The Kansas Board of Regents, within the limits of appropriations, could award grants to those applicants who exhibit financial need. Under the bill, a grant for a full-time student will be up to \$1,000 per year, but could not exceed the cost of tuition and fees.

The bill extends the authority until June 30, 2017, for the Kansas Board of Regents to fix, charge, and collect fees for Kansas private and out-of-state postsecondary institutions operating in Kansas.

The bill prohibits State General Fund dollars from being used for remedial courses at state universities effective August 15, 2015, but does not prohibit the courses from being provided with funding from other sources. It also allows the development of individual student

plans for success by each state educational institution admitting a student under the 10.0 percent exception to the minimum admissions standards.

The bill requires the Kansas Board of Regents to conduct a study regarding the retention and graduation rates of students who are accepted into state universities through the exception to the minimum admissions standards. The Kansas Board of Regents is required to report the study's findings to the Senate and House Committees on Education by January 13, 2014.

The **2013 Legislature** reduced the agency's operating budget and most scholarship programs for FY 2014 by 2.0 percent from the State General Fund. There was a 1.5 percent reduction to the Municipal University Operating Grant in both FY 2014 and FY 2015, and also reductions of 1.5 percent to the Postsecondary Tiered Technical Education State Aid and the non-tiered Course Credit Hour Grant in FY 2015, all from the State General Fund.

The **2014 Legislature** passed legislation that allows the Board of Regents to provide payments to postsecondary educational institutions that have provided any of the following to an individual enrolled in the institution: receipt of a general educational development (GED) credential while enrolled in an eligible career technical education (CTE) program; receipt of a CTE credential; or enrollment in an eligible CTE program. This program is referred to as the Performance-based Funding Program.

The **2014 Legislature** also allowed the Board of Regents to use up to \$500,000 of funding from the tuition for technical education account for the payment of technical education tuition for adult students who are enrolled in technical education classes while obtaining a GED using the Accelerating Opportunity program.

The **2015 Legislature** made numerous changes to this agency's appropriations including the following:

- Added \$555,738, all from the State General Fund, to sustain the Regents Data System for FY 2016 and FY 2017;
- Added \$770,000, all from the State General Fund, to the Municipal Operating Grant for a new forensic science program at Washburn University for FY 2016 and FY 2017;
- Added \$750,000, all from the State General Fund, for the Incentive for Technical Education and prorated the distribution of the funds to participating schools for FY 2016 and FY 2017. The Governor's recommendation had deleted the \$1.0 million appropriated as part of SB 155 that allowed the participating school districts \$1,000 for each participating student who received a degree through this program;
- Added language dispersing no less than 60.0 percent of the Kansas Comprehensive Grant to the Independent and Private Colleges for FY 2016;
- Added language including Johnson County Community College to the Performance-based Incentives Program for FY 2016; and
- Added language capping the tuition increase for FY 2016 and FY 2017 to the rate from the previous year adding the Consumer Price Index plus 2.0 percent.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$218.2 million, including \$202.2 million from the State General Fund in FY 2016. This is an all funds decrease of \$27.2 million, or 11.1 percent, and a State General Fund increase of \$3.7 million, or 1.8 percent, from the FY 2016 approved amount. The State General Fund increase includes a reappropriation of \$1.4 million that was lapsed by the Governor after the agency submitted its budget. The \$2.3 million State General Fund increase is the supplemental request for additional Career Technical Education Tuition program expenditures due to increased participation. There is a decrease of \$29.0 million from special revenue funds in capital improvements due to the transfer of the Educational Building Fund moneys to the universities during the year.

The **Governor** recommends a revised budget of \$213.9 million, including \$197.9 million from the State General Fund. This is a decrease of \$31.6 million, or 12.9 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education Initiative program. The Governor does not recommend funding the supplemental requests.

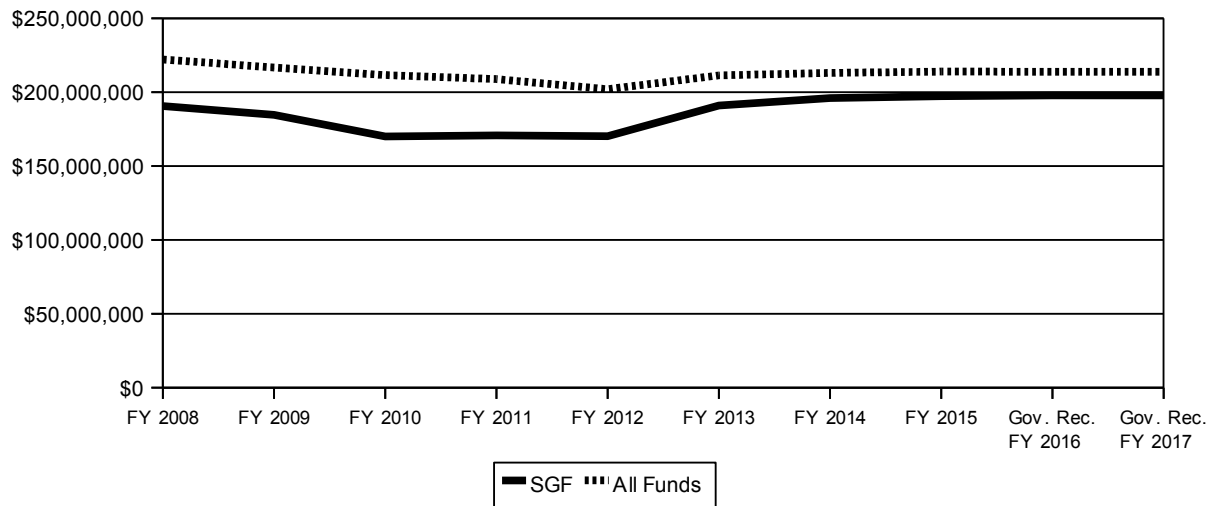
FY 2017 – Budget Year. The **agency** requests a revised estimate of \$275.3 million, including \$227.4 million from the State General Fund for FY 2017. This is an increase of \$26.8 million, or 12.4 percent, all funds and \$28.9 million, or 14.5 percent, State General Fund, above the approved amount. The increase is due to supplemental requests.

Without the supplemental requests, the revised budget would be \$246.4 million, including \$198.5 million from the State General Fund. This is a decrease of \$2.0 million, or 0.8 percent, all from special revenue funds, below the approved amount.

The **Governor** recommends a revised budget of \$245.7 million, including \$197.8 million from the State General Fund. This is a decrease of \$2.7 million, or 0.8 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education Initiative program. The Governor does not recommend funding the supplemental requests.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 190,529,747	12.2 %	\$ 222,136,389	8.0 %	63.5
2009	184,610,746	(3.1)	216,656,895	(2.5)	63.5
2010	170,012,170	(7.9)	211,562,505	(2.4)	63.5
2011	170,708,345	0.4	208,850,628	(1.3)	63.5
2012	170,171,047	(0.3)	201,968,904	(3.3)	62.5
2013	190,856,649	12.2	211,340,908	4.6	62.5
2014	195,996,549	2.7	213,048,661	0.8	62.5
2015	197,327,889	0.7	213,888,207	0.4	62.5
2016 Gov. Rec.	197,889,366	0.3	213,855,963	(0.0)	62.5
2017 Gov. Rec.	197,813,649	(0.0)	213,728,795	(0.1)	62.5
Ten-Year Change Dollars/Percent	\$ 7,283,902	3.8 %	\$ (8,407,594)	(3.8)%	(1.0)

*2013 increase is primarily for funding of SB155 - Technical Education Incentives and Tuition.

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Administration	\$	6,513,722	\$ 7,089,343	\$ 7,444,481	\$ 355,138	5.0 %	\$ 7,089,343	\$ 7,266,481	\$ 177,138	2.5 %
Postsecondary Educ. Institutions		184,135,613	187,397,811	213,702,637	26,304,826	14.0	184,447,811	184,327,320	(120,491)	(0.1)
KAN ED Broadband Network		649,936	596,222	599,907	3,685	0.6	596,222	599,907	3,685	0.6
Student Financial Assistance		22,027,220	22,832,659	21,427,712	(1,404,947)	(6.2)	21,427,712	21,427,712	0	0.0
Debt Service		561,716	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
TOTAL	\$	213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%
By Major Object of Expenditure:										
Salaries and Wages	\$	4,972,171	\$ 5,131,426	\$ 5,315,829	\$ 184,403	3.6 %	\$ 5,131,426	\$ 5,315,829	\$ 184,403	3.6 %
Contractual Services		2,671,262	2,379,387	2,575,273	195,886	8.2	2,379,387	2,377,273	(2,114)	(0.1)
Commodities		50,985	174,655	174,165	(490)	(0.3)	174,655	174,165	(490)	(0.3)
Capital Outlay		62,219	95,097	94,121	(976)	(1.0)	95,097	94,121	(976)	(1.0)
Debt Service		561,716	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
Subtotal - Operations	\$	8,318,353	\$ 8,075,440	\$ 8,266,763	\$ 191,323	2.4 %	\$ 8,075,440	\$ 8,068,763	\$ (6,677)	(0.1)%
Aid to Local Units		180,376,804	184,469,970	192,660,013	8,190,043	4.4	181,519,970	181,399,479	(120,491)	(0.1)
Other Assistance		25,193,050	25,665,500	42,355,336	16,689,836	65.0	24,260,553	24,260,553	0	0.0
TOTAL	\$	213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%
Financing:										
State General Fund	\$	197,327,889	\$ 202,244,313	\$ 227,366,966	\$ 25,122,653	12.4 %	\$ 197,889,366	\$ 197,813,649	\$ (75,717)	(0.0)%
Economic Dev. Initiatives Fund		4,247,172	4,256,623	4,220,275	(36,348)	(0.9)	4,256,623	4,220,275	(36,348)	(0.9)
All Other Funds		12,313,146	11,709,974	11,694,871	(15,103)	(0.1)	11,709,974	11,694,871	(15,103)	(0.1)
TOTAL	\$	213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$198,589,366 for the Board of Regents in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$1,404,947, based on the reappropriation of FY 2015 funding not spent in FY 2015, and has shifted to FY 2016; and
- A reduction of \$1,404,947, as the result of the Governor's November 6 State General Fund allotment and authority given under 2015 Senate Sub. for HB 2135.

These adjustments change the FY 2016 approved State General Fund to \$198,589,366. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted before the Governor's November allotment, so the agency's revised budget estimates do not incorporate the allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 198,589,366	\$ 202,244,313	\$ 3,654,947	\$ 197,889,366	\$ (700,000)
All Other Funds	46,865,449	15,966,597	(30,898,852)	15,966,597	(30,898,852)
TOTAL	\$ 245,454,815	\$ 218,210,910	\$ (27,243,905)	\$ 213,855,963	\$ (31,598,852)
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency** requests a revised estimate of \$218.2 million, including \$202.2 million from the State General Fund. This is an all funds decrease of \$27.2 million, or 11.1 percent, and a State General Fund increase of \$3.7 million, or 1.8 percent, from the FY 2016 approved amount. The State General Fund increase includes a reappropriation of \$1.4 million that was lapsed by the Governor after the agency submitted their budget. The \$2.3 million State General Fund increase is the supplemental request for additional expenditures for the Career Technical Education tuition program due to the increased participation. There is a decrease of \$29.0 million from special revenue funds in capital improvements due to the transfer of the Educational Building Fund to the universities during the year.

The **Governor** recommends a revised budget of \$213.9 million, including \$197.9 million from the State General Fund. This is a decrease of \$31.6 million, or 12.9 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education initiative.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Career Technical Education Tuition	\$ 2,250,000	\$ 2,250,000	0.0	\$ 2,250,000	\$ 2,250,000	0.0
TOTAL	\$ 2,250,000	\$ 2,250,000	0.0	\$ 2,250,000	\$ 2,250,000	0.0

The **agency** requests \$2.3 million, all from the State General Fund, for the Career Technical Education Tuition program's increased participation in FY 2016.

The **Governor** does not recommend this supplemental request.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
November Allotment			
Lapse the reappropriation	\$ 1,404,947	\$ 1,404,947	0.0
TOTAL	\$ 1,404,947	\$ 1,404,947	0.0

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$198,513,649 for the Board of Regents in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 198,513,649	\$ 227,366,966	\$ 28,853,317	\$ 197,813,649	\$ (700,000)
All Other Funds	49,945,024	47,915,146	(2,029,878)	47,915,146	(2,029,878)
TOTAL	\$ 248,458,673	\$ 275,282,112	\$ 26,823,439	\$ 245,728,795	\$ (2,729,878)
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency** requests a revised estimate of \$275.3 million, including \$227.4 million from the State General Fund. This is an increase of \$26.8 million, or 12.4 percent, all funds and \$28.9 million, or 14.5 percent, State General Fund above the approved amount. The increase is due to supplemental requests as shown in the table below.

Without the supplemental requests, the revised budget would be \$246.4 million, including \$198.5 million from the State General Fund. This is a decrease of \$2.0 million, or 0.8 percent, all from special revenue funds, below the approved amount.

The **Governor** recommends a revised budget of \$245.7 million, including \$197.8 million from the State General Fund. This is a decrease of \$2.7 million, or 0.8 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education Initiative. The Governor does not recommend any of the supplemental requests.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Board of Regents Office Lease	\$ 178,000	\$ 178,000	0.0	\$ 0	\$ 0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
FHSU - Increase Retention and Graduation Rates	2,188,568	2,188,568	0.0	0	0	0.0
PSU - School of Transportation	1,500,000	1,500,000	0.0	0	0	0.0
WSU - Department of Chemical and Materials Engineering	2,000,000	2,000,000	0.0	0	0	0.0
KSU - Geoscience Building Debt Service	5,000,000	5,000,000	0.0	0	0	0.0
KU - Integrated Science Building	3,500,000	3,500,000	0.0	0	0	0.0
KUMC - Merit-based Salary Enhancement	3,406,215	3,406,215	0.0	0	0	0.0
Postsecondary Tiered Technical Education State Aid	8,310,534	8,310,534	0.0	0	0	0.0
Technical Education Tuition	2,250,000	2,250,000	0.0	0	0	0.0
Midwest Higher Education Dues	20,000	20,000	0.0	0	0	0.0
TOTAL	\$ 28,853,317	\$ 28,853,317	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$28.9 million, all from State General Fund, for additional supplemental funding. The supplemental requests are for the individual universities as well as the Board of Regents and the detail for each supplemental is described below.

- **KBOR Office Space.** The Board requests \$178,000, all from the State General Fund, for FY 2017 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this supplemental request.

- **ESU - Newman Division of Nursing.** Emporia State University (ESU) requests \$500,000, all from the State General Fund, in recurring funding to begin in FY 2017. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers for Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this supplemental request.

- **FHSU - Retention, Graduation, and Enrollment Enhancements.** Fort Hays State University requests \$2.2 million, all from the State General Fund, for FY 2017. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 to increase higher education attainment among Kansans by expanding the Freshman seminar model; expanding the living and learning communities;

expanding the Freshman Advising Center; and providing a focused approach on at-risk students.

The **Governor** does not recommend this supplemental request.

- **PSU - Create the PSU School of Transportation.** Pittsburg State University (PSU) requests \$1.5 million, all from the State General Fund, in recurring funding starting in FY 2017. PSU's automotive programs have continued their development in both program sophistication as well as breadth of offerings. According to the agency, the future of the Automotive Department certainly has additional opportunities that are viable and worthy of pursuit. These would be best served by housing all programs into a single School of Transportation.

The **Governor** does not recommend this supplemental request.

- **WSU - Establish Department of Chemical and Materials Engineering.** WSU requests \$2.0 million, all from the State General Fund, in recurring funding starting in FY 2017. The College of Engineering at Wichita State currently has five departments offering seven engineering programs. It has been experiencing extensive growth due in part to the investment by the State of Kansas through the Engineering Expansion Grant. The establishment of a Department of Chemical and Materials Engineering at WSU would provide the basis for sustainable industrial growth in the region; further diversify the College; provide an interdisciplinary research program; and continue to strengthen and grow the College of Engineering expanding the number of real-world-ready engineers in Kansas.

The **Governor** does not recommend this supplemental request.

- **KSU - Geoscience Building Debt Service.** KSU is requesting \$5.0 million, all from the State General Fund, in recurring funding to support the College of Arts and Sciences, Department of Geology, to construct a new facility, install state-of-the-art training and research equipment, and provide much-needed resources for faculty, staff, and students to accommodate added recruitment, teaching, advising, research, and retention activities. State support will be matched with \$2.5 million in private donations, \$1.0 million from tuition revenues, and \$1.5 million from research.

The **Governor** does not recommend this supplemental request.

- **KU - Integrated Science Buildings for Innovation Way.** University of Kansas (KU) requests \$3.5 million for FY 2017 and \$7.0 million in recurring funding beginning in FY 2018, all from the State General Fund, for integrated science buildings as part of the Innovation Way development, the centerpiece of KU's Campus Master Plan. The state support to be phased in over two years, will be one source of revenue for this unique public-private partnership.

The **Governor** does not recommend this supplemental request.

- **KUMC - Merit-based Salary Supplemental.** KUMC requests \$3.4 million, all from the State General Fund, in recurring funding beginning in FY 2017 for a 3.0

percent merit-based salary for faculty and staff at KUMC. This supplemental will help attract and retain top faculty and staff.

The **Governor** does not recommend this supplemental request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests \$8.3 million, all from the State General Fund, for FY 2017 in recurring funding, to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this supplemental request.

- **Increase the Technical Education Tuition.** The Board requests \$2.3 million, all from the State General Fund, for continued support to fully fund SB 155, the Excel in Career Technical Education Initiative.

The **Governor** does not recommend this supplemental request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The Board requests \$20,000, all from the State General Fund, in recurring funding to begin in FY 2017 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this supplemental request.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

FY 2017 ADDITIONAL CONSIDERATIONS						
Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
WSU - Technology Transfer Phase I	\$ 9,200,000	\$ 9,200,000	0.0	\$ 0	\$ 0	0.0
WSU - Innovation Equipment	10,000,000	\$ 10,000,000	0.0	0	0	0.0
KUMC - Community-based Education in Wichita	3,500,000	3,500,000	0.0	0	0	0.0
KSU - College of Architecture/Research and Extension New Facility	5,000,000	5,000,000	0.0	0	0	0.0
KSU - College of Architecture, Planning and Design	3,700,000	3,700,000	0.0	0	0	0.0
ESU - STEM Programming for Kansas Economy	715,700	715,700	0.0	0	0	0.0
PSU - Rural Health-Care Professions Initiative	1,000,000	1,000,000	0.0	0	0	0.0
TOTAL	\$ 33,700,000	\$ 33,700,000	0.0	\$ 0	\$ 0	0.0

Items for Additional Consideration:

- **WSU - Support for Economic, innovation, Diversification, Technology Transfer - Phase I.** WSU requests \$9.2 million, for FY 2017 and \$3.2 million recurring funding for FY 2018, all from the State General Fund, as part of Phase I and broken down into three parts: Part One - to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion (\$1.5 million); Part Two - base funding to support technology transfer and business development infrastructure (\$1.7 million); and Part Three - funding for construction of the Innovation Center on the Innovation Campus (\$6.0 million).

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** WSU requests \$10.0 million, all from the State General Fund, for FY 2017 with recurring funding of \$2.5 million for FY 2018 for updated electronics and equipment for advanced manufacturing and biomedical technologies.

The **Governor** does not recommend this additional request.

- **KUMC - Strengthen Community-Based Medical Education in Wichita.** KUMC requests \$3.5 million, all from the State General Fund for FY 2017 and \$5.7 recurring funding for FY 2018. To address Kansas' crucial shortage of doctors the School of Medicine in Wichita was expanded to a full four-year program. Additional funds are needed to secure the expanded program's continued operation and expand class size to train more doctors for Kansas.

The **Governor** does not recommend this additional request.

- **KSU - College of Agriculture/Research and Extension New Facility Request.** KSU requests \$5.0 million, all from the State General Fund, for FY 2017 in recurring funding. The funding is to build a new Food Systems Research and Education Facility. This facility would house diverse programs related to agricultural and food systems including cutting edge research laboratories, modern greenhouses, specialized teaching laboratories, extension and distance education space, and classrooms.

The **Governor** does not recommend this additional request.

- **KSU - College of Architecture, Planning and Design.** KSU requests \$3.7 million, all from the State General Fund, for FY 2017 in recurring funding. It also requests a realignment of the \$3.7 million appropriated to the University during the 2015 Session from the Educational Building Fund to the State General Fund. The funding would pay the debt service for the bonds.

The **Governor** does not recommend this additional request.

- **ESU - STEM Programming for the Kansas Economy.** ESU requests \$715,700, all from the State General Fund, for FY 2017 in recurring funding for an array of Science-Engineering-Technology-Mathematics related programs.

The **Governor** does not recommend this additional request.

- **PSU - Rural Health-Care Professions Initiative.** PSU requests \$1.0 million, all from the State General Fund, for FY 2017 and recurring at \$2.0 million for FY 2018 for pre-medical school preparation, pre-health professions program, and professional nursing degrees.

The **Governor** does not recommend this additional request.

Funding Sources

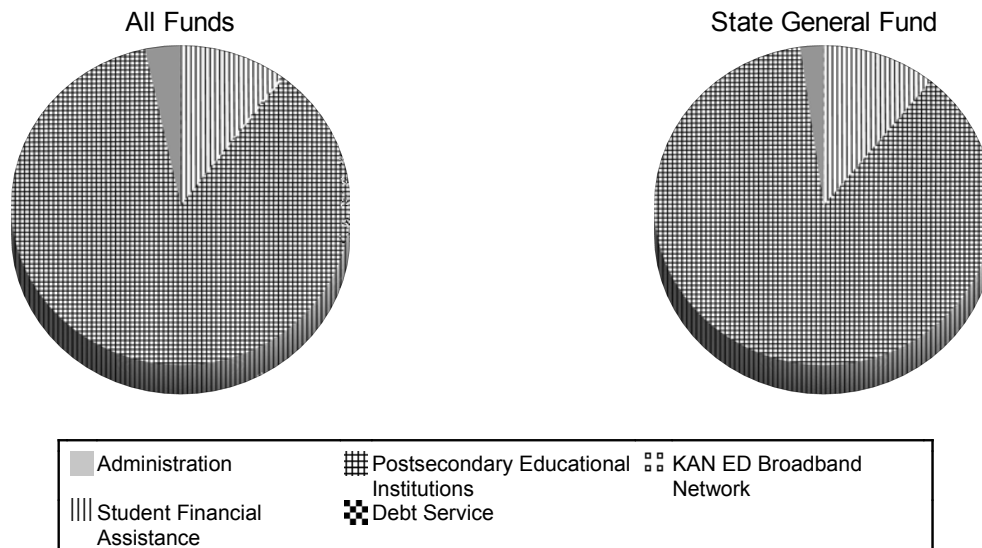
Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	93.5 %	92.6 %
Economic Development Initiatives Fund	1.7	2.0
All Other Funds	4.8	5.5
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 7,266,481	3.4 %	\$ 4,439,333	2.2 %
Postsecondary Educ. Institutions	184,327,320	86.2	171,929,229	86.9
KAN ED Broadband Network	599,907	0.3	0	0.0
Student Financial Assistance	21,427,712	10.0	21,337,712	10.8
Debt Service	107,375	0.1	107,375	0.1
TOTAL	\$ 213,728,795	100.0 %	\$ 197,813,649	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	61.3	61.3	61.3	61.3	61.3
Postsecondary Educ Institutions	0.0	0.0	0.0	0.0	0.0
KAN ED Broadband Network	1.2	1.2	1.2	1.2	1.2
Student Financial Assistance	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	62.5	62.5	62.5

A. Administration

The Administration program provides staff support to the Board of Regents in the areas of academic affairs, fiscal affairs, legal affairs, facilities, and student financial aid for the state's six universities, Washburn University, 19 community colleges, and 6 technical colleges.

The **agency** requests revised FY 2017 operating expenditures of \$7.4 million, including \$4.6 million from the State General Fund. The request is an increase of \$153,016, or 2.1 percent, all funds and \$178,000, or 4.0 percent, State General Fund, above the FY 2017 approved amount. The increase is primarily in contractual services (\$650,964) with an offsetting decrease in salaries and wages (\$574,919).

The **Governor** recommends FY 2017 operating expenditures of \$7.3 million, including \$4.4 million from the State General Fund. The recommendation is a decrease of \$178,000, or 2.4 percent, all funds and \$178,000, or 3.9 percent, State General Fund below the agency's request. Reduction is due to the Governor not recommending the agency's additional office lease supplemental request.

B. Postsecondary Education Institutions

The Postsecondary Education program was created in FY 2001 following the passage of the Higher Education Coordination Act (1999 SB 345). The program administers aid and assistance for community colleges, vocational technical schools, the municipal university, and adult basic education; provides oversight of proprietary schools; and operates other programs in support of post high school education opportunities.

The **agency** requests revised FY 2017 operating expenditures of \$213.7 million, including \$201.3 million from the State General Fund. The request is an increase of \$26.8 million, or 14.3 percent, all funds and \$28.7 million, or 16.6 percent, State General Fund, above the FY 2017 approved amount. The increase is due to supplemental requests.

The **Governor** recommends FY 2017 operating expenditures of \$184.3 million, including \$171.9 million from the State General Fund. The recommendation is a decrease of \$29.4 million, or 14.6 percent, State General Fund below the agency's request. The reduction is due to the Governor not recommending any of the agency's supplemental requests for FY 2017 and a further reduction of \$700,000 of State General Fund for the Career Technical Education Initiative.

C. KAN-ED Broadband Network

The KAN-ED Broadband Network program was established when the 2001 Legislature passed the KAN-ED Act to provide a broadband technology based network to which schools, libraries, and hospitals could connect for broadband internet access and intranet access for distance learning. The Board of Regents was charged with the governance of the network.

The **agency** requests revised FY 2017 operating expenditures of \$599,907, all from special revenue funds. The request is a decrease of \$135,928, or 18.5 percent, from the FY 2017 approved amount. The decrease is primarily in contractual services (\$136,500).

The **Governor** concurs with the agency's revised estimate.

D. Student Financial Assistance

The Student Financial Assistance program administers student financial aid programs in accordance with state and federal law and reviews each program to determine the program's effectiveness.

The **agency** requests revised FY 2017 operating expenditures of \$21.4 million, including \$21.3 million from the State General Fund. This is a decrease of \$7,000, or less than 0.1 percent, all from special revenue funds, below the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate.

The following information outlines the student financial assistance programs administered by the Board of Regents as well as the FY 2014 funding level.

Need Based Aid

- **Kansas Comprehensive Grant Program (KSA 74-32,120).** Created by the 1998 Legislature, the Comprehensive Grant program provides grants to financially needy students. The program provides need-based grants to full-time (12 hours) undergraduate students with no previous baccalaureate degree, who have submitted the federal student financial aid application by the priority deadline and who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. However, it is subject to available appropriations. The maximum annual award is \$1,500 for a student enrolled at a state educational institution or municipal university and \$3,500 for a student enrolled at an independent institution.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 15,758,338	\$ 15,758,338	8,776	\$ 15,758,338	\$ 15,758,338	8,776

- **Kansas State Scholarship Program (KSA 72-6810).** The State Scholarship program was enacted in 1963 and is the oldest state-supported financial aid program. State scholars are selected on the basis of merit (high school seniors who complete the Kansas Scholars Curriculum based on an index number utilizing ACT composite score and seventh semester GPA). Recipients must be financially needy undergraduate Kansas residents with no previous baccalaureate degree, enrolled full-time, and have submitted the federal student financial aid application and state application. Recipients must maintain a 3.0 college GPA measured at the end of each spring semester.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,040,919	\$ 1,040,919	1,045	\$ 1,040,919	\$ 1,040,919	1,045

- **Kansas Ethnic Minority Scholarship (KSA 74-3284).** The Kansas Ethnic Minority Scholarship program was enacted in 1989 to increase the enrollment in Kansas colleges and universities of academically able ethnic and minority Kansas residents. The program assists financially-needy Native American, Asian, Pacific Islander, Black, and Hispanic scholars who desire to become full-time students at an accredited Kansas institution. Students may attend Regents institutions, Washburn University, public community colleges, and accredited private colleges and universities for undergraduate studies. The program provides a maximum grant of \$1,850 to graduating high school seniors completing the Kansas Scholars Curriculum and who are competitive in test scores, GPA, and class rank.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 296,498	\$ 296,498	320	\$ 296,498	\$ 296,498	320

- **Kansas Career Work-Study Program (KSA 74-3274).** The purpose of the Kansas Work Study program is to provide work-related experiences to Kansas residents enrolled at regents institutions and Washburn University. The program provides that at least one-half of a student's wages are paid by the employer and up to one-half are paid by the educational institution. Students work 15 to 20 hours per week and must be enrolled at least half-time. Funding is allocated among the institutions by the Board of Regents based on historical award patterns and recommendations by the participating schools. Approximately 13.0 percent of the funds are earmarked for students providing tutoring to elementary and secondary students at the school site and do not require matching funds.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 496,813	\$ 496,813	360	\$ 496,813	\$ 496,813	360

- **Deceased Public Safety Officer/Military Personnel/Prisoner of War Tuition Waiver (KSA 75-4364).** 2005 HB 2072 greatly expanded the number of tuition waivers available to certain students. Under current law, the following Kansas residents are eligible for enrollment without charge for tuition or fees for ten semesters at a Kansas educational institution: spouses or dependents of public safety officers killed in the line of duty; spouses or dependents of military personnel who died as a result of military service after September 11, 2001; and military personnel declared to be a prisoner of war after July 1, 1960. The statute also requires the Board of Regents to reimburse the educational institutions for the amount of the tuition and fees of the individuals.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 84,657	\$ 84,657	11	\$ 84,657	\$ 84,657	11

- **Kansas Nurse Educator Scholarship Program (2006 HB 2968).** The purpose of the Kansas Nurse Educator program is to increase the number of qualified nursing faculty in the state of Kansas. The program was established by proviso during the 2006 Legislative Session to encourage registered nurses to pursue graduate education in order to enable them to become full-time nursing faculty. Scholarship recipients must be Kansas residents who are registered nurses and enrolled in an accredited program leading to a master of science degree in nursing or a doctorate degree in nursing at a state educational institution or another institution of higher education located in Kansas. The scholarship award shall not exceed 70.0 percent of the cost of attendance for an individual enrolled at a state educational institution. These grants shall be matched on the basis of \$2 from the nurse educator scholarship program account for \$1 from the state educational institution located in Kansas.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 188,126	\$ 188,126	60	\$ 188,126	\$ 188,126	60

Service Based Aid

- **Kansas Teacher Service Scholarship Program (KSA 74-32,100).** The Kansas Teacher Scholarship program was established in 1990 and provides financial assistance to students who plan to teach in a discipline or an underserved geographic area with a critical shortage of teachers, as determined by the State Board of Education. Up to 80.0 percent of the scholarships are typically awarded to students majoring in special education. Recipients of the award must teach in the hard-to-fill discipline or underserved geographic area for one year for each year they receive a scholarship, or repay the scholarship with interest. Students must be Kansas residents and priority goes to upper class students, followed by high school students who demonstrate high achievement on the ACT, with high GPA and class rank. The maximum award for the program is \$5,514 annually, with an average award of \$4,000 annually.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,292,424	\$ 1,292,424	364	\$ 1,292,424	\$ 1,292,424	364

- **Nursing Service Scholarship Program (KSA 74-3291).** The Nursing Scholarship program was established in 1989 for the purpose of providing financial assistance to nursing students in order to reduce the impact of nurse shortages, especially in rural areas of Kansas. Students seeking a nursing scholarship must also have a sponsor (a medical facility, a state agency that employs nurses, or a psychiatric hospital) that also provides financial assistance to the student. Urban facilities must pay one-half of the \$2,500 (LPN) or \$3,500 (RN) annual scholarship. Rural and small approved facilities pay \$1,000. Students must be enrolled full-time in a Kansas nursing program and agree to provide one year of nursing service to the sponsor for each year of scholarship.

support. Recipients who do not serve must repay both the state and the sponsor with interest.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 417,255	\$ 507,255	180	\$ 417,255	\$ 507,255	180

- Career Technical Workforce Grant (KSA 72-4460).** The Vocational Education Scholarship was created in 1986 to recognize, with financial assistance, students who receive high scores on a standardized vocational skills test and who enroll in one-or two-year vocational programs. The program provides for a maximum individual grant of \$1,000. Students must be undergraduate Kansas residents with no previous baccalaureate degree, enrolled full-time and have taken the Differential Aptitude Test. Funding is allowed for a second year if the recipient is enrolled in a program longer than one academic year. During the 2012 Session, this scholarship program was revised to include students pursuing certificate programs and part-time enrollment with a focus on those who are pursuing studies that lead to jobs in high demand areas of the state's economy. Recipients must be Kansas residents attending Kansas postsecondary educational institutions that award associates and certificate degrees. The Differential Aptitude Test is no longer given to determine eligibility.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 114,075	\$ 114,075	378	\$ 114,075	\$ 114,075	378

- Osteopathic Medical Service Scholarship Program (KSA 74-3265).** The Osteopathic Scholarship program was enacted in 1982 to provide financial assistance to Kansas residents who are enrolled in an accredited program leading to the degree of doctor of osteopathy. For each year the student receives a scholarship, the student must fulfill a service obligation by practicing in an underserved area, or else pay back the scholarship, plus interest. The maximum award is \$15,000 per year, and a maximum of 15 awards to first-time recipients may be made in any one year.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 0	\$ 15,000	1	\$ 0	\$ 15,000	1

- Optometry Service Scholarship Program (KSA 76-721a).** The Kansas Legislature authorized contracts between the Kansas Board of Regents and selected schools of optometry for approximately 40 students to attend out-of-state school at resident tuition rates. Depending on the school attended, the recipient may have to practice optometry in Kansas one year for each year of

financial assistance or repay the assistance at the interest rate under the federal PLUS program at the time the student entered into the agreement plus five percentage points. Students are ranked academically by the optometry schools and are funded in that order.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 126,512	20	\$ 107,089	\$ 126,512	20

- **ROTC Service Program (KSA 74-3255).** The ROTC Scholarship program was established in 1979 to provide for the payment of tuition for eligible ROTC students each year at state and municipal universities that have an ROTC program. There is a statutory maximum of 160 recipients. In exchange, scholarship recipients agree to serve four years in the Kansas National Guard to repay the benefits plus interest. The average award for the program is \$7,256.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 175,335	\$ 175,335	27	\$ 175,335	\$ 175,335	27

- **Kansas National Guard Educational Assistance Program (KSA 74-32,145).** The Kansas National Guard Educational Assistance program was created in 1996 for the purpose of assisting students who are eligible National Guard members with tuition and fees for postsecondary education. The program provides 100.0 percent of the cost of tuition and fees for eligible guard members enrolled in an area vocational technical school, college, community college, municipal university, state educational institution, and accredited independent postsecondary institutions within Kansas. The students receiving assistance must agree to complete their current service obligation in the Kansas National Guard, plus three months service, for each semester of assistance they have received. Failure to do so results in the student repaying the state an amount equal to the total amount of assistance received. The annual award is projected to be \$3,300.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 870,869	\$ 870,869	427	\$ 870,869	\$ 870,869	427

- **Military Service Scholarship (2007 SB 357).** The Kansas Military Service Scholarship was established by proviso during the 2007 Session to assist individuals who had served after September 11, 2001, in one or more of the following military operations: Enduring Freedom; Noble Eagle; or Iraqi Freedom. The scholarship provides payment of tuition and fees at eligible institutions that include: technical schools, community colleges, the municipal university, and state universities.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 470,314	\$ 470,314	156	\$ 470,314	\$ 470,314	156

E. Debt Service

The Board of Regents operating budget includes debt service interest payments for two different bonding projects: Research Bonds and Postsecondary Educational Institutions (PEI) Infrastructure Bonds.

The **2002 Legislature** passed the University Research and Development Act (2002 HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The debt service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than \$10.0 million per year and not more than \$50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The **2007 Legislature** passed legislation establishing the State Educational Institution Long-Term Infrastructure Maintenance program. The program has three components; direct funding, bond funding, and tax credits, to fund deferred maintenance at Regents governed institutions and Regents coordinated institutions. Funding of \$100.0 million in bonds was made available to Washburn University, community colleges, and the technical colleges, over a five-year period. The bond principal payments are made by the institutions, while the bond interest payments are made from the State General Fund.

The **agency** requests a revised FY 2017 debt service interest budget of \$107,375, all from the State General Fund. This is the same as the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Educational Building Fund	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
TOTAL	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	0	32,000,000	32,000,000
TOTAL	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000

FY 2016 – Current Year. The agency requests a revised budget of no dollars. The request from last year of Educational Building Fund subsequently has been transferred to the universities for rehabilitation and repair.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised budget of \$32.0 million, all from the Educational Building Fund. This is the same as the approved amount.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of goals met in the development of the postsecondary database over a three-year period	100%	100%	100%	100%
Number of awards made	13,000	12,678	12,000	12,000
Second year retention rate with the goal of 85.2% by FY 2020	76.0%	76.0%	77.5%	79.0%
Certificates and degrees awarded	42,251	42,251	44,401	46,551

EMPORIA STATE UNIVERSITY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 30,937,394	\$ 31,157,183	\$ 30,732,803	\$ 31,792,085	\$ 31,792,085
Other Funds	52,669,934	58,122,271	58,546,651	58,113,821	58,113,821
TOTAL	\$ 83,607,328	\$ 89,279,454	\$ 89,279,454	\$ 89,905,906	\$ 89,905,906
Capital Improvements:					
State General Fund	\$ 53,589	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	3,884,010	7,733,775	7,733,775	23,457,000	23,457,000
TOTAL	\$ 3,937,599	\$ 7,733,775	\$ 7,733,775	\$ 23,457,000	\$ 23,457,000
GRAND TOTAL	\$ 87,544,927	\$ 97,013,229	\$ 97,013,229	\$ 113,362,906	\$ 113,362,906
Percentage Change:					
Operating Expenditures					
State General Fund	2.1 %	0.7 %	(0.7) %	2.0 %	3.4 %
All Funds	4.4	6.8	6.8	0.7	0.7
FTE Positions	797.7	804.7	804.7	804.7	804.7
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	797.7	804.7	804.7	804.7	804.7

AGENCY OVERVIEW

Emporia State University was originally established in 1863 as the Kansas State Normal School to provide teachers for the State of Kansas. In 1970, the University became a Regents institution under the direction of the Board of Regents. The institution received its present name in 1977. Emporia State University instructional programs include both baccalaureate and advanced degree work, as well as specialized continuing education for professional practitioners. The University offers arts and sciences disciplines, teacher education programs, business programs, and library and information management. In the Fall of 1993, the University enrolled its first class of nine students pursuing the Ph.D. degree in library and information management. The William Allen White Library is a major source of academic support for the University. The University fosters research and other forms of creative and scholarly activity, and also makes the expertise of its faculty available for public service to provide information, advice, and other services to the public. **A total of 6,094 students attended Emporia State University during the Fall 2015 semester. This is a decrease of 20 students or 0.3 percent, below the Fall 2014 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes concerning state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** imposed a 1.5 percent reduction to the University's State General Fund operating expenditures for both FY 2014 and FY 2015. In addition, the Legislature reduced the amount the University could expend on salaries and wages from all funds by approximately 1.4 percent.

The **2014 Legislature** allowed the University to sell or exchange property with the Emporia State Foundation for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$97.0 million, including \$31.2 million from the State General Fund in FY 2016. This is an all funds increase of \$9.6 million, or 11.0 percent, above the approved amount. The increase includes \$4.1 million for operating expenditures, primarily for salaries and wages and capital outlay. There is also an increase of \$5.5 million in capital improvements, including \$4.5 million in expenditures from the Educational Building Fund. There is no change in the estimate for State General Fund.

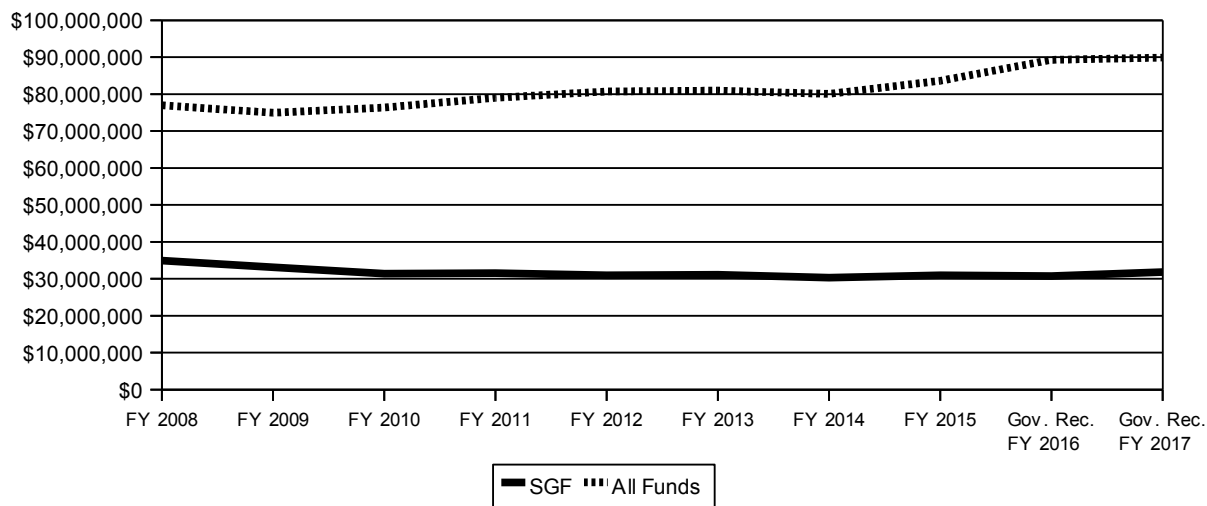
The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with Educational Building Fund in the amount of \$424,380 to be used for information technology operations. There would need to be legislative authorization to expend Educational Building Fund for state operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$113.4 million, including \$31.8 million from the State General Fund for FY 2017. This is an all funds increase of \$24.4 million, or 27.5 percent, above the approved amount. The increase includes \$3.3 million for operating expenditures, primarily for salaries and wages and other assistance, and \$21.1 million in capital improvements. This includes a new \$21.6 million residential life facility for FY 2017. There is no change in the estimate for State General Fund.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 34,895,240	4.6 %	\$ 76,970,555	10.9 %	822.0
2009	33,138,765	(5.0)	74,949,594	(2.6)	832.6
2010	31,352,716	(5.4)	76,372,672	1.9	835.6
2011	31,535,322	0.6	79,000,229	3.4	839.1
2012	30,911,399	(2.0)	80,723,751	2.2	843.5
2013	31,129,493	0.7	80,954,961	0.3	849.5
2014	30,300,629	(2.7)	80,061,487	(1.1)	794.2
2015	30,937,394	2.1	83,607,328	4.4	797.7
2016 Gov. Rec.	30,732,803	(0.7)	89,279,454	6.8	804.7
2017 Gov. Rec.	31,792,085	3.4	89,905,906	0.7	804.7
Ten-Year Change Dollars/Percent	\$ (3,103,155)	(8.9)%	\$ 12,935,351	16.8 %	(17.3)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Institutional Support	\$ 8,040,923	\$ 8,726,248	\$ 8,910,897	\$ 184,649	2.1 %	\$ 8,726,248	\$ 8,910,897	\$ 184,649	2.1 %		
Instructional Services	29,981,671	33,136,032	33,011,042	(124,990)	(0.4)	33,136,032	33,011,042	(124,990)	(0.4)		
Academic Support	11,150,347	11,805,756	11,925,738	119,982	1.0	11,805,756	11,925,738	119,982	1.0		
Student Services	9,106,569	9,632,161	9,800,276	168,115	1.7	9,632,161	9,800,276	168,115	1.7		
Research	335,141	186,490	191,140	4,650	2.5	186,490	191,140	4,650	2.5		
Public Services	1,862,593	1,756,810	1,780,167	23,357	1.3	1,756,810	1,780,167	23,357	1.3		
Student Aid	9,745,438	9,843,008	9,843,008	0	0.0	9,843,008	9,843,008	0	0.0		
Auxiliary	4,170,672	4,638,982	4,741,644	102,662	2.2	4,638,982	4,741,644	102,662	2.2		
Physical Plant/Central Services	8,401,372	8,777,907	8,970,484	192,577	2.2	8,777,907	8,970,484	192,577	2.2		
Debt Service	812,602	776,060	731,510	(44,550)	(5.7)	776,060	731,510	(44,550)	(5.7)		
TOTAL	<u>\$ 83,607,328</u>	<u>\$ 89,279,454</u>	<u>\$ 89,905,906</u>	<u>\$ 626,452</u>	<u>0.7 %</u>	<u>\$ 89,279,454</u>	<u>\$ 89,905,906</u>	<u>\$ 626,452</u>	<u>0.7 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 56,995,523	\$ 60,280,046	\$ 61,471,769	\$ 1,191,723	2.0 %	\$ 60,280,046	\$ 61,471,769	\$ 1,191,723	2.0 %		
Contractual Services	10,964,472	11,964,443	11,838,647	(125,796)	(1.1)	11,964,443	11,838,647	(125,796)	(1.1)		
Commodities	2,263,226	2,484,967	2,431,656	(53,311)	(2.1)	2,484,967	2,431,656	(53,311)	(2.1)		
Capital Outlay	2,353,596	3,494,826	3,163,315	(331,511)	(9.5)	3,494,826	3,163,315	(331,511)	(9.5)		
Debt Service	812,602	776,060	731,510	(44,550)	(5.7)	776,060	731,510	(44,550)	(5.7)		
Subtotal - Operations	\$ 73,389,419	\$ 79,000,342	\$ 79,636,897	\$ 636,555	0.8 %	\$ 79,000,342	\$ 79,636,897	\$ 636,555	0.8 %		
Aid to Local Units	0	0	0	0	--	--	--	0	--		
Other Assistance	10,217,909	10,279,112	10,269,009	(10,103)	(0.1)	10,279,112	10,269,009	(10,103)	(0.1)		
TOTAL	<u>\$ 83,607,328</u>	<u>\$ 89,279,454</u>	<u>\$ 89,905,906</u>	<u>\$ 626,452</u>	<u>0.7 %</u>	<u>\$ 89,279,454</u>	<u>\$ 89,905,906</u>	<u>\$ 626,452</u>	<u>0.7 %</u>		
Financing:											
State General Fund	\$ 30,937,394	\$ 31,157,183	\$ 31,792,085	\$ 634,902	2.0 %	\$ 30,732,803	\$ 31,792,085	\$ 1,059,282	3.4 %		
General Fees Fund	26,965,479	28,156,980	27,961,230	(195,750)	(0.7)	28,156,980	27,961,230	(195,750)	(0.7)		
Restricted Fees Fund	13,335,257	17,412,221	17,592,462	180,241	1.0	17,412,221	17,592,462	180,241	1.0		
All Other Funds	12,369,198	12,553,070	12,560,129	7,059	0.1	12,977,450	12,560,129	(417,321)	(3.2)		
TOTAL	<u>\$ 83,607,328</u>	<u>\$ 89,279,454</u>	<u>\$ 89,905,906</u>	<u>\$ 626,452</u>	<u>0.7 %</u>	<u>\$ 89,279,454</u>	<u>\$ 89,905,906</u>	<u>\$ 626,452</u>	<u>0.7 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$31,157,183 for Emporia State University in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 31,157,183	\$ 31,157,183	\$ 0	\$ 30,732,803	\$ (424,380)
All Other Funds	56,255,674	65,856,046	9,600,372	66,280,426	10,024,752
TOTAL	\$ 87,412,857	\$ 97,013,229	\$ 9,600,372	\$ 97,013,229	\$ 9,600,372
FTE Positions	796.7	804.7	8.0	804.7	8.0

The **agency** requests a revised estimate of \$97.0 million, including \$31.2 million from the State General Fund. This is an all funds increase of \$9.6 million or 11.0 percent, above the approved amount. The increase includes \$4.1 million for operating expenditures, primarily to salaries and wages and capital outlay. There is also an increase of \$5.5 million in capital improvements, including \$4.5 million in expenditures from the Educational Building Fund. There is no change in the estimate for State General Fund.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with Educational Building Fund in the amount of \$424,380 to be used for information technology operations. There would need to be legislative authorization to expend Educational Building Fund for state operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$31,792,085 for Emporia State University in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 31,792,085	\$ 31,792,085	\$ 0	\$ 31,792,085	\$ 0
All Other Funds	57,121,096	81,570,821	24,449,725	81,570,821	24,449,725
TOTAL	\$ 88,913,181	\$ 113,362,906	\$ 24,449,725	\$ 113,362,906	\$ 24,449,725
FTE Positions	796.7	804.7	8.0	804.7	8.0

The **agency** requests a revised estimate of \$113.4 million, including \$31.8 million from the State General Fund. This is an all funds increase of \$24.4 million or 27.5 percent, above the approved amount. The increase includes \$3.3 million for operating expenditures, primarily to salaries and wages and other assistance, and \$21.1 million in capital improvements. This includes a new \$21.6 million residential life facility for FY 2017. There is no change in the estimate for State General Fund.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	35.4 %	35.4 %
General Fees Fund	31.1	31.1
Restricted Fees Fund	19.6	19.6
All Other Funds	14.0	14.0
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the General Fees Fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 4,416,540	\$ 4,003,389	\$ 4,003,389	\$ 3,312,248	\$ 3,312,248
Revenue	26,684,456	27,813,250	27,813,250	27,813,250	27,813,250
Transfers in	0	0	0	0	0
Total Funds Available	\$ 31,100,996	\$ 31,816,639	\$ 31,816,639	\$ 31,125,498	\$ 31,125,498
Less: Expenditures	27,000,160	28,398,541	28,398,541	27,961,230	27,961,230
Transfers Out	84,791	93,194	93,194	93,194	93,194
Off Budget Expenditures	12,656	12,656	12,656	12,656	12,656
Ending Balance	<u>\$ 4,003,389</u>	<u>\$ 3,312,248</u>	<u>\$ 3,312,248</u>	<u>\$ 3,058,418</u>	<u>\$ 3,058,418</u>
Ending Balance as Percent of Expenditures	14.8%	11.7%	11.7%	10.9%	10.9%
Month Highest Ending Balance	January <u>\$ 11,944,246</u>	January <u>\$ 12,000,000</u>	January <u>\$ 12,000,000</u>	January <u>\$ 12,000,000</u>	January <u>\$ 12,000,000</u>
Month Lowest Ending Balance	July <u>\$ 2,872,704</u>	July <u>\$ 2,900,000</u>	July <u>\$ 2,900,000</u>	July <u>\$ 2,900,000</u>	July <u>\$ 2,900,000</u>

Enrollment Trends

The following table summarizes recent enrollment trends at Emporia State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2010 to Fall 2015
Headcount	6,262	5,976	5,867	6,033	6,114	6,094	
Change	52	(286)	(109)	166	81	(20)	(168)
%Change	0.8 %	(4.6)%	(1.8)%	2.8 %	1.3 %	(0.3)%	(2.7)%
FTE Students	5,189	4,908	4,744	4,917	4,963	5,139	
Change	(37)	(281)	(164)	173	46	176	(50)
%Change	(0.7)%	(5.4)%	(3.3)%	3.6 %	0.9 %	3.5 %	(1.0)%
Student Credit Hours	70,444	69,425	63,471	65,570	66,296	68,335	
Change	(1,221)	(1,019)	(5,954)	2,099	726	2,039	(2,109)
%Change	(1.7)%	(1.4)%	(8.6)%	3.3 %	1.1 %	3.1 %	(3)%

PROGRAM DETAIL

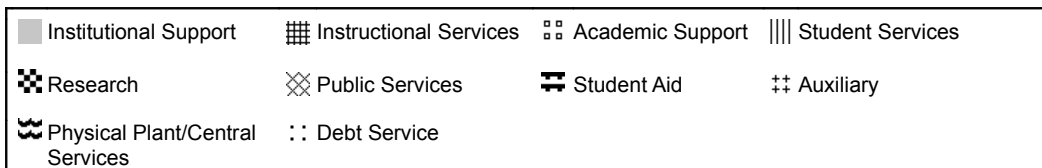
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Institutional Support	\$ 8,910,897	9.9 %	\$ 2,822,304	8.9 %
Instructional Services	33,011,042	36.7	14,632,469	46.0
Academic Support	11,925,738	13.3	4,959,621	15.6
Student Services	9,800,276	10.9	3,008,533	9.5
Research	191,140	0.2	0	0.0
Public Services	1,780,167	2.0	395,049	1.2
Student Aid	9,843,008	10.9	451,601	1.4
Auxiliary	4,741,644	5.3	140	0.0
Physical Plant/Central Services	8,970,484	10.0	5,522,368	17.4
Debt Service	731,510	0.8	0	0.0
TOTAL	\$ 89,905,906	100.0 %	\$ 31,792,085	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Institutional Support	95.1	99.5	99.5	99.5	99.5
Instructional Services	320.2	324.5	324.5	324.5	324.5
Academic Support	94.4	97.4	97.4	97.4	97.4
Student Services	92.3	91.5	91.5	91.5	91.5
Research	0.0	0.0	0.0	0.0	0.0
Public Services	22.3	21.8	21.8	21.8	21.8
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	66.5	62.5	62.5	62.5	62.5
Physical Plant/Central Services	106.9	107.5	107.5	107.5	107.5
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	797.7	804.7	804.7	804.7	804.7

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests revised FY 2017 operating expenditures of \$8.9 million, including \$2.8 million from the State General Fund. The request is an overall increase of \$927,548, or 11.6 percent, from all funds and \$382,847, or 15.7 percent, from the State General Fund, above the FY 2017 approved amount. The increase is in salaries and wages (\$790,704) and contractual services (\$100,563).

The **Governor** concurs with the agency's revised estimate.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$33.0 million, including \$14.6 million from the State General Fund. The request is an overall increase of \$1.1 million, or 3.3 percent, from all funds and \$632,272 or 4.5 percent, from the State General Fund, above the FY 2017 approved amount. The request includes an increase in salaries and wages (\$977,296) and capital outlay (\$1.3 million) with an offsetting decrease in contractual services (\$1.3 million).

The **Governor** concurs with the agency's revised estimate.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$11.9 million, including \$5.0 million from the State General Fund. The request is an overall decrease of \$55,982, or 0.5 percent, from all funds and an increase of \$233,869, or 4.9 percent, from the State General Fund, from the FY 2017 approved amount. The request includes an increase in contractual services (\$947,153) with offsetting decreases in commodities (\$110,172) and capital outlay (\$969,433) for FY 2017.

The **Governor** concurs with the agency's revised estimate.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests revised FY 2017 operating expenditures of \$9.8 million, including \$3.0 million from the State General Fund. The request is an overall increase of \$480,760, or 5.2 percent, from all funds and a decrease of \$1.7 million, or 35.7 percent, from the State General Fund from the FY 2017 approved amount. The request includes an increase in contractual services (\$415,834) and capital outlay (\$59,529) for FY 2017.

The **Governor** concurs with the agency's revised estimate.

E. Research

The Research program includes most research projects conducted by university personnel, whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$191,140, all from special revenue funds. This is a decrease of \$94,334, or 33.0 percent, across all expenditure categories for FY 2017.

The **Governor** concurs with the agency's revised estimate.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests revised FY 2017 operating expenditures of \$1.8 million, including \$395,049 from the State General Fund. This is an all funds decrease of \$300,138, or 14.4

percent, and \$6,666 or 1.7 percent, State General Fund, from the FY 2017 approved amount. Reductions are primarily in salaries and wages (\$122,409) and contractual services (\$120,752).

The **Governor** concurs with the agency's revised estimate.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests revised FY 2017 operating expenditures of \$9.8 million, including \$451,601 from the State General Fund. This is an increase of \$1.4 million, or 16.4 percent, above the FY 2017 approved amount. The revised estimate includes \$451,601 from the State General Fund. There was no previous State General Fund approved expenditure for this program.

The **Governor** concurs with the agency's revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests revised FY 2017 operating expenditures of \$4.7 million, including \$140 from the State General Fund. This is an all funds decrease of \$243,510, or 4.9 percent, all funds and \$140 increase in the money from the State General Fund as there was no State General Fund expenditure approved from the previous year. The decrease is primarily in contractual services (\$323,510).

The **Governor** concurs with the agency's revised estimate.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2017 operating expenditures of \$9.0 million, including \$5.5 million from the State General Fund. This is an all funds increase of \$177,706, or 2.0 percent, and a decrease of \$27,274, or 0.5 percent, State General Fund, from the FY 2017 approved amount. The increase is primarily in contractual services (\$145,119).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 4,506,172	\$ 4,506,172	\$ 0	\$ 0
Other Capital Improvements	1,134,748	1,134,748	527,000	527,000
Housing Project	848,718	848,718	21,600,000	21,600,000
Parking	19,137	19,137	50,000	50,000
Debt Service	1,225,000	1,225,000	1,280,000	1,280,000
TOTAL	\$ 7,733,775	\$ 7,733,775	\$ 23,457,000	\$ 23,457,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,733,775	7,733,775	23,457,000	23,457,000
TOTAL	\$ 7,733,775	\$ 7,733,775	\$ 23,457,000	\$ 23,457,000

FY 2016 – Current Year. The agency requests a revised budget of \$7.7 million, all from special revenue funds, in FY 2016. This is an increase of \$5.5 million, or 238.8 percent, above the approved amount. The increase is primarily due to the transfer from the Board of Regents of the Educational Building Fund in FY 2016.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised budget of \$23.5 million, all from special revenue funds, for FY 2017. This is an increase of \$21.1 million, or 903.3 percent, above the approved amount. The university requests an additional \$21.6 million for construction of a new residential life facility in FY 2017.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
New grant funding (in millions)	1.3	2.1	2.2	2.4
Student to faculty ratio	16:1	18:1	19:1	19:1
Student credit hours generated through on-line courses	33,500	34,854	35,000	35,000

FORT HAYS STATE UNIVERSITY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 33,308,350	\$ 33,535,686	\$ 33,078,908	\$ 34,047,251	\$ 34,047,251
Other Funds	82,139,209	83,789,210	84,245,988	85,665,854	85,665,854
TOTAL	\$ 115,447,559	\$ 117,324,896	\$ 117,324,896	\$ 119,713,105	\$ 119,713,105
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	7,924,885	35,360,907	35,360,907	25,852,862	25,852,862
TOTAL	\$ 7,924,885	\$ 35,360,907	\$ 35,360,907	\$ 25,852,862	\$ 25,852,862
GRAND TOTAL	\$ 123,372,444	\$ 152,685,803	\$ 152,685,803	\$ 145,565,967	\$ 145,565,967
Percentage Change:					
Operating Expenditures					
State General Fund	2.0 %	0.7 %	(0.7) %	1.5 %	2.9 %
All Funds	2.8	1.6	1.6	2.0	2.0
FTE Positions	841.0	889.5	889.5	889.5	889.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	841.0	889.5	889.5	889.5	889.5

AGENCY OVERVIEW

Fort Hays State University is located on land that was once the Fort Hays Military Reservation. In March of 1900, the U.S. Congress passed legislation granting to the State of Kansas the abandoned Fort Hays Military Reservation for the purpose of establishing an experiment station of the Kansas State Agricultural College, a western branch of the State Normal School, and a public park. The land grant was accepted by the 1901 Kansas Legislature. Over the years, the school has been termed the Fort Hays Kansas Normal School (1914); Kansas State Teachers College of Hays (1922); Fort Hays Kansas State College (1931); and Fort Hays State University (1977). The activities of the University are those that are generally found in liberal and applied arts universities. Liberal arts degrees are offered in most basic disciplines on the bachelor's and master's level. Applied arts degrees are offered in agriculture, business, elementary education, home economics, industrial arts, physical education, and nursing. Teacher training is offered in all disciplines where applicable, and professional curricula are also available. **A total of 14,210 students attended Fort Hays State University during the Fall 2015 semester, an increase of 385 students, or 2.8 percent, above the Fall 2014 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** passed legislation for the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that purpose. The academy provides an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The two-year curriculum includes course work designed to meet both high school graduation requirements and requirements for associate of arts or associate of science degrees. The academy is conducted at a Kansas postsecondary educational institution (state university, municipal university, community college, technical college, or technical school) designated by the Board of Regents.

The **2008 Legislature** passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for KAMS for fiscal years 2009 through 2014, as follows:

- FY 2009 - \$295,000;
- FY 2010 - \$713,000;
- FY 2011 - \$754,000;
- FY 2012 - \$792,000;
- FY 2013 - \$835,000; and
- FY 2014 - \$938,000.

KAMS is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of KAMS is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the

site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by Fort Hays State University and the Board of Regents.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones, effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish a domicile in Rural Opportunity Zones counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family's postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent in both FY 2014 and FY 2015. There was also a reduction to the University's salaries and wages all funds expenditures by approximately 0.9 percent in FY 2014 and less than 0.1 percent for FY 2015.

The **2014 Legislature** added \$316,853, all from the State General Fund for the KAMS Summer Academy in FY 2015. Language also was added to the appropriations bill to allow for \$25.0 million in bonding authority for the Wiest Hall replacement project for FY 2015.

The **2015 Legislature** added \$16.5 million, all from special revenue funds, for the construction of a new Institute of Applied Technology building and parking lot for FY 2016.

The **2015 Legislature** added \$13.9 million, all from special revenue funds, for the construction of a new Department of Art building a parking lot for FY 2017.

The **2015 Legislature** added \$1.6 million, all from special revenue funds, to raze Wiest Hall "B" for FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$152.7 million, including \$33.5 million, from the State General Fund in FY 2016. This is an increase of \$1.8 million, or 1.2 percent, above the approved amount all from special revenue funds. The agency requests an increase of \$2.3 million, or 2.0 percent, all from special revenue funds, in the operating budget with an increase in salaries and wages and a decrease to contractual service

and debt service. There is a decrease of \$499,317, or 1.4 percent, from special revenue funds in capital improvements. The decrease is due to delaying one-half of the expenditures for the new Applied Technology Building to FY 2017, a decrease in debt service, with an increase in expenditures for the Wiest Hall replacement project and the new Track and Field project. There is no change in the State General Fund expenditures from the approved amount.

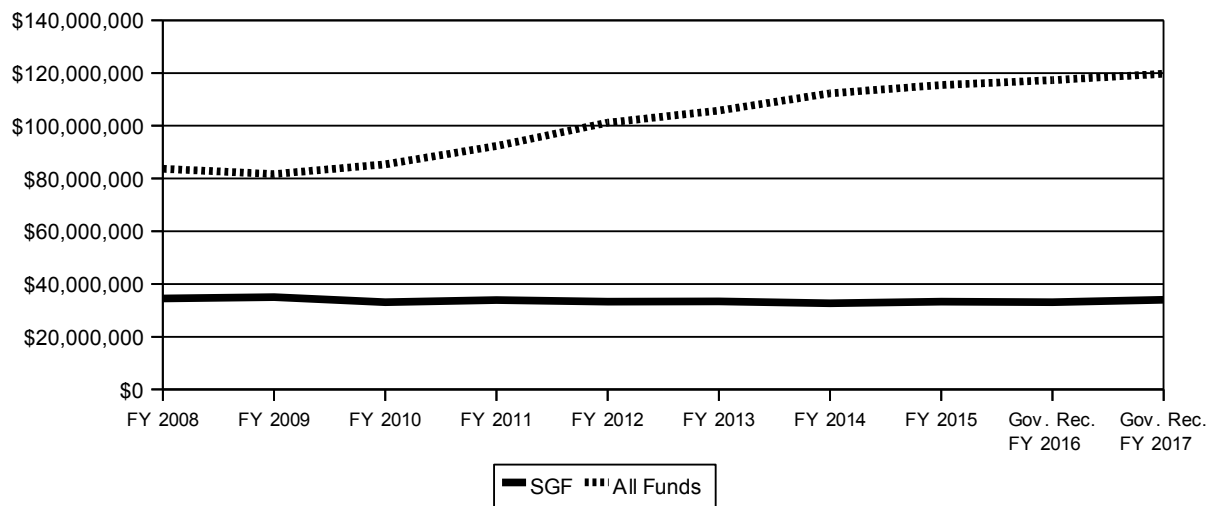
The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$456,778 to be used for information technology operations. There would need to be legislative authorization to expend Educational Building Funds for state operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$145.6 million, including \$34.0 million, from the State General Fund for FY 2017. This is an increase of \$9.7 million, or 7.2 percent, above the approved amount. The increase is all from special revenue funds with no change from the approved State General Fund amount. The agency requests an increase of \$2.2 million, or 1.9 percent, in the operating budget primarily for salaries and wages. There is also an increase of \$7.5 million, or 41.1 percent, for capital improvements. The increase is due to the added expenditures for the new Applied Technology Building, Wiest Hall replacement, and the new track and field project. There is also a reduction in debt service expenditures.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 34,460,580	0.7 %	\$ 83,684,796	10.2 %	737.5
2009	34,977,230	1.5	81,683,091	(2.4)	784.3
2010	33,079,736	(5.4)	85,374,920	4.5	787.8
2011	33,865,098	2.4	92,328,194	8.1	786.7
2012	33,263,483	(1.8)	101,183,634	9.6	807.0
2013	33,422,731	0.5	105,748,681	4.5	827.0
2014	32,656,997	(2.3)	112,295,259	6.2	827.0
2015	33,308,350	2.0	115,447,559	2.8	841.0
2016 Gov. Rec.	33,078,908	(0.7)	117,324,896	1.6	889.5
2017 Gov. Rec.	34,047,251	2.9	119,713,105	2.0	889.5
Ten-Year Change Dollars/Percent	\$ (413,329)	(1.2)%	\$ 36,028,309	43.1 %	152.0

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Institutional Support	\$ 7,963,529	\$ 8,324,099	\$ 8,510,385	\$ 186,286	2.2 %	\$ 8,324,099	\$ 8,510,385	\$ 186,286	2.2 %		
Instructional Services	41,631,017	45,983,088	47,624,911	1,641,823	3.6	45,983,088	47,624,911	1,641,823	3.6		
Academic Support	14,037,227	14,724,295	14,762,842	38,547	0.3	14,724,295	14,762,842	38,547	0.3		
Student Services	9,047,059	8,455,319	8,598,502	143,183	1.7	8,455,319	8,598,502	143,183	1.7		
Research	637,699	603,482	603,863	381	0.1	603,482	603,863	381	0.1		
Public Service	4,360,758	3,015,701	3,046,642	30,941	1.0	3,015,701	3,046,642	30,941	1.0		
Student Aid	19,815,000	19,796,675	19,796,675	0	0.0	19,796,675	19,796,675	0	0.0		
Auxiliary	8,906,820	8,494,531	8,661,244	166,713	2.0	8,494,531	8,661,244	166,713	2.0		
Physical Plant/Central Services	8,694,386	7,601,324	7,813,516	212,192	2.8	7,601,324	7,813,516	212,192	2.8		
Debt Service	354,064	326,382	294,525	(31,857)	(9.8)	326,382	294,525	(31,857)	(9.8)		
TOTAL	<u>\$ 115,447,559</u>	<u>\$ 117,324,896</u>	<u>\$ 119,713,105</u>	<u>\$ 2,388,209</u>	<u>2.0 %</u>	<u>\$ 117,324,896</u>	<u>\$ 119,713,105</u>	<u>\$ 2,388,209</u>	<u>2.0 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 68,492,617	\$ 70,609,379	\$ 73,281,678	\$ 2,672,299	3.8 %	\$ 70,609,379	\$ 73,281,678	\$ 2,672,299	3.8 %		
Contractual Services	16,967,881	17,976,012	17,960,512	(15,500)	(0.1)	17,976,012	17,960,512	(15,500)	(0.1)		
Commodities	3,131,614	3,126,154	3,126,154	0	0.0	3,126,154	3,126,154	0	0.0		
Capital Outlay	4,667,406	4,208,230	3,971,497	(236,733)	(5.6)	4,208,230	3,971,497	(236,733)	(5.6)		
Debt Service	354,064	326,382	294,525	(31,857)	(9.8)	326,382	294,525	(31,857)	(9.8)		
Subtotal - Operations	\$ 93,613,582	\$ 96,246,157	\$ 98,634,366	\$ 2,388,209	2.5 %	\$ 96,246,157	\$ 98,634,366	\$ 2,388,209	2.5 %		
Aid to Local Units	755,223	--	--	0	--	--	--	0	--		
Other Assistance	21,078,754	21,078,739	21,078,739	0	0.0	21,078,739	21,078,739	0	0.0		
TOTAL	<u>\$ 115,447,559</u>	<u>\$ 117,324,896</u>	<u>\$ 119,713,105</u>	<u>\$ 2,388,209</u>	<u>2.0 %</u>	<u>\$ 117,324,896</u>	<u>\$ 119,713,105</u>	<u>\$ 2,388,209</u>	<u>2.0 %</u>		
Financing:											
State General Fund	\$ 33,308,350	\$ 33,535,686	\$ 34,047,251	\$ 511,565	1.5 %	\$ 33,078,908	\$ 34,047,251	\$ 968,343	2.9 %		
General Fees Fund	31,219,113	33,565,324	35,065,116	1,499,792	4.5	33,565,324	35,065,116	1,499,792	4.5		
Restricted Fees Fund	24,306,836	24,430,930	24,675,067	244,137	1.0	24,430,930	24,675,067	244,137	1.0		
All Other Funds	26,613,260	25,792,956	25,925,671	132,715	0.5	26,249,734	25,925,671	(324,063)	(1.2)		
TOTAL	<u>\$ 115,447,559</u>	<u>\$ 117,324,896</u>	<u>\$ 119,713,105</u>	<u>\$ 2,388,209</u>	<u>2.0 %</u>	<u>\$ 117,324,896</u>	<u>\$ 119,713,105</u>	<u>\$ 2,388,209</u>	<u>2.0 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$33,535,686 for Fort Hays State University in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 33,535,686	\$ 33,535,686	\$ 0	\$ 33,078,908	\$ (456,778)
All Other Funds	117,362,862	119,150,117	1,787,255	119,606,895	2,244,033
TOTAL	\$ 150,898,548	\$ 152,685,803	\$ 1,787,255	\$ 152,685,803	\$ 1,787,255
FTE Positions	841.0	889.5	48.5	889.5	48.5

The **agency** requests a revised estimate of \$152.7 million, including \$33.5 million, from the State General Fund. This is an increase of \$1.8 million, or 1.2 percent, above the approved amount all from special revenue funds. The agency requests an increase of \$2.3 million, or 2.0 percent, all from special revenue funds, in the operating budget with an increase in salaries and wages and a decrease to contractual service and debt service. There is a decrease of \$499,317, or 1.4 percent, from special revenue funds in capital improvements. The decrease is due to delaying one-half of the expenditures for the new Applied Technology building to FY 2017, a decrease in debt service, with an increase in expenditures for the Wiest Hall replacement project and the new Track and Field project. There is no change in the State General Fund expenditures from the approved amount.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$456,778 to be used for information technology operations. There would need to be legislative authorization to expend Educational Building Funds for state operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$34,047,251 for Fort Hays State University in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 34,047,251	\$ 34,047,251	\$ 0	\$ 34,047,251	\$ 0
All Other Funds	101,798,778	111,518,716	9,719,938	111,518,716	9,719,938
TOTAL	\$ 135,846,029	\$ 145,565,967	\$ 9,719,938	\$ 145,565,967	\$ 9,719,938
FTE Positions	841.0	889.5	48.5	889.5	48.5

The **agency** requests a revised estimate of \$145.6 million, including \$34.0 million, from the State General Fund. This is an increase of \$9.7 million, or 7.2 percent, above the approved amount. The increase is all from special revenue funds with no change from the approved State General Fund amount. The agency requests an increase of \$2.2 million, or 1.9 percent, in the operating budget primarily for salaries and wages. There is also an increase of \$7.5 million, or 41.1 percent, for capital improvements. The increase is due to the added expenditures for the new Applied Technology building, Wiest Hall replacement, and the new track and field project. There is also a reduction in debt service expenditures.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	28.4 %	28.4 %
General Fees Fund	29.3	29.3
Restricted Fees Fund	20.6	20.6
All Other Funds	21.7	21.7
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from the tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 15,016,212	\$ 17,070,802	\$ 17,070,802	\$ 11,383,852	\$ 11,383,852
Revenue	37,007,299	39,099,298	39,099,298	41,476,802	41,476,802
Transfers in	0	0	0	0	0
Total Funds Available	\$ 52,023,511	\$ 56,170,100	\$ 56,170,100	\$ 52,860,654	\$ 52,860,654
Less: Expenditures	34,328,504	44,186,248	44,186,248	49,337,978	49,337,978
Transfers Out	624,205	600,000	600,000	600,000	600,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 17,070,802</u>	<u>\$ 11,383,852</u>	<u>\$ 11,383,852</u>	<u>\$ 2,922,676</u>	<u>\$ 2,922,676</u>
Ending Balance as Percent of Expenditures	49.7%	25.8%	25.8%	5.9%	5.9%
Month Highest Ending Balance	August \$ 24,087,187	January \$ 23,030,837	January \$ 23,030,837	January \$ 22,970,747	January \$ 22,970,747
Month Lowest Ending Balance	December \$ 12,687,270	July \$ 11,715,289	July \$ 3,000,000	June \$ 3,000,000	July \$ 3,000,000

Enrollment Trends

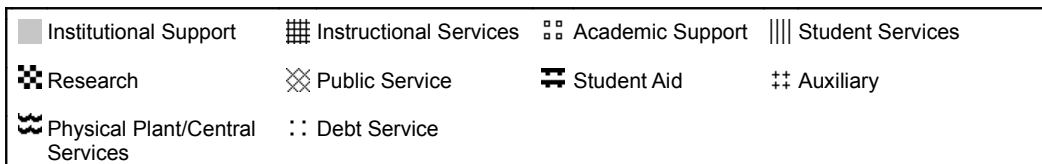
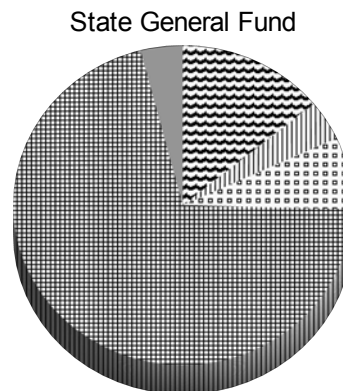
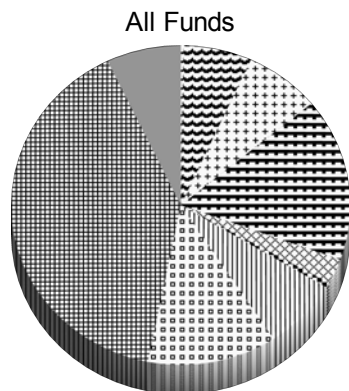
The following table summarizes recent enrollment trends at the Fort Hays State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours that the students are enrolled.

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2010 to Fall 2015
Headcount	11,883	12,802	13,310	13,441	13,825	14,210	
Change	575	919	508	131	384	385	2,327
%Change	5.1 %	7.7 %	4.0 %	1.0 %	2.9 %	2.8 %	19.6 %
FTE Students	7,526	8,198	8,498	8,704	9,018	9,211	
Change	270	672	300	206	314	193	1,685
%Change	3.7 %	8.9 %	3.7 %	2.4 %	3.6 %	2.1 %	22.4 %
Student Credit Hours	106,965	116,149	119,820	122,275	126,373	128,565	
Change	4,228	9,184	3,671	2,455	4,098	2,192	21,600
%Change	4.1 %	8.6 %	3.2 %	2.0 %	3.4 %	1.7 %	20.2 %

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Institutional Support	\$ 8,510,385	7.1 %	\$ 1,368,988	4.0 %
Instructional Services	47,624,911	39.8	24,031,594	70.6
Academic Support	14,762,842	12.3	2,483,556	7.3
Student Services	8,598,502	7.2	1,371,326	4.0
Research	603,863	0.5	0	0.0
Public Service	3,046,642	2.5	25,037	0.1
Student Aid	19,796,675	16.5	0	0.0
Auxiliary	8,661,244	7.2	0	0.0
Physical Plant/Central Services	7,813,516	6.5	4,766,750	14.0
Debt Service	294,525	0.2	0	0.0
TOTAL	\$ 119,713,105	100.0 %	\$ 34,047,251	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Institutional Support	52.0	58.5	58.5	58.5	58.5
Instructional Services	424.3	430.1	430.1	430.1	430.1
Academic Support	101.8	118.5	118.5	118.5	118.5
Student Services	83.3	93.9	93.9	93.9	93.9
Research	0.0	0.0	0.0	0.0	0.0
Public Service	17.3	25.3	25.3	25.3	25.3
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	46.3	49.2	49.2	49.2	49.2
Physical Plant/Central Services	116.0	114.0	114.0	114.0	114.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	841.0	889.5	889.5	889.5	889.5

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management, and community and alumni relations activities.

The **agency** requests revised FY 2017 operating expenditures of \$8.5 million, including \$1.4 million from the State General Fund, an increase of \$959,430, or 12.7 percent, all funds and a decrease of \$38,949, or 2.8 percent, State General Fund, from the FY 2017 approved amount. The increase is primarily in salaries and wages (\$544,876) and contractual services (\$244,167).

The **Governor** concurs with the agency's revised estimate.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$47.6 million, including \$24.0 million from the State General Fund, an increase of \$1.2 million or 2.5 percent, all funds and a decrease of \$235,354, or 1.0 percent, State General Fund, from the FY 2017 approved amount. The increase is primarily in salaries and wages (\$1.7 million) with a partially offsetting decrease in contractual services (\$563,861).

The **Governor** concurs with the agency's revised estimate.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$14.8 million, including \$2.5 million from the State General Fund, an increase of \$546,536 or 3.8 percent, all funds and \$339,546, or 15.8 percent, State General Fund, above the FY 2017 approved amount. The increase is primarily in salaries and wages (\$351,545) and commodities (\$194,815).

The **Governor** concurs with the agency's revised estimate.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the students' experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests revised FY 2017 operating expenditures of \$8.6 million, including \$1.4 million from the State General Fund, an increase of \$320,658 or 3.9 percent, all funds and a decrease of \$29,701, or 2.1 percent, State General Fund, from the FY 2017 approved amount. The increase is in salaries and wages (\$178,637) and capital outlay (\$162,655).

The **Governor** concurs with the agency's revised estimate.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$603,863, all from special revenue funds, an increase of \$409,316, or 210.4 percent, above the FY 2017 approved amount. The increase is in contractual services (\$326,220) and capital outlay (\$100,905).

The **Governor** concurs with the agency's revised estimate.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests revised FY 2017 operating expenditures of \$3.0 million, including \$25,037 from the State General Fund, an increase of \$184,708 or 6.5 percent, all funds and a decrease of \$909, or 3.5 percent, State General Fund, from the FY 2017 approved amount. There is an increase in contractual services (\$888,847) and capital outlay (\$56,693) with a decrease in aid to local units (\$762,186).

The **Governor** concurs with the agency's revised estimate.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests revised FY 2017 operating expenditures of 19.8 million, all from special revenue funds. This is an increase of \$631,514, or 3.3 percent, above the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests revised FY 2017 operating expenditures of \$8.7 million, all from special revenue funds. This is a decrease of \$781,026 or 8.3 percent, below the FY 2017 approved amount. The decrease is in contractual services (\$441,791) and capital outlay (\$376,465).

The **Governor** concurs with the agency's revised estimate.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$7.8 million, including \$4.8 million from the State General Fund, a decrease of \$731,070 or 8.6 percent, all funds and \$34,633, or 0.7 percent, State General Fund below the FY 2017 approved amount. The decrease is in contractual services (\$488,604) and capital outlay (\$234,461).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 3,084,632	\$ 3,084,632	\$ 0	\$ 0
Applied Technology Building	8,000,000	8,000,000	8,000,000	8,000,000
Wiest Hall Replacement	20,700,000	20,700,000	15,000,000	15,000,000
Art and Education Building	0	0	830,000	830,000
Track and Field	2,300,000	2,300,000	600,000	600,000
Raze Wiest "B"	0	0	200,000	200,000
Other Maintenance	95,351	95,351	0	0
Parking	400,000	400,000	400,000	400,000
Debt Service - Principal	780,924	780,924	822,862	822,862
TOTAL	\$ 35,360,907	\$ 35,360,907	\$ 25,852,862	\$ 25,852,862
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	35,360,907	35,360,907	25,852,862	25,852,862
TOTAL	\$ 35,360,907	\$ 35,360,907	\$ 25,852,862	\$ 25,852,862

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$35.4 million. This is a decrease of \$499,317, or 1.4 percent, all from special revenue funds, below the approved budget. The decrease is due to moving one-half of the expenditures for the new Applied Technology building to FY 2017, a decrease in debt service, with an increase in expenditures for the Wiest Hall replacement project and the new Track and Field project.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised capital improvements budget of \$25.9 million, all from special revenue funds. This is an increase of \$7.5 million, or 41.1 percent, all from special revenue funds, above the approved budget. The increase is due to the added expenditures for the new Applied Technology building, Wiest Hall replacement, and the new track and field project. There is also a reduction in debt service expenditures.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Six-year graduation rate	45.0%	43.0%	44.0%	45.0%
Student to faculty ratio	18:1	17:1	17.5:1	18:1

KANSAS STATE UNIVERSITY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 102,568,685	\$ 104,804,066	\$ 102,376,569	\$ 106,928,191	\$ 102,928,191
Other Funds	434,481,015	462,072,405	463,499,902	468,958,544	468,958,544
TOTAL	\$ 537,049,700	\$ 566,876,471	\$ 565,876,471	\$ 575,886,735	\$ 571,886,735
Capital Improvements:					
State General Fund	\$ 2,790,883	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	44,233,655	34,109,911	34,109,911	18,101,421	18,101,421
TOTAL	\$ 47,024,538	\$ 34,109,911	\$ 34,109,911	\$ 18,101,421	\$ 18,101,421
GRAND TOTAL	\$ 584,074,238	\$ 600,986,382	\$ 599,986,382	\$ 593,988,156	\$ 589,988,156
Percentage Change:					
Operating Expenditures					
State General Fund	2.7 %	2.2 %	(0.2) %	2.0 %	0.5 %
All Funds	5.1	5.6	5.4	1.6	1.1
FTE Positions	3,861.7	3,840.9	3,840.9	3,840.9	3,840.9
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	3,861.7	3,840.9	3,840.9	3,840.9	3,840.9

AGENCY OVERVIEW

Kansas State University (KSU) was established in 1863, becoming the first land grant institution under the provisions of the Morrill Act of 1862. KSU is a comprehensive research institution. The University offers instruction in Agriculture, Architecture Planning and Design, Arts and Sciences, Business Administration, Education, Engineering, Human Ecology, Technology and Veterinary Medicine, and offers a full compliment of graduate studies. The University's Veterinary Medical School in Manhattan and its Agricultural Research Program are treated as separate agencies for budget preparation purposes. Separate budget analyses of these entities follow this analysis. KSU is fully accredited by the North Central Accrediting Association and by various professional accrediting agencies. **A total of 23,678 students attended the University during the Fall 2015 semester, a decrease of 612 students, or 2.5 percent from the Fall 2014 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the universities State General Fund operating expenditures by 1.5 percent and there was an additional reduction in the salaries and wages all funds expenditures of approximately 1.4 percent in FY 2014 and 0.9 percent for FY 2015.

The **2014 Legislature** added \$5.0 million from the State General Fund and deleted the same amount from special revenue funds for global food systems research for FY 2015.

The **2014 Legislature** also added language to the appropriations bill allowing \$56.0 million in bonding authority for construction of a new chiller plant for FY 2015.

The **2015 Legislature** added language allowing \$25.0 million in bonding authority for the student union expansion for FY 2016.

The **2015 Legislature** also added language allowing \$60.0 million in bonding authority for the College of Architecture Planning and Design - Seaton Hall for FY 2016.

The **2015 Legislature** also added \$3.7 million, all from the Educational Building Fund, for debt service payments on the College of Architecture Planning and Design - Seaton Hall bonds for FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$601.0 million, including \$104.8 million from the State General Fund in FY 2016. This is an all funds increase of \$25.2 million, or 4.4 percent, above the approved amount. The increase includes \$6.1 million, or 1.1 percent, special revenue funds for operating expenditures. The increases are primarily for salaries and wages (\$9.0 million) and other assistance (\$5.9 million) with offsetting decreases in contractual services (\$7.5 million) and commodities (\$1.3 million). There is also an increase of \$19.1 million, or 127.2 percent, all from special revenue funds, for capital improvements. The increase is primarily in Education Building Fund expenditures (\$16.8 million) which were not budgeted for last year. There is no change in the State General Fund from the approved amount.

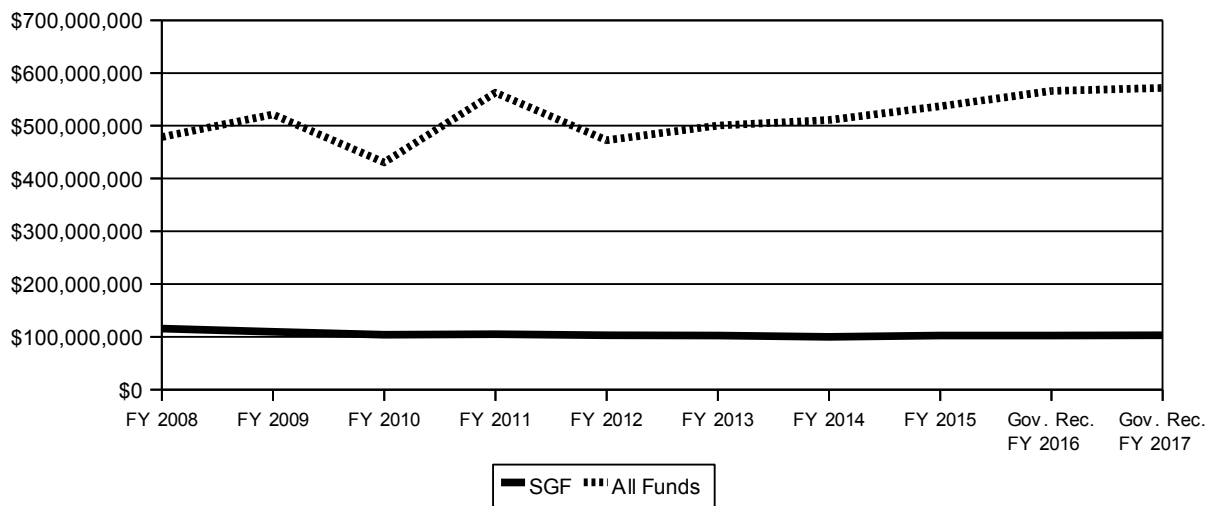
The **Governor** recommends a revised budget of \$600.0 million, including \$102.4 million from the State General Fund. This is a decrease of \$1.0 million, or less than 1.0 percent, all from the State General Fund for the Global Foods System research grant, below the agency's revised estimate. There is also an offset of the State General Fund expenditures with the Educational Building Fund in the amount of \$1.4 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$594.0 million, including \$106.9 million from the State General Fund for FY 2017. This is an increase of \$8.8 million, or 1.5 percent, all from special revenue funds, above the approved amount. The increase includes \$11.2 million, or 2.0 percent, special revenue funds for operating expenditures. The increases are primarily for salaries and wages (\$8.5 million) and other assistance (\$6.6 million) with offsetting decreases in contractual services (\$5.3 million). There is also a decrease of \$2.4 million, or 11.8 percent, all from special revenue funds for capital improvements. The decrease is primarily due to reduced expenditures for the West Residence Hall mechanical project. There is no change in the State General Fund from the approved amount.

The **Governor** recommends a revised budget of \$590.0 million, including \$102.9 million from the State General Fund. This is a decrease of \$4.0 million, or less than 1.0 percent, all from the State General Fund for the Global Foods System research grant, below the agency's revised request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 115,373,256	4.0 %	\$ 478,693,202	7.0 %	2,678.8
2009	109,383,967	(5.2)	521,479,338	8.9	3,514.2
2010	104,021,282	(4.9)	430,586,478	(17.4)	3,510.0
2011	104,756,636	0.7	562,751,773	30.7	3,601.7
2012	102,716,970	(1.9)	472,522,449	(16.0)	3,681.3
2013	102,593,967	(0.1)	500,516,536	5.9	3,741.0
2014	99,857,422	(2.7)	510,908,147	2.1	3,785.3
2015	102,568,685	2.7	537,049,700	5.1	3,861.7
2016 Gov. Rec.	102,376,569	(0.2)	565,876,471	5.4	3,840.9
2017 Gov. Rec.	102,928,191	0.5	571,886,735	1.1	3,840.9
Ten-Year Change Dollars/Percent	\$ (12,445,065)	(10.8)%	\$ 93,193,533	19.5 %	1,162.1

Summary of Operating Budget FY 2015 - FY 2017

Kansas State University

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Institutional Support	\$ 32,439,414	\$ 35,946,506	\$ 36,453,452	\$ 506,946	1.4 %	\$ 35,946,506	\$ 36,453,452	\$ 506,946	1.4 %		
Instructional Services	188,022,300	199,559,214	202,536,917	2,977,703	1.5	199,559,214	202,536,917	2,977,703	1.5		
Academic Support	48,134,129	46,157,217	46,749,488	592,271	1.3	46,157,217	46,749,488	592,271	1.3		
Student Services	26,064,702	26,333,933	26,692,690	358,757	1.4	26,333,933	26,692,690	358,757	1.4		
Research	74,644,096	78,835,483	79,595,445	759,962	1.0	77,835,483	75,595,445	(2,240,038)	(2.9)		
Public Service	16,563,043	14,659,178	14,758,062	98,884	0.7	14,659,178	14,758,062	98,884	0.7		
Student Aid	61,624,551	59,710,633	59,710,633	0	0.0	59,710,633	59,710,633	0	0.0		
Auxiliary	43,795,699	51,642,405	52,195,032	552,627	1.1	51,642,405	52,195,032	552,627	1.1		
Physical Plant/Central Services	35,945,886	41,223,779	41,540,674	316,895	0.8	41,223,779	41,540,674	316,895	0.8		
Debt Service	9,815,880	12,808,123	15,654,342	2,846,219	22.2	12,808,123	15,654,342	2,846,219	22.2		
TOTAL	<u>\$ 537,049,700</u>	<u>\$ 566,876,471</u>	<u>\$ 575,886,735</u>	<u>\$ 9,010,264</u>	<u>1.6 %</u>	<u>\$ 565,876,471</u>	<u>\$ 571,886,735</u>	<u>\$ 6,010,264</u>	<u>1.1 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 323,995,927	\$ 344,117,537	\$ 350,375,647	\$ 6,258,110	1.8 %	\$ 344,117,537	\$ 350,375,647	\$ 6,258,110	1.8 %		
Contractual Services	80,735,166	86,242,037	86,226,664	(15,373)	(0.0)	85,242,037	82,226,664	(3,015,373)	(3.5)		
Commodities	23,768,826	22,800,420	23,414,551	614,131	2.7	22,800,420	23,414,551	614,131	2.7		
Capital Outlay	19,101,778	14,974,289	14,280,716	(693,573)	(4.6)	14,974,289	14,280,716	(693,573)	(4.6)		
Debt Service	9,815,880	12,808,123	15,654,342	2,846,219	22.2	12,808,123	15,654,342	2,846,219	22.2		
Subtotal - Operations	<u>\$ 457,417,577</u>	<u>\$ 480,942,406</u>	<u>\$ 489,951,920</u>	<u>\$ 9,009,514</u>	<u>1.9 %</u>	<u>\$ 479,942,406</u>	<u>\$ 485,951,920</u>	<u>\$ 6,009,514</u>	<u>1.3 %</u>		
Aid to Local Units	86,475	93,057	93,057	0	0.0	93,057	93,057	0	0.0		
Other Assistance	79,545,648	85,841,008	85,841,758	750	0.0	85,841,008	85,841,758	750	0.0		
TOTAL	<u>\$ 537,049,700</u>	<u>\$ 566,876,471</u>	<u>\$ 575,886,735</u>	<u>\$ 9,010,264</u>	<u>1.6 %</u>	<u>\$ 565,876,471</u>	<u>\$ 571,886,735</u>	<u>\$ 6,010,264</u>	<u>1.1 %</u>		
Financing:											
State General Fund	\$ 102,568,685	\$ 104,804,066	\$ 106,928,191	\$ 2,124,125	2.0 %	\$ 102,376,569	\$ 102,928,191	\$ 551,622	0.5 %		
General Fees Fund	201,670,465	208,260,987	210,145,998	1,885,011	0.9	208,260,987	210,145,998	1,885,011	0.9		
Restricted Fees Fund	103,070,129	104,816,701	105,792,374	975,673	0.9	104,816,701	105,792,374	975,673	0.9		
All Other Funds	129,740,421	148,994,717	153,020,172	4,025,455	2.7	150,422,214	153,020,172	2,597,958	1.7		
TOTAL	<u>\$ 537,049,700</u>	<u>\$ 566,876,471</u>	<u>\$ 575,886,735</u>	<u>\$ 9,010,264</u>	<u>1.6 %</u>	<u>\$ 565,876,471</u>	<u>\$ 571,886,735</u>	<u>\$ 6,010,264</u>	<u>1.1 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$104,804,066 for Kansas State University in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 104,804,066	\$ 104,804,066	\$ 0	\$ 102,376,569	\$ (2,427,497)
All Other Funds	471,006,176	496,182,316	25,176,140	497,609,813	26,603,637
TOTAL	\$ 575,810,242	\$ 600,986,382	\$ 25,176,140	\$ 599,986,382	\$ 24,176,140
FTE Positions	3,861.7	3,840.9	(20.8)	3,840.9	(20.8)

The **agency** requests a revised estimate of \$601.0 million, including \$104.8 million from the State General Fund. This is an all funds increase of \$25.2 million, or 4.4 percent, above the approved amount. The increase includes \$6.1 million, or 1.1 percent, special revenue funds for operating expenditures. The increases are primarily for salaries and wages (\$9.0 million) and other assistance (\$5.9 million) with offsetting decreases in contractual services (\$7.5 million) and commodities (\$1.3 million). There is also an increase of \$19.1 million, or 127.2 percent, all from special revenue funds, for capital improvements. The increase is primarily in Education Building Fund expenditures (\$16.8 million) which were not budgeted for last year. There is no change in the State General Fund from the approved amount.

The **Governor** recommends a revised budget of \$600.0 million, including \$102.4 million from the State General Fund. This is a decrease of \$1.0 million, or less than 1.0 percent, all from the State General Fund for the Global Foods System research grant, below the agency's revised estimate. There is also an offset of the State General Fund expenditures with the Educational Building Fund in the amount of \$1.4 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$106,928,191 for Kansas State University in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 106,928,191	\$ 106,928,191	\$ 0	\$ 102,928,191	\$ (4,000,000)
All Other Funds	478,308,182	487,059,965	8,751,783	487,059,965	8,751,783
TOTAL	\$ 585,236,373	\$ 593,988,156	\$ 8,751,783	\$ 589,988,156	\$ 4,751,783
FTE Positions	3,861.7	3,840.9	(20.8)	3,840.9	(20.8)

The **agency** requests a revised estimate of \$594.0 million, including \$106.9 million from the State General Fund. This is an increase of \$8.8 million, or 1.5 percent, all from special revenue funds, above the approved amount. The increase includes \$11.2 million, or 2.0 percent, special revenue funds for operating expenditures. The increases are primarily for salaries and wages (\$8.5 million) and other assistance (\$6.6 million) with offsetting decreases in contractual services (\$5.3 million). There is also a decrease of \$2.4 million, or 11.8 percent, all from special revenue funds for capital improvements. The decrease is primarily due to changes in rehabilitation and repair projects. There is no change in the State General Fund from the approved amount.

The **Governor** recommends a revised budget of \$590.0 million, including \$102.9 million from the State General Fund. This is a decrease of \$4.0 million, or less than 1.0 percent, all from the State General Fund for the Global Foods System research grant, below the agency's revised request.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	18.6 %	18.0 %
General Fees Fund	36.5	36.7
Restricted Fees Fund	18.4	18.5
All Other Funds	26.6	26.8
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 21,697,423	\$ 8,976,922	\$ 8,976,922	\$ 9,495,659	\$ 9,495,659
Revenue	205,006,188	213,799,127	213,799,127	213,799,126	213,799,126
Transfers in	0	0	0	0	0
Total Funds Available	\$ 226,703,611	\$ 222,776,049	\$ 222,776,049	\$ 223,294,785	\$ 223,294,785
Less: Expenditures	206,428,736	213,254,130	213,254,130	215,336,119	215,336,119
Transfers Out	11,175,926	26,260	26,260	26,259	26,259
Off Budget Expenditures	122,027	0	0	0	0
Ending Balance	<u>\$ 8,976,922</u>	<u>\$ 9,495,659</u>	<u>\$ 9,495,659</u>	<u>\$ 7,932,407</u>	<u>\$ 7,932,407</u>
Ending Balance as Percent of Expenditures	4.3%	4.5%	4.5%	3.7%	3.7%
Month Highest Ending Balance	January <u>\$ 72,800,000</u>	January <u>\$ 62,072,000</u>	January <u>\$ 62,072,000</u>	January <u>\$ 61,351,000</u>	January <u>\$ 61,351,000</u>
Month Lowest Ending Balance	July <u>\$ 17,100,000</u>	July <u>\$ 8,900,000</u>	July <u>\$ 8,900,000</u>	July <u>\$ 6,700,000</u>	July <u>\$ 6,700,000</u>

PROGRAM DETAIL

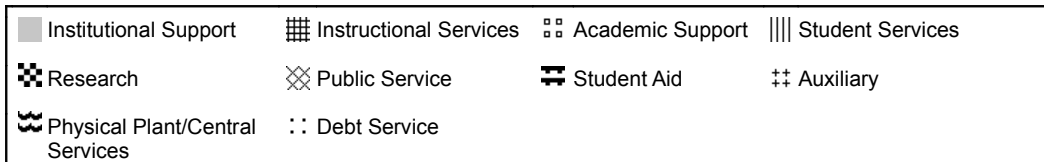
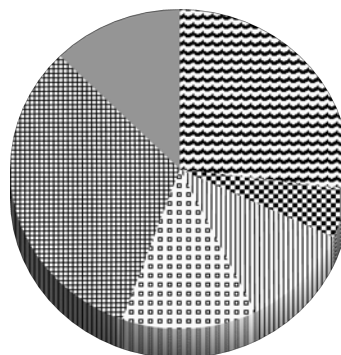
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Institutional Support	\$ 36,453,452	6.4 %	\$ 12,843,218	12.5 %
Instructional Services	202,536,917	35.4	32,943,790	32.0
Academic Support	46,749,488	8.2	13,222,639	12.8
Student Services	26,692,690	4.7	10,995,166	10.7
Research	75,595,445	13.2	5,025,347	4.9
Public Service	14,758,062	2.6	197,453	0.2
Student Aid	59,710,633	10.4	0	0.0
Auxiliary	52,195,032	9.1	0	0.0
Physical Plant/Central Services	41,540,674	7.3	27,700,578	26.9
Debt Service	15,654,342	2.7	0	0.0
TOTAL	\$ 571,886,735	100.0 %	\$ 102,928,191	100.0 %

Enrollment Trends

The following table summarizes recent enrollment trends at the Kansas State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2010 to Fall 2015
Headcount	23,126	23,406	23,914	24,116	24,290	23,678	
Change	(18)	280	508	202	174	(612)	552
%Change	(0.1)%	1.2 %	2.2 %	0.8 %	0.7 %	(2.5)%	2.4 %
FTE Students	19,678	20,014	20,597	20,765	20,862	20,402	
Change	194	336	583	168	97	(460)	724
%Change	1.0 %	1.7 %	2.9 %	0.8 %	0.5 %	(2.2)%	3.7 %
Student Credit Hours	279,118	283,170	291,084	294,139	295,525	289,398	
Change	4,020	4,052	7,914	3,055	1,386	(6,127)	10,280
%Change	1.5 %	1.5 %	2.8 %	1.0 %	0.5 %	(2.1)%	3.7 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Institutional Support	291.6	297.4	297.4	297.4	297.4
Instructional Services	1,676.5	1,681.6	1,681.6	1,681.6	1,681.6
Academic Support	359.0	361.8	361.8	361.8	361.8
Student Services	275.3	272.9	272.9	272.9	272.9
Research	240.8	257.2	257.2	257.2	257.2
Public Service	53.9	52.9	52.9	52.9	52.9
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	492.5	502.1	502.1	502.1	502.1
Physical Plant/Central Services	472.1	415.0	415.0	415.0	415.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	3,861.7	3,840.9	3,840.9	3,840.9	3,840.9

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests revised FY 2017 operating expenditures of \$36.5 million, including \$12.8 million from the State General Fund. The request is an all funds decrease of \$178,780, or 0.5 percent, and \$1.1 million, or 7.9 percent, State General Fund, below the FY 2017 approved amount. The decrease is primarily in contractual services (\$842,014) with an offsetting increase in salaries and wages (\$460,315).

The **Governor** concurs with the agency's revised estimate.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$202.5 million, including \$32.9 million from the State General Fund. The request is an increase of \$5.8 million, or 2.9 percent, all funds and a decrease of \$5.2 million, or 13.7 percent, State General Fund from the FY 2017 approved amount. The increase is primarily in salaries and wages (\$4.8 million) and other assistance (\$7.1 million) with an offsetting decrease in contractual services (\$6.6 million).

The **Governor** concurs with the agency's revised estimate.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$46.7 million, including \$13.2 million from the State General Fund. The request is a decrease of \$4.3 million, or 8.4 percent, all funds and \$477,579, or 3.5 percent, State General Fund, below the FY 2017 approved amount. The decrease is primarily in contractual services (\$2.2 million) and commodities (\$4.7 million) with offsetting increases in capital outlay (\$1.9 million) and salaries and wages (\$652,467).

The **Governor** concurs with the agency's revised estimate.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration admissions, student health services and intercollegiate athletics.

The **agency** requests revised FY 2017 operating expenditures of \$26.7 million, including \$11.0 million from the State General Fund. The request is a decrease of \$1.4 million, or 4.9 percent, all funds and \$343,440, or 3.0 percent, State General Fund, below the FY 2017 approved amount. The decrease is in all expenditure categories.

The **Governor** concurs with the agency's revised estimate.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$79.6 million, including \$9.0 million from the State General Fund. The request is a decrease of \$7.5 million, or 8.6 percent, all funds and an increase of \$3.1 million, or 51.1 percent, State General Fund, from the FY 2017 approved amount. The decrease is primarily in contractual services (\$2.7 million), capital outlay (\$1.6 million), and other assistance (\$7.5 million) with offsetting increases in salaries and wages (\$2.3 million) and commodities (\$2.0 million).

The **Governor** recommends FY 2017 operating expenditures of \$75.6 million, including \$5.0 million from the State General Fund. This recommendation is a decrease of \$4.0 million, or 5.0 percent, all from the State General Fund for the Global Foods System research grant, below the agency's request.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests revised FY 2017 operating expenditures of \$14.8 million, including \$197,453 from the State General Fund. The request is an increase of \$5.6 million, or 60.5 percent, all funds and a decrease of \$5,246, or 2.6 percent, State General Fund, from the FY 2017 approved amount. The increase is in all expenditure categories.

The **Governor** concurs with the agency's revised estimate.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests revised FY 2017 operating expenditures of \$59.7 million, all from special revenue funds. The request is an increase of \$2.9 million, or 5.1 percent, in other assistance.

The **Governor** concurs with the agency's revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests revised FY 2017 operating expenditures of \$52.2 million, all from special revenue funds. The request is an increase of \$6.6 million, or 14.5 percent, above the FY 2017 approved amount. The increase is primarily in contractual services (\$4.1 million) and commodities (\$1.8 million).

The **Governor** concurs with the agency's revised estimate.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$41.5 million, including \$27.7 million from the State General Fund. The request is an increase of \$2.4 million, or 6.1 percent, all funds and \$4.1 million, or 17.3 percent, State General Fund, above the FY 2017 approved amount. The increase is primarily in contractual services (\$2.7 million).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 16,847,367	\$ 16,847,367	\$ 0	\$ 0
West Memorial Stadium	334,401	334,401	0	0
Moore Hall Lighting and Fire Alarm	50,000	50,000	735,500	735,500
Jardine	775,000	775,000	795,000	795,000
West Residence Hall Mechanical	4,150,000	4,150,000	1,108,800	1,108,800
Parking	800,000	800,000	800,000	800,000
Debt Service - Principal	11,153,143	11,153,143	14,662,121	14,662,121
TOTAL	\$ 34,109,911	\$ 34,109,911	\$ 18,101,421	\$ 18,101,421
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	34,109,911	34,109,911	18,101,421	18,101,421
TOTAL	\$ 34,109,911	\$ 34,109,911	\$ 18,101,421	\$ 18,101,421

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$34.1 million, all from special revenue funds. This is an increase of \$19.1 million, or 127.2 percent above the FY 2016 approved amount. The increase is primarily due to Educational Building Fund expenditures of \$16.8 million and increased expenditures for the West Residence Hall mechanical project.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised capital improvements budget of \$18.1 million, all from special revenue funds. This is a decrease of \$2.4 million, or 11.8 percent, below the FY 2017 approved amount. The decrease is primarily due to reduced expenditures for the West Residence Hall mechanical project.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Six-year graduation rate	61.0%	58.8%	60.0%	60.0%
Extramural support (in millions)	\$145.0	\$135.6	\$145.0	\$145.0
Number of degrees conferred	5,100	5,342	5,300	5,300

KANSAS STATE UNIVERSITY – EXTENSION SYSTEMS AND AGRICULTURE RESEARCH PROGRAMS

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 46,265,381	\$ 46,956,273	\$ 46,316,699	\$ 47,658,837	\$ 47,658,837
Other Funds	89,391,794	86,580,290	87,219,864	86,161,633	86,161,633
TOTAL	\$ 135,657,175	\$ 133,536,563	\$ 133,536,563	\$ 133,820,470	\$ 133,820,470
Capital Improvements:					
State General Fund	\$ 258,915	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,393,643	450,000	450,000	0	0
TOTAL	\$ 2,652,558	\$ 450,000	\$ 450,000	\$ 0	\$ 0
GRAND TOTAL	\$ 138,309,733	\$ 133,986,563	\$ 133,986,563	\$ 133,820,470	\$ 133,820,470
Percentage Change:					
Operating Expenditures					
State General Fund	(1.4) %	1.5 %	0.1 %	1.5 %	2.9 %
All Funds	2.8	(1.6)	(1.6)	0.2	0.2
FTE Positions	1,125.1	1,107.2	1,107.2	1,107.2	1,107.2
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	1,125.1	1,107.2	1,107.2	1,107.2	1,107.2

AGENCY OVERVIEW

Kansas State University - Extension Systems and Agricultural Research Programs (ESARP) was established as a separate budget unit in FY 1993 by the merger of the Kansas Agricultural Experiment Station (KAES), the Cooperative Extension Service (CES), the International Grain, and the Meat and Livestock programs. All programs previously part of the KSU budget but under the jurisdiction of the Dean of Agriculture (except for the Office of Academic programs and Office of the Dean) are included in the separate agency administered by the Dean of Agriculture.

The KAES and CES are mandated programs by both federal and state legislation. Involved in the systems are the land grant universities, including KSU, and the U.S. Department of Agriculture (USDA). Base formula funds are provided by the USDA. The KAES conducts research statewide at two research centers, two research-extension centers, and 11 experimental fields in addition to the main station at Manhattan. The research is conducted by KAES in five colleges of KSU: Agriculture; Human Ecology; Engineering; Arts and Sciences; and Veterinary Medicine. The CES is a research-based educational system with extension agents in

each county and with specialists in five area offices and in four colleges on the KSU campus. Specialists are housed in the colleges of Agriculture, Human Ecology, Engineering, and Veterinary Medicine.

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the agency's State General Fund operating expenditures by 1.5 percent and made additional reductions to the agency's salaries and wages all funds expenditures of approximately 3.6 percent in FY 2014 and 2.6 percent for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised budget of \$134.0 million, including \$47.0 million from the State General Fund in FY 2016. This is an all funds increase of \$2.2 million, or 1.7 percent, above the FY 2016 approved amount. There is an increase of \$3.2 million, or 2.4 percent, in operating expenditures and a decrease of \$1.0 million, or 69.0 percent, from capital improvement expenditures. The operating expenditure change includes increases in salaries and wages (\$1.8 million), contractual services (\$2.1 million), and other assistance

(\$3.0 million) with decreases in commodities (\$1.5 million) and capital outlay (\$2.3 million). There is a decrease of \$1.0 million, all from special revenue funds, for the Southeast Research and Extension building project.

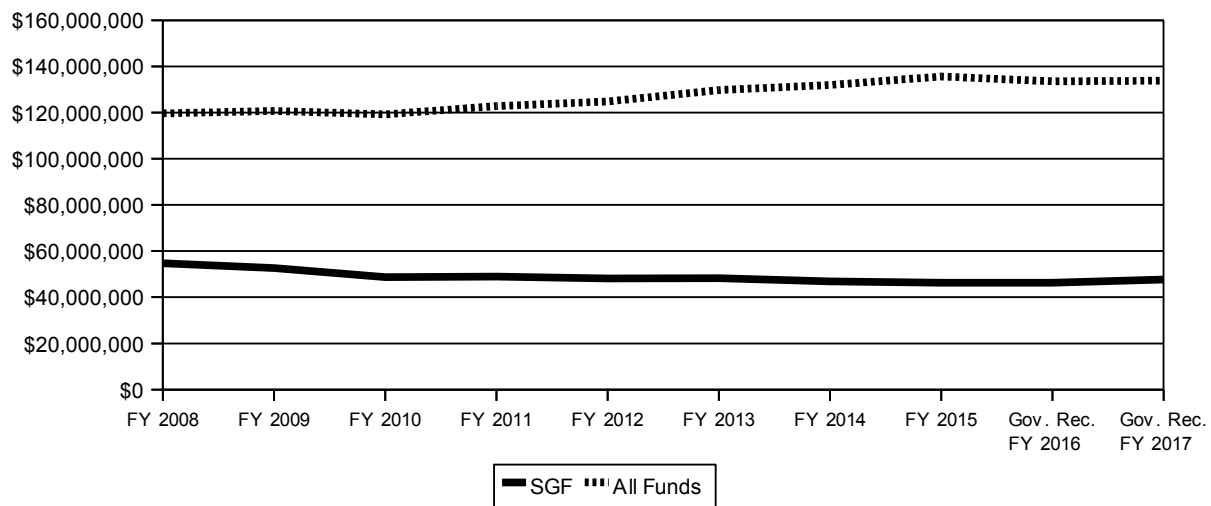
The **Governor** concurs with the agency's revised estimate but offsets the State General Fund with the Educational Building Fund in the amount of \$639,574 to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$133.8 million, including \$47.7 million from the State General Fund for FY 2017. This is an all funds increase of \$1.2 million, or 0.9 percent, above the FY 2017 approved amount. The increase is in operating expenditures including salaries and wages (\$1.6 million), contractual services (\$1.3 million), and other assistance (\$2.7 million) with offsetting decreases in commodities (\$2.1 million) and capital outlay (\$2.3 million). There is no capital improvement expenditure request.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 54,729,340	5.2 %	\$ 119,680,556	0.9 %	1,389.7
2009	52,595,448	(3.9)	120,714,696	0.9	1,285.6
2010	48,699,791	(7.4)	119,232,780	(1.2)	1,198.5
2011	48,951,068	0.5	122,805,825	3.0	1,191.6
2012	48,160,371	(1.6)	124,811,677	1.6	1,173.5
2013	48,182,071	0.0	129,751,842	4.0	1,160.4
2014	46,908,989	(2.6)	131,953,182	1.7	1,116.9
2015	46,265,381	(1.4)	135,657,175	2.8	1,125.1
2016 Gov. Rec.	46,316,699	0.1	133,536,563	(1.6)	1,107.2
2017 Gov. Rec.	47,658,837	2.9	133,820,470	0.2	1,107.2
Ten-Year Change Dollars/Percent	\$ (7,070,503)	(12.9)%	\$ 14,139,914	11.8 %	(282.5)

Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Academic Support	\$ 137,239	\$ 167,030	\$ 167,768	\$ 738	0.4 %	\$ 167,030	\$ 167,768	\$ 738	0.4 %
Research	83,887,557	78,315,487	77,850,156	(465,331)	(0.6)	78,315,487	77,850,156	(465,331)	(0.6)
Public Service	51,632,379	54,872,941	55,621,441	748,500	1.4	54,872,941	55,621,441	748,500	1.4
Physical Plant/Central Services	0	181,105	181,105	0	0.0	181,105	181,105	0	0.0
TOTAL	\$ 135,657,175	\$ 133,536,563	\$ 133,820,470	\$ 283,907	0.2 %	\$ 133,536,563	\$ 133,820,470	\$ 283,907	0.2 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 90,956,529	\$ 95,283,288	\$ 97,506,203	\$ 2,222,915	2.3 %	\$ 95,283,288	\$ 97,506,203	\$ 2,222,915	2.3 %
Contractual Services	18,616,448	16,970,967	16,071,209	(899,758)	(5.3)	16,970,967	16,071,209	(899,758)	(5.3)
Commodities	10,624,664	8,935,736	8,338,591	(597,145)	(6.7)	8,935,736	8,338,591	(597,145)	(6.7)
Capital Outlay	5,400,030	3,713,273	3,599,036	(114,237)	(3.1)	3,713,273	3,599,036	(114,237)	(3.1)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 125,597,671	\$ 124,903,264	\$ 125,515,039	\$ 611,775	0.5 %	\$ 124,903,264	\$ 125,515,039	\$ 611,775	0.5 %
Aid to Local Units	312,965	267,020	267,020	0	0.0	267,020	267,020	0	0.0
Other Assistance	9,746,539	8,366,279	8,038,411	(327,868)	(3.9)	8,366,279	8,038,411	(327,868)	(3.9)
TOTAL	\$ 135,657,175	\$ 133,536,563	\$ 133,820,470	\$ 283,907	0.2 %	\$ 133,536,563	\$ 133,820,470	\$ 283,907	0.2 %
Financing:									
State General Fund	\$ 46,265,381	\$ 46,956,273	\$ 47,658,837	\$ 702,564	1.5 %	\$ 46,316,699	\$ 47,658,837	\$ 1,342,138	2.9 %
Restricted Fee Fund	39,489,049	40,650,421	41,255,278	604,857	1.5	40,650,421	41,255,278	604,857	1.5
All Other Funds	49,902,745	45,929,869	44,906,355	(1,023,514)	(2.2)	46,569,443	44,906,355	(1,663,088)	(3.6)
TOTAL	\$ 135,657,175	\$ 133,536,563	\$ 133,820,470	\$ 283,907	0.2 %	\$ 133,536,563	\$ 133,820,470	\$ 283,907	0.2 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$46,956,273 for Kansas State University - Extension Systems and Agriculture Research Programs in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 46,956,273	\$ 46,956,273	\$ 0	\$ 46,316,699	\$ (639,574)
All Other Funds	84,850,025	87,030,290	2,180,265	87,669,864	2,819,839
TOTAL	\$ 131,806,298	\$ 133,986,563	\$ 2,180,265	\$ 133,986,563	\$ 2,180,265
FTE Positions	1,125.1	1,107.2	(17.9)	1,107.2	(17.9)

The **agency** requests a revised budget of \$134.0 million, including \$47.0 million from the State General Fund. This is an all funds increase of \$2.2 million, or 1.7 percent, above the FY 2016 approved amount. There is an increase of \$3.2 million, or 2.4 percent, in operating expenditures and a decrease of \$1.0 million, or 69.0 percent, from capital improvement expenditures. The operating expenditure change includes increases in salaries and wages (\$1.8 million), contractual services (\$2.1 million), and other assistance (\$3.0 million), with decreases in commodities (\$1.5 million) and capital outlay (\$2.3 million). There is a decrease of \$1.0 million, all from special revenue funds, for the SE Research and Extension building project.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund with the Educational Building Fund in the amount of \$639,574 to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$47,658,837 for Kansas State University - Extension Systems and Agriculture Research Programs in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 47,658,837	\$ 47,658,837	\$ 0	\$ 47,658,837	\$ 0
All Other Funds	84,931,742	86,161,633	1,229,891	86,161,633	1,229,891
TOTAL	\$ 132,590,579	\$ 133,820,470	\$ 1,229,891	\$ 133,820,470	\$ 1,229,891
FTE Positions	1,125.1	1,107.2	(17.9)	1,107.2	(17.9)

The **agency** requests a revised estimate of \$133.8 million, including \$47.7 million from the State General Fund. This is an all funds increase of \$1.2 million, or 0.9 percent, above the FY 2017 approved amount. The increase is in operating expenditures including salaries and wages (\$1.6 million), contractual services (\$1.3 million), and other assistance (\$2.7 million) with offsetting decreases in commodities (\$2.1 million) and capital outlay (\$2.3 million). There is no capital improvement expenditure request.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	35.6 %	35.6 %
All Other Funds	64.4	64.4
TOTAL	100.0 %	100.0 %

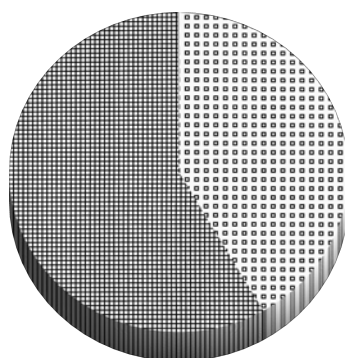
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

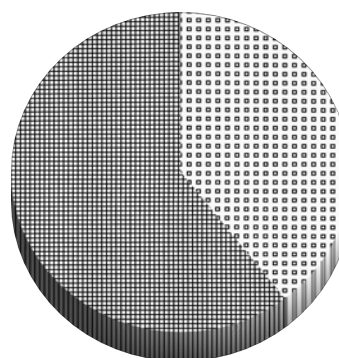
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Academic Support	\$ 167,768	0.1 %	\$ 77,132	0.2 %
Research	77,850,156	58.2	28,753,589	60.3
Public Service	55,621,441	41.6	18,828,116	39.5
Physical Plant/Central Services	181,105	0.1	0	0.0
TOTAL	\$ 133,820,470	100.0 %	\$ 47,658,837	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Academic Support	0.5	0.5	0.5	0.5	0.5
Research	547.2	545.5	545.5	545.5	545.5
Public Service	577.4	561.2	561.2	561.2	561.2
Physical Plant/Central Services	0.0	0.0	0.0	0.0	0.0
TOTAL	1,125.1	1,107.2	1,107.2	1,107.2	1,107.2

A. Academic Support

The Academic Support program includes all support services for the institution's primary mission's of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$167,768, including \$77,132 from the State General Fund. This is a decrease of \$2,998, or 1.8 percent, all funds and \$13,258, or 14.7 percent, State General Fund, below the approved amount. There is a decrease in capital outlay (\$4,902) with an offsetting increase in contractual services (\$2,409).

The **Governor** concurs with the agency's revised estimate.

B. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$77.9 million, including \$28.8 million from the State General Fund. This is a decrease of \$5.4 million, or 6.5 percent, all funds and \$50,693, or 0.2 percent, State General Fund, below the FY 2017 approved amount. There are decreases in contractual services (\$2.3 million), commodities (\$2.8 million) and capital outlay (\$2.6 million) with an offsetting increase in salaries and wages (\$1.8 million).

The **Governor** concurs with the agency's revised estimate.

C. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests revised FY 2017 operating expenditures of \$55.6 million, including \$18.8 million from the State General Fund. This is an increase of \$6.6 million, or 13.4 percent, all funds and \$63,951, or 0.3 percent, State General Fund, above the FY 2017 approved amount. The increase is primarily in contractual services (\$3.5 million) and other assistance (\$2.0 million).

The **Governor** concurs with the agency's revised estimate.

D. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$181,105, all from special revenue funds. This is an increase of \$85,876, or 90.2 percent, above the FY 2017 approved amount, all in contractual services.

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Research Extension Center Headquarters	\$ 450,000	\$ 450,000	\$ 0	\$ 0
TOTAL	\$ 450,000	\$ 450,000	\$ 0	\$ 0
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	450,000	450,000	0	0
TOTAL	\$ 450,000	\$ 450,000	\$ 0	\$ 0

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$450,000, all from special revenue funds. This is a decrease of \$1.0 million, or 69.0 percent, below the FY 2016 approved amount due to decreased expenditures for the Research Extension Headquarters.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency has no capital improvement expenditure requests.

The **Governor** concurs with the agency's request.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of new research grants	365	436	450	465
Number of renewed research grants	30	29	32	32
Dollar value of grant receipts (in millions)	\$40.0	\$60.4	\$62.0	\$64.0

KANSAS STATE UNIVERSITY VETERINARY MEDICAL CENTER

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 14,728,160	\$ 14,891,022	\$ 14,688,197	\$ 15,159,612	\$ 15,159,612
Other Funds	31,351,648	31,976,329	32,179,154	32,718,482	32,718,482
TOTAL	\$ 46,079,808	\$ 46,867,351	\$ 46,867,351	\$ 47,878,094	\$ 47,878,094
Capital Improvements:					
State General Fund	\$ 6,356	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,213,279	3,395,328	3,395,328	0	0
TOTAL	\$ 2,219,635	\$ 3,395,328	\$ 3,395,328	\$ 0	\$ 0
GRAND TOTAL	\$ 48,299,443	\$ 50,262,679	\$ 50,262,679	\$ 47,878,094	\$ 47,878,094
Percentage Change:					
Operating Expenditures					
State General Fund	22.0 %	1.1 %	(0.3) %	1.8 %	3.2 %
All Funds	11.7	1.7	1.7	2.2	2.2
FTE Positions	332.6	342.6	342.6	342.6	342.6
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	332.6	342.6	342.6	342.6	342.6

AGENCY OVERVIEW

The Veterinary Medical Center was established at Kansas State University in 1905. It was included within the main campus budget of Kansas State University until 1978. The institution trains veterinarians, conducts broad-based interdisciplinary research, provides continuing education for veterinarians, and provides hospital and diagnostic services to the public. Its academic programs are fully accredited by the Council on Education of the American Veterinary Medical Association. **A total of 468 students attended the institution during the Fall 2015 semester, a decrease of 8, or 1.7 percent below the Fall 2014 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other

revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** also passed legislation establishing the Veterinary Training Program for Rural Kansas at the College of Veterinary Medicine at Kansas State University (KSU). The purpose of the program is to provide encouragement, opportunities and incentives for persons pursuing a veterinary medicine degree program at KSU to locate their veterinary practices in rural Kansas communities and receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is administered by the College of Veterinary Medicine at KSU.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. This act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the agency's State General Fund operating expenditures by 1.5 percent and further reduced the salaries and wages all funds expenditures by approximately 0.8 percent in FY 2014.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$50.3 million, including \$14.9 million from the State General Fund in FY 2016. This is an all funds increase of \$1.7 million above the approved amount. This includes an operating expenditures increase of \$984,349, or 2.1 percent, for salaries and wages (\$340,193), contractual services (\$513,650) and commodities (\$431,836) with offsetting decreases in capital outlay (\$129,340) and other assistance (\$171,990). There is also an increase of \$695,328, or 25.8 percent, all other funds for additional capital improvements expenditures for the Small Animal Clinic renovations.

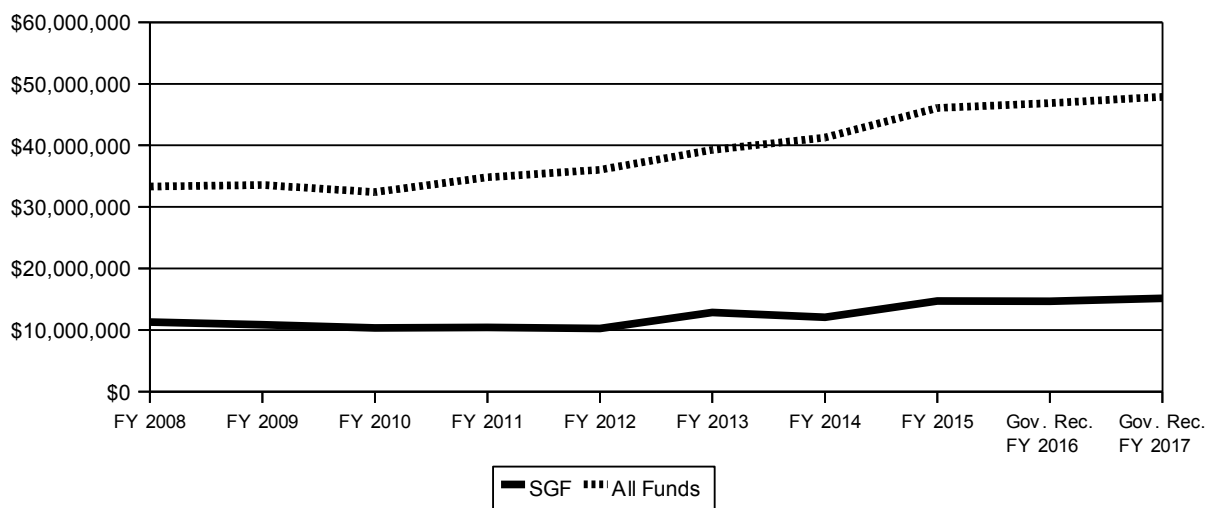
The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$202,825 to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$47.9 million, including \$15.2 million from the State General Fund for FY 2017. This is an all funds increase of \$967,193, or 2.1 percent, above the FY 2017 approved amount. The increase is primarily in contractual services (\$514,585) and commodities (\$456,612). There is no capital improvement expenditure request. The State General Fund expenditures are the same as the approved amount.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 11,281,788	5.1 %	\$ 33,312,590	1.3 %	323.1
2009	10,850,535	(3.8)	33,563,347	0.8	314.9
2010	10,336,516	(4.7)	32,410,739	(3.4)	309.1
2011	10,415,617	0.8	34,818,811	7.4	310.9
2012	10,251,459	(1.6)	36,027,437	3.5	312.7
2013	12,832,430	25.2	39,273,500	9.0	320.1
2014	12,074,595	(5.9)	41,261,154	5.1	323.8
2015	14,728,160	22.0	46,079,808	11.7	332.6
2016 Gov. Rec.	14,688,197	(0.3)	46,867,351	1.7	342.6
2017 Gov. Rec.	15,159,612	3.2	47,878,094	2.2	342.6
Ten-Year Change Dollars/Percent	\$ 3,877,824	34.4 %	\$ 14,565,504	43.7 %	19.5

Note: The increase in 2013 was due to a \$5.0 million operating enhancement for the Veterinary Medical Center.

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Instructional Services	\$	32,314,487	\$ 34,713,733	\$ 35,438,302	\$ 724,569	2.1 %	\$ 34,713,733	\$ 35,438,302	\$ 724,569	2.1 %
Academic Support		5,865,077	5,469,980	5,620,130	150,150	2.7	5,469,980	5,620,130	150,150	2.7
Research		495	298,445	305,161	6,716	2.3	298,445	305,161	6,716	2.3
Public Service		5,374,277	3,896,996	3,986,610	89,614	2.3	3,896,996	3,986,610	89,614	2.3
Student Aid		397,046	400,000	400,000	0	0.0	400,000	400,000	0	0.0
Physical Plant/Central Services		2,128,426	2,088,197	2,127,891	39,694	1.9	2,088,197	2,127,891	39,694	1.9
TOTAL	\$	46,079,808	\$ 46,867,351	\$ 47,878,094	\$ 1,010,743	2.2 %	\$ 46,867,351	\$ 47,878,094	\$ 1,010,743	2.2 %
By Major Object of Expenditure:										
Salaries and Wages	\$	35,063,698	\$ 33,309,567	\$ 34,393,101	\$ 1,083,534	3.3 %	\$ 33,309,567	\$ 34,393,101	\$ 1,083,534	3.3 %
Contractual Services		5,629,368	7,087,214	7,014,423	(72,791)	(1.0)	7,087,214	7,014,423	(72,791)	(1.0)
Commodities		2,831,778	3,350,083	3,350,083	0	0.0	3,350,083	3,350,083	0	0.0
Capital Outlay		1,996,244	2,456,491	2,456,491	0	0.0	2,456,491	2,456,491	0	0.0
Debt Service		0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$	45,521,088	\$ 46,203,355	\$ 47,214,098	\$ 1,010,743	2.2 %	\$ 46,203,355	\$ 47,214,098	\$ 1,010,743	2.2 %
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		558,720	663,996	663,996	0	0.0	663,996	663,996	0	0.0
TOTAL	\$	46,079,808	\$ 46,867,351	\$ 47,878,094	\$ 1,010,743	2.2 %	\$ 46,867,351	\$ 47,878,094	\$ 1,010,743	2.2 %
Financing:										
State General Fund	\$	14,728,160	\$ 14,891,022	\$ 15,159,612	\$ 268,590	1.8 %	\$ 14,688,197	\$ 15,159,612	\$ 471,415	3.2 %
General Fees Fund		17,554,911	17,079,808	17,585,089	505,281	3.0	17,079,808	17,585,089	505,281	3.0
Restricted Fees Fund		7,129,244	7,270,166	7,432,062	161,896	2.2	7,270,166	7,432,062	161,896	2.2
All Other Funds		6,667,493	7,626,355	7,701,331	74,976	1.0	7,829,180	7,701,331	(127,849)	(1.6)
TOTAL	\$	46,079,808	\$ 46,867,351	\$ 47,878,094	\$ 1,010,743	2.2 %	\$ 46,867,351	\$ 47,878,094	\$ 1,010,743	2.2 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$14,891,022 for Kansas State University Veterinary Medical Center in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 14,891,022	\$ 14,891,022	\$ 0	\$ 14,688,197	\$ (202,825)
All Other Funds	33,691,980	35,371,657	1,679,677	35,574,482	1,882,502
TOTAL	\$ 48,583,002	\$ 50,262,679	\$ 1,679,677	\$ 50,262,679	\$ 1,679,677
FTE Positions	332.6	342.6	10.0	342.6	10.0

The **agency** requests a revised estimate of \$50.3 million, including \$14.9 million from the State General Fund. This is an all funds increase of \$1.7 million. This includes an operating expenditure increase of \$984,349, or 2.1 percent, for salaries and wages (\$340,193), contractual services (\$513,650) and commodities (\$431,836) with offsetting decreases in capital outlay (\$129,340) and other assistance (\$171,990). There is also an increase of \$695,328, or 25.8 percent, all other funds for additional capital improvements expenditures for the Small Animal Clinic renovations.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$202,825 to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$15,159,612 for Kansas State Veterinary Medical Center in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 15,159,612	\$ 15,159,612	\$ 0	\$ 15,159,612	\$ 0
All Other Funds	31,751,289	32,718,482	967,193	32,718,482	967,193
TOTAL	\$ 46,910,901	\$ 47,878,094	\$ 967,193	\$ 47,878,094	\$ 967,193
FTE Positions	332.6	342.6	10.0	342.6	10.0

The **agency** requests a revised estimate of \$47.9 million, including \$15.2 million from the State General Fund. This is an all funds increase of \$967,193, or 2.1 percent, above the FY 2017 approved amount. The increase is primarily in contractual services (\$514,585) and commodities (\$456,612). There is no capital improvement expenditure request. The State General Fund expenditures are the same as the approved amount.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	31.7 %	31.7 %
General Fees Fund	36.7	36.7
Restricted Fees Fund	15.5	15.5
All Other Funds	16.1	16.1
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

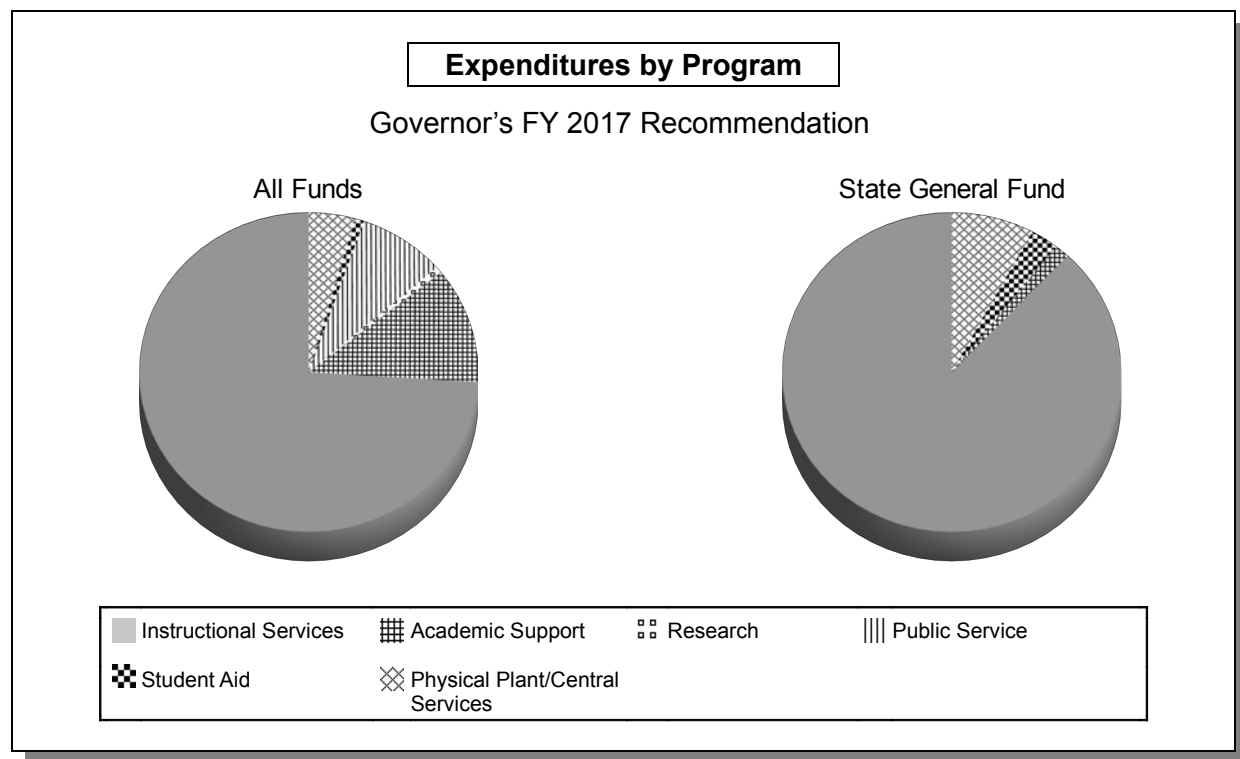
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 4,233,531	\$ 4,681,191	\$ 4,681,191	\$ 4,939,870	\$ 4,939,870
Revenue	18,536,487	17,348,487	17,348,487	17,348,487	17,348,487
Transfers in	0	0	0	0	0
Total Funds Available	\$ 22,770,018	\$ 22,029,678	\$ 22,029,678	\$ 22,288,357	\$ 22,288,357
Less: Expenditures	18,063,648	17,079,808	17,079,808	17,585,089	17,585,089
Transfers Out	25,179	10,000	10,000	10,000	10,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 4,681,191</u>	<u>\$ 4,939,870</u>	<u>\$ 4,939,870</u>	<u>\$ 4,693,268</u>	<u>\$ 4,693,268</u>
Ending Balance as Percent of Expenditures	25.9%	28.9%	28.9%	26.7%	26.7%
Month Highest Ending Balance	January \$ 11,420,000	January \$ 11,305,800	January \$ 11,305,800	January \$ 11,192,000	January \$ 11,192,000
Month Lowest Ending Balance	May \$ 4,580,000	May \$ 4,534,200	May \$ 4,534,200	May \$ 4,488,000	May \$ 4,488,000

Enrollment Trends

The following table summarizes recent enrollment trends at the Kansas State University Veterinary Medical Center. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2010 to Fall 2015
Headcount	462	457	464	465	476	468	
Change	25	(5)	7	1	11	(8)	6
%Change	5.7 %	(1.1)%	1.5 %	0.2 %	2.4 %	(1.7)%	1.3 %
FTE Students	721	723	723	712	719	717	
Change	34	2	0	(11)	7	(2)	(4)
%Change	4.9 %	0.3 %	0.0 %	(1.5)%	1.0 %	(0.3)%	(0.6)%
Student Credit Hours	8,649	8,675	8,680	8,546	8,628	8,601	
Change	406	26	5	(134)	82	(27)	(48)
%Change	4.9 %	0.3 %	0.1 %	(1.5)%	1.0 %	(0.3)%	(0.6)%

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Instructional Services	\$ 35,438,302	74.0 %	\$ 13,348,321	88.1 %
Academic Support	5,620,130	11.7	216,606	1.4
Research	305,161	0.6	0	0.0
Public Service	3,986,610	8.3	0	0.0
Student Aid	400,000	0.8	400,000	2.6
Physical Plant/Central Services	2,127,891	4.4	1,194,685	7.9
TOTAL	\$ 47,878,094	100.0 %	\$ 15,159,612	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Instructional Services	214.2	212.7	212.7	212.7	212.7
Academic Support	53.1	57.5	57.5	57.5	57.5
Research	2.0	5.1	5.1	5.1	5.1
Public Service	33.3	37.3	37.3	37.3	37.3
Student Aid	0.0	0.0	0.0	0.0	0.0
Physical Plant/Central Services	30.0	30.0	30.0	30.0	30.0
TOTAL	332.6	342.6	342.6	342.6	342.6

A. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$35.4 million, including \$13.3 million from the State General Fund. The overall request is an increase of \$161,106, or 0.5 percent, all funds and a decrease of \$313,283, or 2.3 percent, State General Fund, from the FY 2017 approved amount. The increase is in commodities (\$395,176) and capital outlay (\$375,471) with offsetting decreases in salaries and wages (\$340,807) and contractual services (\$288,318).

The **Governor** concurs with the agency's revised estimate.

B. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$5.6 million, including \$216,606 from the State General Fund. This is an increase of \$553,817, or 10.9 percent, all funds and \$52,015, or 31.6 percent, State General Fund, above the FY 2017 approved amount. The increases are in all expenditure categories.

The **Governor** concurs with the agency's revised estimate.

C. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$305,161, all from special revenue funds. This is an increase of \$127,834, or 72.1 percent, above the FY 2017 approved amount. The increase is primarily in salaries and wages (\$127,831).

The **Governor** concurs with the agency's revised estimate.

D. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests revised FY 2017 operating expenditures of \$4.0 million, all from special revenue funds. This is an increase of \$144,881, or 3.8 percent, above the FY 2017 approved amount. The increase is primarily in contractual services (\$748,807) and salaries and wages (\$222,271) with offsetting decreases in capital outlay (\$518,964) and other assistance (\$300,633).

The **Governor** concurs with the agency's revised estimate.

E. Student Aid

The Student Aid program consists of the service scholarships that were established in the Veterinary Training Program for Rural Kansas by 2006 HB 3005. The College is authorized, subject to appropriations to enter into agreements with up to five first-year veterinary students per year for a loan in the amount of \$20,000 per year for not more than four years for tuition, books, supplies, and other school expenses, and travel and training expenses incurred by the student. The program requires that the persons receiving the loans, complete the veterinary medicine degree program at the College; complete all advanced training in public health, livestock biosecurity, foreign animal disease diagnosis, and other requirements outlined in the bill; and engage in the full-time practice of veterinary medicine in any county in Kansas that has a population not exceeding 35,000 for a period of one year for each year of assistance provided.

The **agency** requests revised FY 2017 operating expenditures of \$400,000, all from State General Fund. This is the same amount as the approved amount.

The **Governor** concurs with the agency's revised estimate.

F. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$2.1 million, including \$1.2 million from the State General Fund. The overall request is a decrease of \$20,445, or 1.0 percent, all funds and an increase of \$261,268, or 28.0 percent, State General Fund, from the FY 2017 approved amount. The decrease is primarily in salaries and wages (\$9,669) and contractual services (\$18,267) with an offsetting increase in commodities (\$7,504).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Equine Performance Testing Facility	\$ 1,735,000	\$ 1,735,000	\$ 0	\$ 0
Small Animal Clinic Renovations	1,660,328	1,660,328	0	0
TOTAL	\$ 3,395,328	\$ 3,395,328	\$ 0	\$ 0
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,395,328	3,395,328	0	0
TOTAL	\$ 3,395,328	\$ 3,395,328	\$ 0	\$ 0

FY 2016 – Current Year. The agency requests a revised capital improvement budget of \$3.4 million, all from special revenue funds. This is an increase of \$695,328, or 25.8 percent, above the FY 2017 approved amount. The increase is due to additional expenditures for the Small Animal Clinic renovations.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests no capital improvement expenditures for FY 2017.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Four-year graduation rate	98.0%	97.0%	98.0%	98.0%
Number of animals treated at veterinary teaching hospital	16,500	16,661	16,500	16,500
Research funding (in millions)	\$15.0	\$12.1	\$13.0	\$13.0

PITTSBURG STATE UNIVERSITY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 34,794,683	\$ 35,246,275	\$ 34,760,497	\$ 35,839,583	\$ 35,839,583
Other Funds	69,258,236	72,280,505	72,766,283	72,425,382	72,425,382
TOTAL	\$ 104,052,919	\$ 107,526,780	\$ 107,526,780	\$ 108,264,965	\$ 108,264,965
Capital Improvements:					
State General Fund	\$ 685,323	\$ 710,616	\$ 710,616	\$ 515,272	\$ 515,272
Other Funds	6,888,688	7,584,694	7,584,694	3,543,332	3,543,332
TOTAL	\$ 7,574,011	\$ 8,295,310	\$ 8,295,310	\$ 4,058,604	\$ 4,058,604
GRAND TOTAL	\$ 111,626,930	\$ 115,822,090	\$ 115,822,090	\$ 112,323,569	\$ 112,323,569
Percentage Change:					
Operating Expenditures					
State General Fund	3.0 %	1.3 %	(0.1) %	1.7 %	3.1 %
All Funds	4.7	3.3	3.3	0.7	0.7
FTE Positions	958.5	962.4	962.4	962.4	962.4
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	958.5	962.4	962.4	962.4	962.4

AGENCY OVERVIEW

Pittsburg State University (PSU) was established in 1903 by the Kansas Legislature to serve the higher education needs of Southeast Kansas. In 1970, the University became a Regents institution operating under the direction of the State Board of Regents. PSU functions as a comprehensive regional university, providing undergraduate and graduate programs and services primarily to the citizens of Southeast Kansas. This is accomplished through academic programs in Arts and Sciences, Business and Economics, Education, and Technology and Applied Science. The University is also committed to fulfilling its statewide mission in technology and economic development. The University seeks to fulfill the traditional academic missions of teaching, scholarship, and service. **A total of 7,244 students attended Pittsburg State University during the Fall 2015 semester. This is a decrease of 235 students or 3.1 percent below the Fall 2014 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by

the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family's postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes concerning state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the State General Fund operating expenditures of the University by 1.5 percent. There were also reductions to the University's salaries and wages all funds expenditures by approximately 0.7 percent in FY 2014 and 0.2 percent for FY 2015.

The **2015 Legislature** added language allowing the University to exchange land with the City of Pittsburgh in FY 2016.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$115.8 million, including \$36.0 million from the State General Fund in FY 2016. This is an increase of \$6.6 million, or 6.1 percent, above the approved amount. The increase includes \$2.5 million in operating expenditures primarily in contractual services (\$2.1 million) and \$4.5 million in capital improvements primarily in expenditures of the Educational Building Fund. There is no change in State General Fund expenditures from the approved amount.

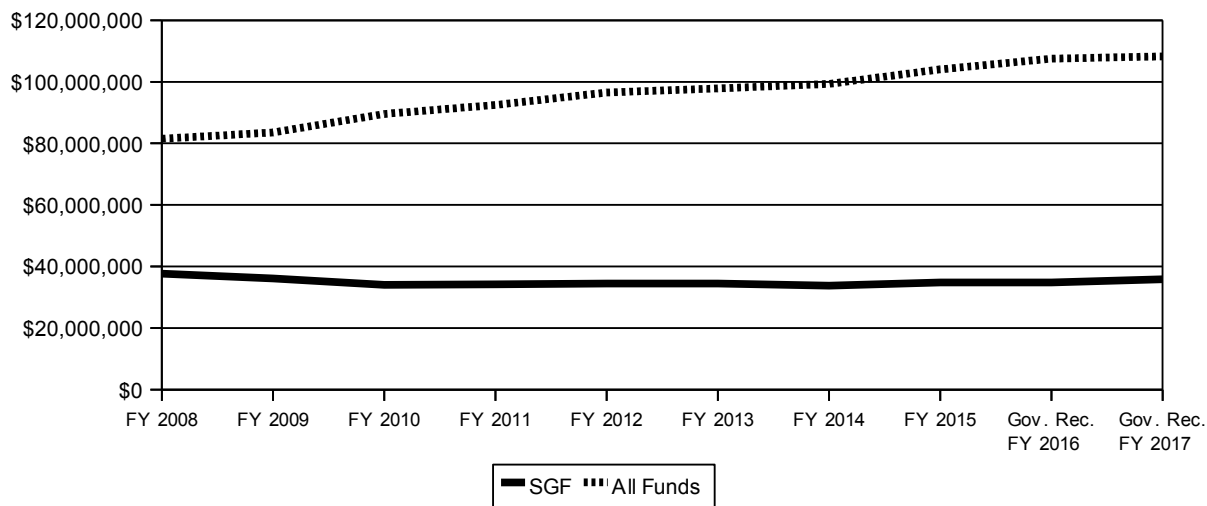
The **Governor** concurs with the agency's revised estimate for total expenditures but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$485,778 to be used for information technology operations. There would need to be legislative authorization to expend Education Building Fund for operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$112.3 million, including 36.4 million from the State General Fund for FY 2017. This is an increase of \$2.2 million, or 2.0 percent, above the approved amount. This increase is primarily in operating expenditures for contractual services (\$2.1 million).

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 37,622,250	5.1 %	\$ 81,529,272	5.6 %	877.3
2009	36,134,567	(4.0)	83,538,190	2.5	896.8
2010	34,039,608	(5.8)	89,545,836	7.2	887.5
2011	34,234,978	0.6	92,474,717	3.3	898.7
2012	34,458,828	0.7	96,517,914	4.4	874.9
2013	34,433,234	(0.1)	97,857,691	1.4	934.5
2014	33,788,292	(1.9)	99,334,735	1.5	934.5
2015	34,794,683	3.0	104,052,919	4.7	958.5
2016 Gov. Rec.	34,760,497	(0.1)	107,526,780	3.3	962.4
2017 Gov. Rec.	35,839,583	3.1	108,264,965	0.7	962.4
Ten-Year Change Dollars/Percent	\$ (1,782,667)	(4.7)%	\$ 26,735,693	32.8 %	85.1

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Institutional Support	\$ 7,635,948	\$ 8,942,739	\$ 9,019,352	\$ 76,613	0.9 %	\$ 8,942,739	\$ 9,019,352	\$ 76,613	0.9 %		
Instructional Services	36,944,739	37,466,638	37,606,378	139,740	0.4	37,466,638	37,606,378	139,740	0.4		
Academic Support	9,900,174	9,311,825	9,545,097	233,272	2.5	9,311,825	9,545,097	233,272	2.5		
Student Services	9,978,844	12,504,170	12,719,679	215,509	1.7	12,504,170	12,719,679	215,509	1.7		
Research	2,156,142	2,577,986	2,404,300	(173,686)	(6.7)	2,577,986	2,404,300	(173,686)	(6.7)		
Public Service	2,257,526	2,502,438	2,550,737	48,299	1.9	2,502,438	2,550,737	48,299	1.9		
Student Aid	14,461,248	13,293,640	13,293,652	12	0.0	13,293,640	13,293,652	12	0.0		
Auxiliary	6,775,095	7,295,869	7,405,906	110,037	1.5	7,295,869	7,405,906	110,037	1.5		
Physical Plant/Central Services	10,756,399	10,787,680	11,005,559	217,879	2.0	10,787,680	11,005,559	217,879	2.0		
Debt Service	3,186,804	2,843,795	2,714,305	(129,490)	(4.6)	2,843,795	2,714,305	(129,490)	(4.6)		
TOTAL	<u>\$ 104,052,919</u>	<u>\$ 107,526,780</u>	<u>\$ 108,264,965</u>	<u>\$ 738,185</u>	<u>0.7 %</u>	<u>\$ 107,526,780</u>	<u>\$ 108,264,965</u>	<u>\$ 738,185</u>	<u>0.7 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 67,018,350	\$ 67,264,190	\$ 68,555,402	\$ 1,291,212	1.9 %	\$ 67,264,190	\$ 68,555,402	\$ 1,291,212	1.9 %		
Contractual Services	11,732,816	14,921,009	14,795,905	(125,104)	(0.8)	14,921,009	14,795,905	(125,104)	(0.8)		
Commodities	4,348,309	5,287,641	5,093,824	(193,817)	(3.7)	5,287,641	5,093,824	(193,817)	(3.7)		
Capital Outlay	3,110,959	3,933,965	3,829,349	(104,616)	(2.7)	3,933,965	3,829,349	(104,616)	(2.7)		
Debt Service	3,186,804	2,843,795	2,714,305	(129,490)	(4.6)	2,843,795	2,714,305	(129,490)	(4.6)		
Subtotal - Operations	\$ 89,397,238	\$ 94,250,600	\$ 94,988,785	\$ 738,185	0.8 %	\$ 94,250,600	\$ 94,988,785	\$ 738,185	0.8 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	14,655,681	13,276,180	13,276,180	0	0.0	13,276,180	13,276,180	0	0.0		
TOTAL	<u>\$ 104,052,919</u>	<u>\$ 107,526,780</u>	<u>\$ 108,264,965</u>	<u>\$ 738,185</u>	<u>0.7 %</u>	<u>\$ 107,526,780</u>	<u>\$ 108,264,965</u>	<u>\$ 738,185</u>	<u>0.7 %</u>		
Financing:											
State General Fund	\$ 34,794,683	\$ 35,246,275	\$ 35,839,583	\$ 593,308	1.7 %	\$ 34,760,497	\$ 35,839,583	\$ 1,079,086	3.1 %		
General Fees Fund	36,013,064	37,376,602	37,376,602	0	0.0	37,376,602	37,376,602	0	0.0		
Restricted Fees Fund	11,111,912	11,474,432	11,562,711	88,279	0.8	11,474,432	11,562,711	88,279	0.8		
All Other Funds	22,133,260	23,429,471	23,486,069	56,598	0.2	23,915,249	23,486,069	(429,180)	(1.8)		
TOTAL	<u>\$ 104,052,919</u>	<u>\$ 107,526,780</u>	<u>\$ 108,264,965</u>	<u>\$ 738,185</u>	<u>0.7 %</u>	<u>\$ 107,526,780</u>	<u>\$ 108,264,965</u>	<u>\$ 738,185</u>	<u>0.7 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$35,664,887 for Pittsburg State University in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$292,004, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016.

This adjustment changes the FY 2016 approved State General Fund to \$35,956,891. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 35,956,891	\$ 35,956,891	\$ 0	\$ 35,471,113	\$ (485,778)
All Other Funds	73,227,787	79,865,199	6,637,412	80,350,977	7,123,190
TOTAL	\$ 109,184,678	\$ 115,822,090	\$ 6,637,412	\$ 115,822,090	\$ 6,637,412
FTE Positions	958.5	962.4	3.9	962.4	3.9

The **agency** requests a revised estimate of \$115.8 million, including \$36.0 million from the State General Fund. This is an increase of \$6.6 million, or 6.1 percent, above the approved amount. The increase includes \$2.5 million in operating expenditures primarily in contractual services (\$2.1 million) and \$4.5 million in capital improvements primarily in expenditures of the Educational Building Fund. There is no change in State General Fund expenditures from the approved amount.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$485,778 to be used for information technology operations. There would need to be legislative authorization to expend Education Building Fund for operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$36,354,855 for Pittsburg State University in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 36,354,855	\$ 36,354,855	\$ 0	\$ 36,354,855	\$ 0
All Other Funds	73,806,364	75,968,714	2,162,350	75,968,714	2,162,350
TOTAL	\$ 110,161,219	\$ 112,323,569	\$ 2,162,350	\$ 112,323,569	\$ 2,162,350
FTE Positions	959.5	962.4	2.9	962.4	2.9

The **agency** requests a revised estimate of \$112.3 million, including 36.4 million from the State General Fund. This is an increase of \$2.2 million, or 2.0 percent, above the approved amount. This increase is primarily in operating expenditures for contractual services (\$2.1 million).

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	33.1 %	33.1 %
General Fees Fund	34.5	34.5
Restricted Fees Fund	10.7	10.7
All Other Funds	21.7	21.7
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 6,611,505	\$ 5,411,672	\$ 5,411,672	\$ 5,404,686	\$ 5,404,686
Revenue	37,443,841	37,391,666	37,391,666	37,391,666	37,391,666
Transfers in	29,104	0	0	0	0
Total Funds Available	\$ 44,084,450	\$ 42,803,338	\$ 42,803,338	\$ 42,796,352	\$ 42,796,352
Less: Expenditures	36,059,083	37,376,602	37,376,602	37,376,602	37,376,602
Transfers Out	2,613,695	22,050	22,050	22,050	22,050
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 5,411,672</u>	<u>\$ 5,404,686</u>	<u>\$ 5,404,686</u>	<u>\$ 5,397,700</u>	<u>\$ 5,397,700</u>
Ending Balance as Percent of Expenditures	15.0%	14.5%	14.5%	14.4%	14.4%
Month Highest Ending Balance	January \$ 27,660,417	January \$ 26,500,000	January \$ 26,500,000	January \$ 25,500,000	January \$ 25,500,000
Month Lowest Ending Balance	July \$ 5,155,566	July \$ 4,109,973	July \$ 4,109,973	July \$ 3,500,000	July \$ 3,500,000

Enrollment Trends

The following table summarizes recent enrollment trends at the Pittsburg State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

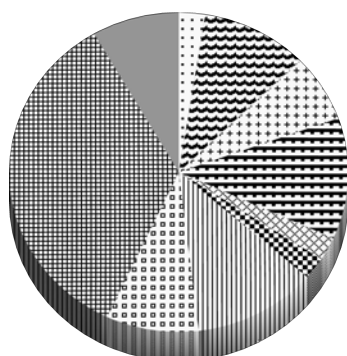
	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2010 to Fall 2015
Headcount	7,130	7,275	7,289	7,400	7,479	7,244	
Change	150	145	14	111	79	(235)	114
%Change	2.1 %	2.0 %	0.2 %	1.5 %	1.1 %	(3.1)%	1.6 %
FTE Students	6,858	6,984	6,876	6,991	6,981	6,771	
Change	178	126	(108)	115	(10)	(210)	(87)
%Change	2.7 %	1.8 %	(1.5)%	1.7 %	(0.1)%	(3.0)%	(1.3)%
Student Credit Hours	96,789	98,774	97,871	99,312	99,056	96,271	
Change	2,326	1,985	(903)	1,441	(256)	(2,785)	(518)
%Change	2.5 %	2.1 %	(0.9)%	1.5 %	(0.3)%	(2.8)%	(0.5)%

PROGRAM DETAIL

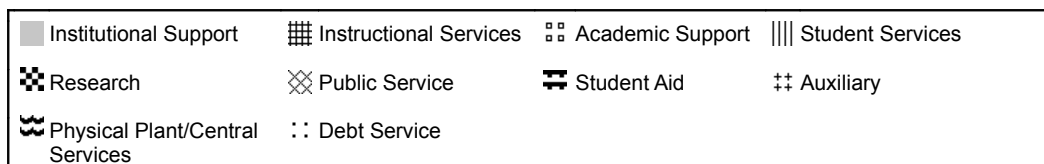
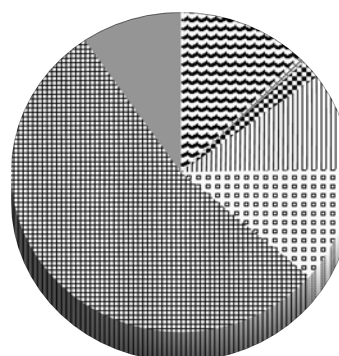
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Institutional Support	\$ 9,019,352	8.3 %	\$ 3,431,663	9.6 %
Instructional Services	37,606,378	34.7	19,388,763	54.1
Academic Support	9,545,097	8.8	4,184,462	11.7
Student Services	12,719,679	11.7	3,532,206	9.9
Research	2,404,300	2.2	679,123	1.9
Public Service	2,550,737	2.4	235,083	0.7
Student Aid	13,293,652	12.3	10,186	0.0
Auxiliary	7,405,906	6.8	0	0.0
Physical Plant/Central Services	11,005,559	10.2	4,259,369	11.9
Debt Service	2,714,305	2.5	118,728	0.3
TOTAL	\$ 108,264,965	100.0 %	\$ 35,839,583	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Institutional Support	90.3	91.3	91.3	91.3	91.3
Instructional Services	392.2	398.2	398.2	398.2	398.2
Academic Support	88.8	89.8	89.8	89.8	89.8
Student Services	101.6	102.7	102.7	102.7	102.7
Research	61.4	59.9	59.9	59.9	59.9
Public Service	29.7	27.6	27.6	27.6	27.6
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	59.2	54.5	54.5	54.5	54.5
Physical Plant/Central Services	135.3	138.4	138.4	138.4	138.4
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	958.5	962.4	962.4	962.4	962.4

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general admission and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests revised FY 2017 operating expenditures of \$9.0 million including \$3.4 million from the State General Fund. The request is an all funds increase of \$1.1 million, or 13.4 percent, and \$16,208, or 0.5 percent, from the State General Fund, above the FY 2017 approved amount. The increase is primarily in contractual services (\$1.1 million).

The **Governor** concurs with the agency's revised estimate.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$37.6 million, including \$19.4 million from the State General Fund. The request is an all funds increase of \$349,797, or 0.9 percent, and \$4,233, or less than 0.1 percent, from the State General Fund, above the FY 2017 approved amount. The increase is primarily in capital outlay (\$238,293) and contractual services (\$98,832).

The **Governor** concurs with the agency's revised estimate.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums, and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$9.5 million, including \$4.2 million from the State General Fund. The request is an all funds increase of \$187,977, or 2.0 percent, and \$89,864, or 2.2 percent, from the State General Fund, above the FY 2017 approved amount. The increase is in contractual services (\$164,789) and salaries and wages (\$81,906).

The **Governor** concurs with the agency's revised estimate.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests revised FY 2017 operating expenditures of \$12.7 million, including \$3.5 million from the State General Fund. The request is an all funds increase of \$1.1 million, or 9.5 percent, and a decrease of \$25,943, or 0.7 percent, from the State General Fund, from the FY 2017 approved amount. The increase is in salaries and wages (\$133,727), contractual services (\$693,133) and capital outlay (\$212,478).

The **Governor** concurs with the agency's revised estimate.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$2.4 million, including \$679,123 from the State General Fund. The request is an all funds decrease of \$928,510, or 27.9 percent, and \$55,855, or 7.6 percent, from the State General Fund, below the FY 2017 approved amount. The decrease is mainly in commodities (\$799,323).

The **Governor** concurs with the agency's revised estimate.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests revised FY 2017 operating expenditures of \$2.6 million, including \$235,083 from the State General Fund. The request is an all funds decrease of \$179,532, or 6.6

percent, and an increase of \$36,580, or 18.4 percent, from the State General Fund, from the FY 2017 approved amount. The decrease is primarily in contractual services (\$157,703).

The **Governor** concurs with the agency's revised estimate.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests revised FY 2017 operating expenditures of \$13.3 million, including \$10,186 from the State General Fund. The request is an all funds decrease of \$200,999, or 1.5 percent, and an increase of \$141, or 1.4 percent, from the State General Fund, from the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests FY 2017 operating expenditures of \$7.4 million, all from special revenue funds. The request is an increase of \$371,372, or 5.3 percent, above the FY 2017 approved amount. The increase is in expenditures for salaries and wages (\$143,565) and contractual services (\$200,702).

The **Governor** concurs with the agency's revised estimate.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$11.0 million, including \$4.3 million from the State General Fund. The request is an all funds increase of \$384,499, or 3.6 percent, and a decrease of \$65,228, or 1.5 percent, from the State General Fund, from the FY 2017 approved amount. The increase is in contractual services (\$247,733) and commodities (\$112,319).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 4,198,605	\$ 4,198,605	\$ 0	\$ 0
Overman Student Center	250,000	250,000	250,000	250,000
Other Repairs	533,612	533,612	280,000	280,000
Parking	200,000	200,000	200,000	200,000
Debt Service - Principal	3,113,093	3,113,093	3,328,604	3,328,604
TOTAL	<u>\$ 8,295,310</u>	<u>\$ 8,295,310</u>	<u>\$ 4,058,604</u>	<u>\$ 4,058,604</u>
Financing:				
State General Fund	\$ 710,616	\$ 710,616	\$ 515,272	\$ 515,272
All Other Funds	7,584,694	7,584,694	3,543,332	3,543,332
TOTAL	<u>\$ 8,295,310</u>	<u>\$ 8,295,310</u>	<u>\$ 4,058,604</u>	<u>\$ 4,058,604</u>

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$8.3 million, including \$710,616 from the State General Fund. This is an increase of \$4.5 million, or 116.1 percent. The increase is for the Educational Building Fund expenditures for rehabilitation and repair. This money was transferred from the Board of Regents budget.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests \$4.1 million, including \$515,272 from the State General Fund, for capital improvements. This is an increase of \$5,000, or 0.1 percent, above the approved amount. The increase is for additional rehabilitation and repair projects.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Five-year graduation rate	43.0%	45.0%	43.0%	43.0%
Percent of undergraduate credit hours taught by full-time faculty	78.0%	80.3%	78.0%	78.0%

UNIVERSITY OF KANSAS

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 134,463,063	\$ 135,510,583	\$ 133,635,355	\$ 138,755,895	\$ 138,755,895
Other Funds	559,961,633	570,929,587	572,804,815	580,601,964	580,601,964
TOTAL	\$ 694,424,696	\$ 706,440,170	\$ 706,440,170	\$ 719,357,859	\$ 719,357,859
Capital Improvements:					
State General Fund	\$ 2,082,429	\$ 2,165,000	\$ 2,165,000	\$ 2,255,000	\$ 2,255,000
Other Funds	26,649,149	35,657,719	35,657,719	24,395,741	24,395,741
TOTAL	\$ 28,731,578	\$ 37,822,719	\$ 37,822,719	\$ 26,650,741	\$ 26,650,741
GRAND TOTAL	\$ 723,156,274	\$ 744,262,889	\$ 744,262,889	\$ 746,008,600	\$ 746,008,600
Percentage Change:					
Operating Expenditures					
State General Fund	(0.7) %	0.8 %	(0.6) %	2.4 %	3.8 %
All Funds	3.2	1.7	1.7	1.8	1.8
FTE Positions	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1

AGENCY OVERVIEW

The University of Kansas (KU) was established in 1864 by the Kansas Legislature. KU is a major comprehensive research and teaching university. It is the only Kansas Regents university to hold membership in the Association of American Universities (AAU), a group of sixty public and private research universities that represent excellence in graduate and professional education and the highest achievements in research internationally. In addition to the main campus in Lawrence, the University includes the Medical Center in Kansas City and Wichita, the Regents Center in Overland Park, and other education and research facilities throughout the state. KU has fourteen major academic divisions including Liberal Arts and Sciences; Graduate School; Allied Health; Architecture and Urban Design; Business; Education; Engineering; and Social Welfare. **A total of 24,708 students attended KU during the Fall 2015 semester. This represents an increase of 96 students or 0.4 percent above the Fall 2014 semester.** The University of Kansas Medical Center submits a separate budget and a separate budget analysis is prepared for that institution.

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the Financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent for deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent and there was an additional reduction to salaries and wages all funds expenditures of approximately 0.5 percent in FY 2014 and less than 0.1 percent for FY 2015.

The **2014 Legislature** deleted \$2.0 million, all from the State General Fund for the Translational Chemical Biology program, added language allowing the University \$25.0 million in bonding authority for the Earth Energy Environment project, and allowed the University to exchange property with the University of Kansas Endowment.

The **2015 Legislature** added bonding authority for a new dorm and dining hall and Corbin Hall.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$744.3 million, including \$137.7 million from the State General Fund in FY 2016. This is an increase of \$29.9 million, or 4.2 percent, all from special revenue funds, above the 2016 approved amount. The

increase includes \$20.4 million, or 3.0 percent, operating expenditures and \$9.5 million, or 33.6 percent, capital improvement expenditures. Increased operating expenditures are primarily for salaries and wages (\$1.8 million), contractual services (\$3.9 million), capital outlay (\$8.8 million), and other assistance (\$4.8 million). Capital improvement increases are mainly due to the Education Building Fund expenditures (\$11.4 million). There was no change from the State General Fund approved amount.

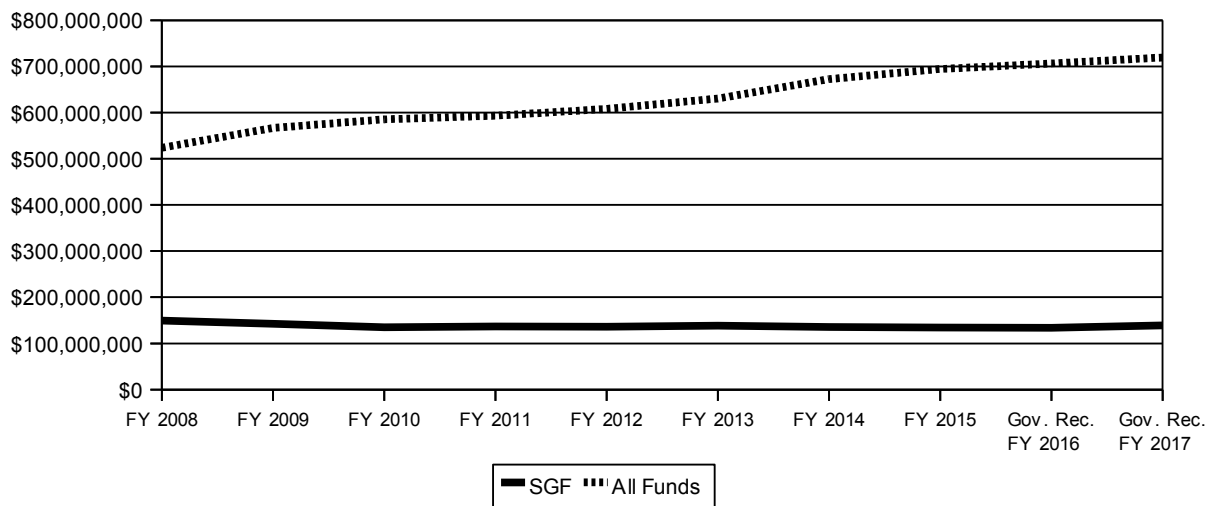
The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$1.9 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$746.0, including \$141.0 million, from the State General Fund for FY 2017. This is an all funds increase of \$20.2 million, or 2.8 percent, all from special revenue funds. The increase includes \$13.7 million, or 1.9 percent for operating expenditures and \$6.5 million, or 32.2 percent for capital improvements. Operating expenditure increases were primarily for salaries and wages (\$3.4 million), capital outlay (\$9.5 million), and other assistance (\$4.8 million) with an offsetting decrease for contractual services (\$4.2 million). Capital improvement increases include the Summerfield Hall project (\$2.6 million) and various housing projects. There is no change in State General Fund expenditures from the approved amount.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 149,486,691	3.8 %	\$ 523,878,989	3.7 %	5,450.0
2009	142,422,661	(4.7)	566,734,527	8.2	5,515.0
2010	134,699,764	(5.4)	585,433,037	3.3	5,405.0
2011	136,517,080	1.3	593,230,936	1.3	4,949.0
2012	136,019,806	(0.4)	607,975,534	2.5	4,793.4
2013	138,096,993	1.5	630,471,832	3.7	5,342.1
2014	135,402,775	(2.0)	672,585,831	6.7	5,342.1
2015	134,463,063	(0.7)	694,424,696	3.2	5,342.1
2016 Gov. Rec.	133,635,355	(0.6)	706,440,170	1.7	5,342.1
2017 Gov. Rec.	138,755,895	3.8	719,357,859	1.8	5,342.1
Ten-Year Change Dollars/Percent	\$ (10,730,796)	(7.2)%	\$ 195,478,870	37.3 %	(107.9)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor 's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Institutional Support	\$	41,586,360	\$ 45,231,446	\$ 46,512,376	\$ 1,280,930	2.8 %	\$ 45,231,446	\$ 46,512,376	\$ 1,280,930	2.8 %
Instructional Services		248,525,095	263,222,282	267,681,102	4,458,820	1.7	263,222,282	267,681,102	4,458,820	1.7
Academic Support		49,963,160	52,959,478	54,491,899	1,532,421	2.9	52,959,478	54,491,899	1,532,421	2.9
Student Services		44,625,292	44,632,968	45,485,930	852,962	1.9	44,632,968	45,485,930	852,962	1.9
Research		114,986,866	103,009,045	106,419,169	3,410,124	3.3	103,009,045	106,419,169	3,410,124	3.3
Public Service		9,532,989	10,519,761	10,794,038	274,277	2.6	10,519,761	10,794,038	274,277	2.6
Student Aid		60,613,212	62,215,375	62,218,754	3,379	0.0	62,215,375	62,218,754	3,379	0.0
Auxiliary		58,582,586	60,239,449	60,870,300	630,851	1.0	60,239,449	60,870,300	630,851	1.0
Physical Plant/Central Services		57,398,631	53,669,596	54,702,052	1,032,456	1.9	53,669,596	54,702,052	1,032,456	1.9
Debt Service		8,610,505	10,740,770	10,182,239	(558,531)	(5.2)	10,740,770	10,182,239	(558,531)	(5.2)
TOTAL	\$	694,424,696	\$ 706,440,170	\$ 719,357,859	\$ 12,917,689	1.8 %	\$ 706,440,170	\$ 719,357,859	\$ 12,917,689	1.8 %
By Major Object of Expenditure:										
Salaries and Wages	\$	460,710,834	\$ 461,945,335	\$ 475,165,144	\$ 13,219,809	2.9 %	\$ 461,945,335	\$ 475,165,144	\$ 13,219,809	2.9 %
Contractual Services		121,727,630	119,628,779	118,479,368	(1,149,411)	(1.0)	119,628,779	118,479,368	(1,149,411)	(1.0)
Commodities		19,765,604	23,094,485	23,799,055	704,570	3.1	23,094,485	23,799,055	704,570	3.1
Capital Outlay		18,441,187	24,325,483	25,027,053	701,570	2.9	24,325,483	25,027,053	701,570	2.9
Debt Service		8,610,505	10,740,770	10,182,239	(558,531)	(5.2)	10,740,770	10,182,239	(558,531)	(5.2)
Subtotal - Operations	\$	629,255,760	\$ 639,734,852	\$ 652,652,859	\$ 12,918,007	2.0 %	\$ 639,734,852	\$ 652,652,859	\$ 12,918,007	2.0 %
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		65,168,936	66,705,318	66,705,000	(318)	(0.0)	66,705,318	66,705,000	(318)	(0.0)
TOTAL	\$	694,424,696	\$ 706,440,170	\$ 719,357,859	\$ 12,917,689	1.8 %	\$ 706,440,170	\$ 719,357,859	\$ 12,917,689	1.8 %
Financing:										
State General Fund	\$	134,463,063	\$ 135,510,583	\$ 138,755,895	\$ 3,245,312	2.4 %	\$ 133,635,355	\$ 138,755,895	\$ 5,120,540	3.8 %
General Fees Fund		278,424,522	289,720,243	293,242,212	3,521,969	1.2	289,720,243	293,242,212	3,521,969	1.2
Restricted Fees Fund		142,870,262	139,896,459	145,610,494	5,714,035	4.1	139,896,459	145,610,494	5,714,035	4.1
All Other Funds		138,666,849	141,312,885	141,749,258	436,373	0.3	143,188,113	141,749,258	(1,438,855)	(1.0)
TOTAL	\$	694,424,696	\$ 706,440,170	\$ 719,357,859	\$ 12,917,689	1.8 %	\$ 706,440,170	\$ 719,357,859	\$ 12,917,689	1.8 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$137,675,583 for the University of Kansas in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 137,675,583	\$ 137,675,583	\$ 0	\$ 135,800,355	\$ (1,875,228)
All Other Funds	576,669,732	606,587,306	29,917,574	608,462,534	31,792,802
TOTAL	\$ 714,345,315	\$ 744,262,889	\$ 29,917,574	\$ 744,262,889	\$ 29,917,574
FTE Positions	5,342.1	5,342.1	0.0	5,342.1	0.0

The **agency** requests a revised estimate of \$744.3 million, including \$137.7 million from the State General Fund. This is an increase of \$29.9 million, or 4.2 percent, all from special revenue funds, above the 2016 approved amount. The increase includes \$20.4 million, or 3.0 percent, operating expenditures and \$9.5 million, or 33.6 percent, capital improvement expenditures. Increased operating expenditures are primarily for salaries and wages (\$1.8 million), contractual services (\$3.9 million), capital outlay (\$8.8 million), and other assistance (\$4.8 million). Capital improvement increases are mainly due to the Education Building Fund expenditures (\$11.4 million). There was no change from the State General Fund approved amount.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$1.9 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$141,010,895 for the University of Kansas in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 141,010,895	\$ 141,010,895	\$ 0	\$ 141,010,895	\$ 0
All Other Funds	584,800,544	604,997,705	20,197,161	604,997,705	20,197,161
TOTAL	\$ 725,811,439	\$ 746,008,600	\$ 20,197,161	\$ 746,008,600	\$ 20,197,161
FTE Positions	5,342.1	5,342.1	0.0	5,342.1	0.0

The **agency** requests a revised estimate of \$746.0, including \$141.0 million, from the State General Fund. This is an all funds increase of \$20.2 million, or 2.8 percent, all from special revenue funds. The increase includes \$13.7 million, or 1.9 percent for operating expenditures and \$6.5 million, or 32.2 percent for capital improvements. Operating expenditure increases were primarily for salaries and wages (\$3.4 million), capital outlay (\$9.5 million), and other assistance (\$4.8 million) with an offsetting decrease for contractual services (\$4.2 million). Capital improvement increases include the Summerfield Hall project (\$2.6 million) and various housing projects. There is no change in State General Fund expenditures from the approved amount.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	19.3 %	19.3 %
General Fees Fund	40.8	40.8
Restricted Fees Fund	20.2	20.2
All Other Funds	19.7	19.7
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session is concluded each year.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 18,246,524	\$ 17,995,137	\$ 17,995,137	\$ 18,000,000	\$ 18,000,000
Revenue	283,548,331	293,843,342	293,843,342	293,843,342	293,843,342
Transfers in	414	38	38	0	0
Total Funds Available	\$ 301,795,269	\$ 311,838,517	\$ 311,838,517	\$ 311,843,342	\$ 311,843,342
Less: Expenditures	283,256,915	293,477,128	293,477,128	296,461,049	296,461,049
Transfers Out	516,984	361,389	361,389	361,389	361,389
Off Budget Expenditures	26,233	0	0	0	0
Ending Balance	<u>\$ 17,995,137</u>	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>	<u>\$ 15,020,904</u>	<u>\$ 15,020,904</u>
Ending Balance as Percent of Expenditures	6.4%	6.1%	6.1%	5.1%	5.1%
Month Highest Ending Balance	September \$ 76,875,449	September \$ 74,916,190	September \$ 74,916,190	September \$ 76,414,514	September \$ 76,414,514
Month Lowest Ending Balance	April \$ 3,216,038	March \$ 4,000,000	March \$ 4,000,000	June \$ 4,080,000	June \$ 4,080,000

Enrollment Trends

The following table summarizes recent enrollment trends at the University of Kansas. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2010 to Fall 2015
Headcount	26,266	25,448	24,577	24,435	24,612	24,708	
Change	(560)	(818)	(871)	(142)	177	96	(1,558)
%Change	(2.1)%	(3.1)%	(3.4)%	(0.6)%	0.7 %	0.4 %	(5.9)%
FTE Students	23,989	23,290	22,468	22,327	22,532	22,647	
Change	(351)	(699)	(822)	(822)	205	115	(1,342)
%Change	(1.4)%	(2.9)%	(3.5)%	(3.6)%	0.9 %	0.5 %	(5.6)%
Student Credit Hours	327,539	318,278	307,914	307,169	309,972	310,757	
Change	(6,582)	(9,261)	(10,364)	(10,364)	2,803	785	(16,782)
%Change	(2.0)%	(2.8)%	(3.3)%	(3.3)%	0.9 %	0.3 %	(5.1)%

PROGRAM DETAIL

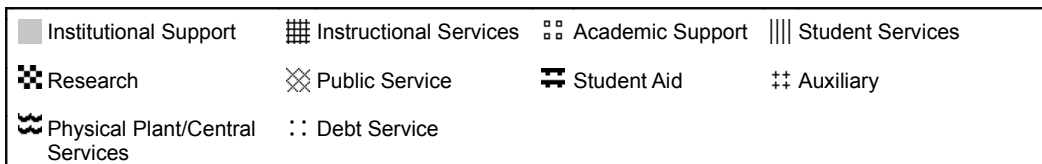
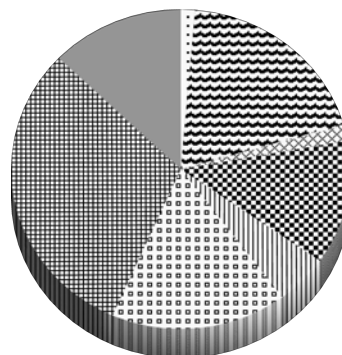
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Institutional Support	\$ 46,512,376	6.5 %	\$ 17,736,599	12.8 %
Instructional Services	267,681,102	37.2	42,484,597	30.6
Academic Support	54,491,899	7.6	23,336,428	16.8
Student Services	45,485,930	6.3	7,045,827	5.1
Research	106,419,169	14.8	17,454,600	12.6
Public Service	10,794,038	1.5	2,112,520	1.5
Student Aid	62,218,754	8.6	0	0.0
Auxiliary	60,870,300	8.5	207,542	0.1
Physical Plant/Central Services	54,702,052	7.6	26,512,130	19.1
Debt Service	10,182,239	1.4	1,865,652	1.3
TOTAL	\$ 719,357,859	100.0 %	\$ 138,755,895	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Institutional Support	342.2	368.1	368.1	368.1	368.1
Instructional Services	2,603.9	2,621.8	2,621.8	2,621.8	2,621.8
Academic Support	454.5	488.8	488.8	488.8	488.8
Student Services	285.7	297.2	297.2	297.2	297.2
Research	734.5	651.3	651.3	651.3	651.3
Public Service	102.5	103.5	103.5	103.5	103.5
Student Aid	3.0	3.0	3.0	3.0	3.0
Auxiliary	198.5	197.6	197.6	197.6	197.6
Physical Plant/Central Services	617.3	610.8	610.8	610.8	610.8
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities, fiscal operations, general administration and logistical services, personnel management, and community and alumni relations activities.

The **agency** requests revised FY 2017 operating expenditures of \$46.5 million, including \$17.7 million from the State General Fund. The overall request is an increase of \$5.6 million, or 13.6 percent, all funds and a decrease of \$2.1 million, or 10.5 percent, State General Fund, from the agency's FY 2017 approved amount. The increase is primarily in commodities (\$1.3 million) and capital outlay (\$4.9 million).

The **Governor** concurs with the agency's revised estimate.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$267.7 million, including \$42.5 million from the State General Fund. The overall request is a decrease of \$1.3 million, or 0.5 percent, all funds and an increase of \$1.9 million, or 4.6 percent, State General Fund, from the FY 2017 approved amount. There are increases in salaries and wages (\$1.8 million), commodities (\$1.7 million) and capital outlay (\$2.6 million) with an offsetting decrease in contractual services (\$8.1 million).

The **Governor** concurs with the agency's revised estimate.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$54.5 million, including \$23.3 million from the State General Fund. The request is a decrease of \$1.1 million, or 1.9 percent, all funds and \$1.7, or 6.8 percent, State General Fund, below the FY 2017 approved amount. The decrease is primarily in commodities (\$1.3 million).

The **Governor** concurs with the agency's revised estimate.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests revised FY 2017 operating expenditures of \$45.5 million, including \$7.0 million from the State General Fund. The request is an increase of \$2.1 million, or 4.8 percent, all funds and a decrease of \$666,769, or 8.6 percent, State General Fund, from the FY 2017 approved amount. The increase is primarily in other assistance (\$1.3 million) and contractual services (\$665,179).

The **Governor** concurs with the agency's revised estimate.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$106.4 million, including \$17.5 million from the State General Fund. The request is an increase of \$2.1 million, or 2.0 percent, all funds and \$862,866, or 5.2 percent, State General Fund, above the FY 2017 approved amount. The increase is primarily in salaries and wages (\$769,361), contractual services (\$1.7 million), and capital outlay (\$1.2 million) with an offsetting decrease in commodities (\$1.7 million).

The **Governor** concurs with the agency's revised estimate.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education, community service, and public broadcasting services.

The **agency** requests revised FY 2017 operating expenditures of \$10.8 million, including \$2.1 million from the State General Fund. The request is a decrease of \$196,124, or 1.8 percent, all funds and \$319,880, or 13.2 percent, State General Fund, below the FY 2017 approved amount. The decrease is primarily in commodities (\$172,598) and capital outlay (\$130,997).

The **Governor** concurs with the agency's revised estimate.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests revised FY 2017 operating expenditures of \$62.2 million, all from special revenue funds. This is an increase of \$2.4 million, or 4.0 percent, all from special revenue funds above the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods and services to students, faculty, and employees of the institution such as housing, food, and parking services.

The **agency** requests revised FY 2017 operating expenditures of \$60.9 million, including \$207,542 from the State General Fund. The overall request is an increase of \$6.5 million, or 11.9 percent, all funds and a decrease of \$198,005, or 48.8 percent, State General Fund, from the FY 2017 approved amount. The increase is primarily in contractual services (\$3.3 million) and capital outlay (\$2.0 million).

The **Governor** concurs with the agency's revised estimate.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$54.7 million, including \$26.5 million from the State General Fund. The request is a decrease of \$2.3 million, or 4.1 percent, all funds and an increase of \$2.2 million, or 9.1 percent, State General Fund, above the FY 2017 approved amount. The decrease is primarily in contractual services (\$1.6 million) and commodities (\$591,863).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 11,408,193	\$ 11,408,193	\$ 0	\$ 0
Summerfield Hall	600,000	600,000	2,600,000	2,600,000
School of Business	7,570,000	7,570,000	500,000	500,000
Misc. Housing Projects	551,263	551,263	9,240,000	9,240,000
Other Misc. Projects	2,081,426	2,081,426	190,000	190,000
Parking	2,318,752	2,318,752	1,650,000	1,650,000
Debt Service	13,293,085	13,293,085	12,470,741	12,470,741
TOTAL	\$ 37,822,719	\$ 37,822,719	\$ 26,650,741	\$ 26,650,741
Financing:				
State General Fund	\$ 2,165,000	\$ 2,165,000	\$ 2,255,000	\$ 2,255,000
All Other Funds	35,657,719	35,657,719	24,395,741	24,395,741
TOTAL	\$ 37,822,719	\$ 37,822,719	\$ 26,650,741	\$ 26,650,741

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$37.8 million, including \$2.1 million from the State General Fund. This is an increase of \$9.5 million, or 33.6 percent, all from special revenue funds. The increase is primarily due to the Educational Building Fund expenditures.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised capital improvements budget of \$26.7 million, including 2.3 million from the State General Fund. This is an increase of \$6.5 million, or 32.3 percent, all from special revenue funds. The increase is primarily due to the Summerfield Hall project and additional housing maintenance projects.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Five-year graduation rate	57.0%	57.9%	57.0%	57.0%
Percent of credit hours taught by faculty	85.0%	83.6%	85.0%	85.0%

UNIVERSITY OF KANSAS MEDICAL CENTER

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 107,261,725	\$ 107,973,763	\$ 106,488,966	\$ 111,555,200	\$ 111,555,200
Other Funds	218,372,066	235,498,937	236,983,734	247,670,509	247,670,509
TOTAL	\$ 325,633,791	\$ 343,472,700	\$ 343,472,700	\$ 359,225,709	\$ 359,225,709
Capital Improvements:					
State General Fund	\$ 1,006,706	\$ 1,037,170	\$ 1,037,170	\$ 1,079,581	\$ 1,079,581
Other Funds	9,337,982	18,322,236	18,322,236	29,110,000	29,110,000
TOTAL	\$ 10,344,688	\$ 19,359,406	\$ 19,359,406	\$ 30,189,581	\$ 30,189,581
GRAND TOTAL	\$ 335,978,479	\$ 362,832,106	\$ 362,832,106	\$ 389,415,290	\$ 389,415,290
Percentage Change:					
Operating Expenditures					
State General Fund	3.8 %	0.7 %	(0.7) %	3.3 %	4.8 %
All Funds	2.2	5.5	5.5	4.6	4.6
FTE Positions	2,716.1	2,855.8	2,855.8	2,855.8	2,855.8
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	2,716.1	2,855.8	2,855.8	2,855.8	2,855.8

AGENCY OVERVIEW

The University of Kansas Medical Center (KUMC) is under the jurisdiction of the University of Kansas. The Executive Vice-Chancellor of KUMC reports directly to the Chancellor of the University of Kansas. KUMC is composed of the School of Medicine (located in Kansas City and Wichita), the School of Nursing, the School of Allied Health, and a Graduate School. The Medical Center was established in 1905 through the merger of a number of proprietary medical schools; the first building on the present site was opened in 1924. **A total of 3,383 students attended KUMC during the Fall of 2015 semester. The attendance reflects an increase of 12 students or 0.4 percent, above the Fall 2014 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other

revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the university's State General Fund operating budget by 1.5 percent with an additional reduction to the salaries and wages all funds expenditures of approximately 1.5 percent in FY 2014 and 1.3 percent for FY 2015.

The **2014 Legislature** added \$5.0 million, all from the State General Fund, and deleted the same amount from special revenue funds for cancer research. The legislature also added language for \$25.0 million in bonding authority for the health education building project.

The **2015 Legislature** deleted the expenditures for debt service payments for the Health Education Building from this agency and transferred the payments to the Department of Administration.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$362.8 million, including 109.0 million from the State General Fund in FY 2016. This is an increase of \$26.2 million, or 7.8 percent, all from special revenue funds, above the FY 2016 approved amount. The increase includes \$11.4 million in operating expenditures primarily for salaries and wages (\$9.9 million) and contractual services (\$2.7 million). There is also an increase of \$14.8 million

for capital improvement expenditures, including \$5.8 million from the Educational Building Fund for rehabilitation and repair projects and \$9.0 million for the Health Education Building project. There is no change in State General Fund expenditures from the approved amount.

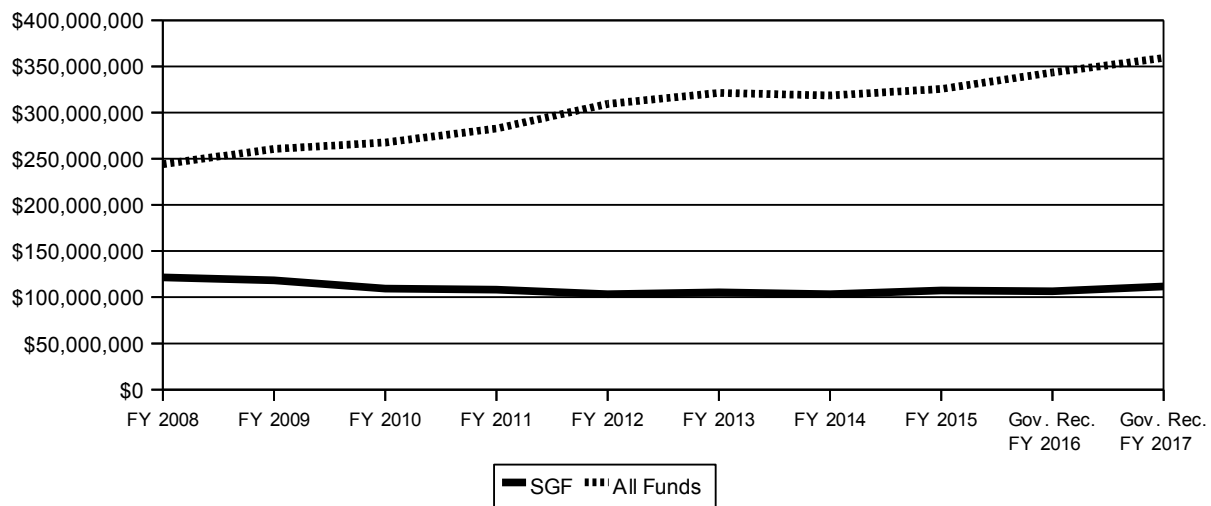
The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$1.5 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$389.4 million, including \$112.6 million from the State General Fund for FY 2017. This is an increase of \$40.4 million, or 11.6 percent, all from special revenue funds, above the FY 2017 approved amount. The increase includes \$14.4 million, or 4.2 percent, from operating expenditures primarily from salaries and wages (\$16.8 million) with an offsetting decrease in contractual services (\$2.4 million). There is also an increase of \$26.0 million, or 620.6 percent, above the approved amount in capital improvements for the Health Education Building project. There is no change in State General Fund expenditures from the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 121,416,004	4.7 %	\$ 244,195,092	4.7 %	2,678.8
2009	118,458,348	(2.4)	260,569,100	6.7	2,604.9
2010	109,293,224	(7.7)	267,673,172	2.7	2,916.4
2011	108,328,970	(0.9)	282,727,782	5.6	2,438.3
2012	103,274,696	(4.7)	309,369,226	9.4	2,721.0
2013	105,327,704	2.0	321,340,020	3.9	2,837.8
2014	103,377,756	(1.9)	318,598,774	(0.9)	2,837.8
2015	107,261,725	3.8	325,633,791	2.2	2,716.1
2016 Gov. Rec.	106,488,966	(0.7)	343,472,700	5.5	2,855.8
2017 Gov. Rec.	111,555,200	4.8	359,225,709	4.6	2,855.8
Ten-Year Change Dollars/Percent	\$ (9,860,804)	(8.1)%	\$ 115,030,617	47.1 %	177.0

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Institutional Support	\$ 32,036,674	\$ 32,998,326	\$ 34,403,363	\$ 1,405,037	4.3 %	\$ 32,998,326	\$ 34,403,363	\$ 1,405,037	4.3 %		
Instructional Services	131,639,718	142,307,796	153,334,240	11,026,444	7.7	142,307,796	153,334,240	11,026,444	7.7		
Academic Support	18,765,661	18,345,126	18,600,739	255,613	1.4	18,345,126	18,600,739	255,613	1.4		
Student Services	4,944,932	5,446,758	5,497,432	50,674	0.9	5,446,758	5,497,432	50,674	0.9		
Research	88,267,018	88,642,608	91,619,185	2,976,577	3.4	88,642,608	91,619,185	2,976,577	3.4		
Public Service	9,597,944	9,689,956	9,681,706	(8,250)	(0.1)	9,689,956	9,681,706	(8,250)	(0.1)		
Student Aid	7,306,698	9,078,015	9,029,671	(48,344)	(0.5)	9,078,015	9,029,671	(48,344)	(0.5)		
Auxiliary	2,646,367	2,218,216	2,320,558	102,342	4.6	2,218,216	2,320,558	102,342	4.6		
Physical Plant/Central Services	28,493,575	32,624,467	32,723,396	98,929	0.3	32,624,467	32,723,396	98,929	0.3		
Debt Service	1,935,204	2,121,432	2,015,419	(106,013)	(5.0)	2,121,432	2,015,419	(106,013)	(5.0)		
TOTAL	<u>\$ 325,633,791</u>	<u>\$ 343,472,700</u>	<u>\$ 359,225,709</u>	<u>\$ 15,753,009</u>	<u>4.6 %</u>	<u>\$ 343,472,700</u>	<u>\$ 359,225,709</u>	<u>\$ 15,753,009</u>	<u>4.6 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 259,206,731	\$ 270,766,488	\$ 287,600,349	\$ 16,833,861	6.2 %	\$ 270,766,488	\$ 287,600,349	\$ 16,833,861	6.2 %		
Contractual Services	37,593,016	44,264,553	41,822,294	(2,442,259)	(5.5)	44,264,553	41,822,294	(2,442,259)	(5.5)		
Commodities	12,031,153	12,212,504	12,291,093	78,589	0.6	12,212,504	12,291,093	78,589	0.6		
Capital Outlay	2,677,127	2,816,284	2,624,508	(191,776)	(6.8)	2,816,284	2,624,508	(191,776)	(6.8)		
Debt Service	1,935,204	2,121,432	2,015,419	(106,013)	(5.0)	2,121,432	2,015,419	(106,013)	(5.0)		
Subtotal - Operations	\$ 313,443,231	\$ 332,181,261	\$ 346,353,663	\$ 14,172,402	4.3 %	\$ 332,181,261	\$ 346,353,663	\$ 14,172,402	4.3 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	12,190,560	11,291,439	12,872,046	1,580,607	14.0	11,291,439	12,872,046	1,580,607	14.0		
TOTAL	<u>\$ 325,633,791</u>	<u>\$ 343,472,700</u>	<u>\$ 359,225,709</u>	<u>\$ 15,753,009</u>	<u>4.6 %</u>	<u>\$ 343,472,700</u>	<u>\$ 359,225,709</u>	<u>\$ 15,753,009</u>	<u>4.6 %</u>		
Financing:											
State General Fund	\$ 107,261,725	\$ 107,973,763	\$ 111,555,200	\$ 3,581,437	3.3 %	\$ 106,488,966	\$ 111,555,200	\$ 5,066,234	4.8 %		
General Fees Fund	38,643,321	43,824,000	44,711,253	887,253	2.0	43,824,000	44,711,253	887,253	2.0		
Restricted Fees Fund	83,973,561	91,124,282	83,987,683	(7,136,599)	(7.8)	91,124,282	83,987,683	(7,136,599)	(7.8)		
All Other Funds	95,755,184	100,550,655	118,971,573	18,420,918	18.3	102,035,452	118,971,573	16,936,121	16.6		
TOTAL	<u>\$ 325,633,791</u>	<u>\$ 343,472,700</u>	<u>\$ 359,225,709</u>	<u>\$ 15,753,009</u>	<u>4.6 %</u>	<u>\$ 343,472,700</u>	<u>\$ 359,225,709</u>	<u>\$ 15,753,009</u>	<u>4.6 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$109,010,933 for the University of Kansas Medical Center in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 109,010,933	\$ 109,010,933	\$ 0	\$ 107,526,136	\$ (1,484,797)
All Other Funds	227,579,819	253,821,173	26,241,354	255,305,970	27,726,151
TOTAL	\$ 336,590,752	\$ 362,832,106	\$ 26,241,354	\$ 362,832,106	\$ 26,241,354
FTE Positions	2,632.4	2,855.8	223.4	2,855.8	223.4

The **agency** requests a revised estimate of \$362.8 million, including 109.0 million from the State General Fund. This is an increase of \$26.2 million, or 7.8 percent, all from special revenue funds, above the FY 2016 approved amount. The increase includes \$11.4 million in operating expenditures primarily for salaries and wages (\$9.9 million) and contractual services (\$2.7 million). There is also an increase of \$14.8 million for capital improvement expenditures including \$5.8 million from the Educational Building Fund for rehabilitation and repair projects and \$9.0 million for the Health Education Building project. There is no change in State General Fund expenditures from the approved amount.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$1.5 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 **Legislature** approved a State General Fund budget of \$112,634,781 for the University of Kansas Medical Center in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 112,634,781	\$ 112,634,781	\$ 0	\$ 112,634,781	\$ 0
All Other Funds	236,382,595	276,780,509	40,397,914	276,780,509	40,397,914
TOTAL	\$ 349,017,376	\$ 389,415,290	\$ 40,397,914	\$ 389,415,290	\$ 40,397,914
FTE Positions	2,632.4	2,855.8	223.4	2,855.8	223.4

The **agency** requests a revised estimate of \$389.4 million, including \$112.6 million from the State General Fund. This is an increase of \$40.4 million, or 11.6 percent, all from special revenue funds, above the FY 2017 approved amount. The increase includes \$14.4 million, or 4.2 percent, from operating expenditures primarily from salaries and wages (\$16.8 million) with an offsetting decrease in contractual services (\$2.4 million). There is also an increase of \$26.0 million, or 620.6 percent, above the approved amount in capital improvements for the Health Education Building project. There is no change in State General Fund expenditures from the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	31.1 %	31.1 %
General Fees Fund	12.4	12.4
Restricted Fees Fund	23.4	23.4
All Other Funds	33.1	33.1
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 2,838,471	\$ 5,964,489	\$ 5,964,489	\$ 4,233,059	\$ 4,233,059
Revenue	41,913,303	42,137,162	42,137,162	42,134,488	42,134,488
Transfers in	0	0	0	0	0
Total Funds Available	\$ 44,751,774	\$ 48,101,651	\$ 48,101,651	\$ 46,367,547	\$ 46,367,547
Less: Expenditures	38,712,999	43,824,000	43,824,000	44,711,253	44,711,253
Transfers Out	4,286	44,592	44,592	41,918	41,918
Off Budget Expenditures	70,000	0	0	0	0
Ending Balance	<u>\$ 5,964,489</u>	<u>\$ 4,233,059</u>	<u>\$ 4,233,059</u>	<u>\$ 1,614,376</u>	<u>\$ 1,614,376</u>
Ending Balance as Percent of Expenditures	15.4%	9.7%	9.7%	3.6%	3.6%
Month Highest Ending Balance	December <u>\$ 6,616,367</u>	December <u>\$ 8,000,000</u>	December <u>\$ 8,000,000</u>	December <u>\$ 8,200,000</u>	December <u>\$ 8,200,000</u>
Month Lowest Ending Balance	November \$ 931,175	May \$ 1,000,000	May \$ 1,000,000	May \$ 1,000,000	May \$ 1,000,000

Medical Loan Repayment Fund

The Medical Student Repayment Fund reflects receipts for repayment of the Kansas Medical Scholarship and Loan Program by students who have decided to repay the loan instead of fulfilling their service obligation.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 3,708,980	\$ 5,195,088	\$ 5,195,088	\$ 4,367,259	\$ 4,367,259
Revenue	2,581,554	720,000	720,000	720,000	720,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 6,290,534	\$ 5,915,088	\$ 5,915,088	\$ 5,087,259	\$ 5,087,259
Less: Expenditures	1,095,446	1,547,829	1,547,829	1,758,669	1,758,669
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 5,195,088</u>	<u>\$ 4,367,259</u>	<u>\$ 4,367,259</u>	<u>\$ 3,328,590</u>	<u>\$ 3,328,590</u>
Ending Balance as Percent of Expenditures	474.2%	282.2%	282.2%	189.3%	189.3%
Month Highest Ending Balance	June <u>\$ 5,195,088</u>	June <u>\$ 4,500,000</u>	June <u>\$ 4,500,000</u>	June <u>\$ 4,000,000</u>	June <u>\$ 4,000,000</u>
Month Lowest Ending Balance	November \$ 3,346,772	November \$ 3,000,000	November \$ 3,000,000	November \$ 3,000,000	November \$ 3,000,000

Enrollment Trends

The following table summarizes recent enrollment trends at the University of Kansas Medical Center. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2010 to Fall 2015</u>
Headcount	3,196	3,270	3,362	3,349	3,371	3,383	
Change	18	74	92	(13)	22	12	187
% Change	0.6 %	2.3 %	2.8 %	(0.4)%	0.7 %	0.4 %	5.9 %
FTE Students*	2,894	2,975	3,038	3,045	3,062	3,089	
Change	51	81	63	7	17	27	195
% Change	1.8 %	2.8 %	2.1 %	0.2 %	0.6 %	0.9 %	6.7 %
Student Credit Hours	28,241	28,649	29,509	29,765	31,186	31,213	
Change	(17)	408	860	256	1,421	27	2,972
% Change	(0.1)%	1.4 %	3.0 %	0.9 %	4.8 %	0.1 %	10.5 %

* Enrollment includes medical residents/fellows and visiting MD/PharmD students.

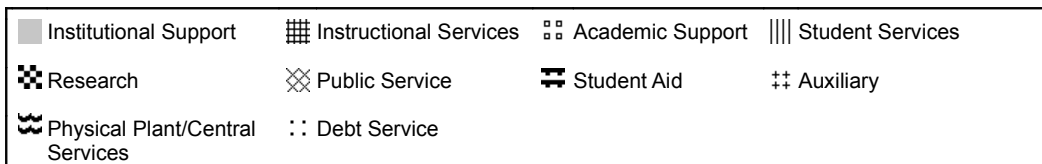
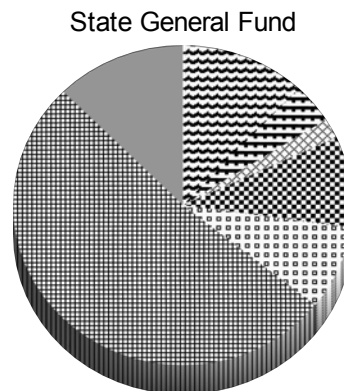
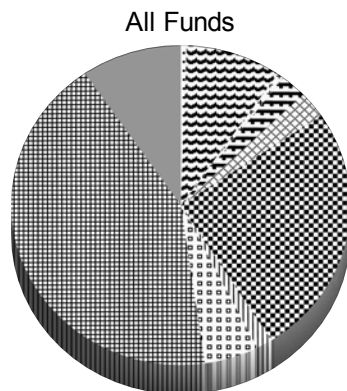
Medical students, MD/PhD students, medical residents/fellows, professional UG certificate program students, psychiatry interns/practicum students, visiting MD/PharmD students are all classified as full-time regardless of student credit hours and have an FTE assigned to 1.00.

All other FTE is based upon dividing credit hours by 15 for undergraduate students and by 9 for graduate or professional students.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Institutional Support	\$ 34,403,363	9.6 %	\$ 13,865,274	12.4 %
Instructional Services	153,334,240	42.7	57,823,981	51.8
Academic Support	18,600,739	5.2	9,434,812	8.5
Student Services	5,497,432	1.5	117,259	0.1
Research	91,619,185	25.5	10,197,849	9.1
Public Service	9,681,706	2.7	2,273,578	2.0
Student Aid	9,029,671	2.5	4,488,171	4.0
Auxiliary	2,320,558	0.6	0	0.0
Physical Plant/Central Services	32,723,396	9.1	13,037,794	11.7
Debt Service	2,015,419	0.6	316,482	0.3
TOTAL	\$ 359,225,709	100.0 %	\$ 111,555,200	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Institutional Support	170.5	228.7	228.7	228.7	228.7
Instructional Services	1,052.4	1,138.5	1,138.5	1,138.5	1,138.5
Academic Support	137.7	150.1	150.1	150.1	150.1
Student Services	0.0	0.0	0.0	0.0	0.0
Research	1,060.7	999.4	999.4	999.4	999.4
Public Service	79.2	78.3	78.3	78.3	78.3
Student Aid	0.0	2.9	2.9	2.9	2.9
Auxiliary	38.8	42.8	42.8	42.8	42.8
Physical Plant/Central Services	176.8	215.1	215.1	215.1	215.1
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	2,716.1	2,855.8	2,855.8	2,855.8	2,855.8

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests revised FY 2017 operating expenditures of \$34.4 million, including \$13.9 million from the State General Fund. The overall request is a decrease of \$768,277, or 2.2 percent, all funds and an increase of \$792,685, or 6.1 percent, State General Fund, from the FY 2017 approved amount. There is an increase in salaries and wages (\$645,950) with offsetting decreases in contractual services (\$607,229), commodities (\$583,079) and capital outlay (\$214,822).

The **Governor** concurs with the agency's revised estimate.

B. Instructional Services

The Instructional Services program includes all instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$153.3 million, including \$57.8 million from the State General Fund. The overall request is an increase of \$13.1 million or 9.3 percent, all funds and \$1.9 million, or 3.3 percent, State General Fund, above the FY 2017 approved amount. There is an increase in salaries and wages (\$17.9 million) and an offsetting decrease in contractual services (\$5.3 million).

The **Governor** concurs with the agency's revised estimate.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$18.6 million, including \$9.4 million from the State General Fund. The overall request is a decrease of \$2.8 million, or 12.9 percent, all funds and \$2.2 million, or 18.8 percent, State General Fund, below the FY 2017 approved amount. There is a decrease in salaries and wages (\$4.1 million) with an offsetting increase in contractual services (\$1.6 million).

The **Governor** concurs with the agency's revised estimate.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests revised FY 2017 operating expenditures of \$5.5 million, including \$117,259 from the State General Fund. The overall request is an increase of \$2.3 million, or 72.6 percent, all funds and a decrease of \$378,241, or 76.3 percent, State General Fund, from the FY 2017 approved amount. There is an increase in salaries and wages (\$2.9 million) with an offsetting decrease in contractual services (\$641,641).

The **Governor** concurs with the agency's revised estimate.

E. Research

The Research program includes most research projects conducted by university personnel, whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$91.6 million, including \$10.2 million from the State General Fund. The overall request is a decrease of \$3.6 million, or 3.8 percent, all funds and a State General Fund increase of \$917,514, or 9.9 percent, from the FY 2017 approved amount. The decrease is in salaries and wages (\$4.5 million) with offsetting increases in contractual services (\$531,230) and capital outlay (\$308,277).

The **Governor** concurs with the agency's revised estimate.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education, community service, and public broadcasting services.

The **agency** requests revised FY 2017 operating expenditures of \$9.7 million, including \$2.3 million from the State General Fund. The overall request is an increase of \$2.0 million, or 26.3 percent, all funds and \$128,114, or 6.0 percent, State General Fund, above the FY 2017 approved amount. There is an increase in salaries and wages (\$1.4 million) and contractual services (\$654,585).

The **Governor** concurs with the agency's revised estimate.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests revised FY 2017 operating expenditures of \$9.0 million, including \$4.5 million from the State General Fund. This is an increase of \$2.1 million, or 29.9 percent, all funds and \$11,007, or 0.2 percent, State General Fund, above the FY 2017 approved amount. The increase is in salaries and wages (\$1.2 million) and other assistance (\$877,951).

The **Governor** concurs with the agency's revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing, food, and parking services.

The **agency** requests revised FY 2017 operating expenditures of \$2.3 million, all from special revenue funds. The overall request is a decrease of \$28,992, or 1.2 percent, below the FY 2017 approved amount. The decrease is mainly in contractual services (\$157,917) and commodities (\$199,779) with an offsetting increase in salaries and wages (\$378,101).

The **Governor** concurs with the agency's revised estimate.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$32.7 million, including \$13.0 million from the State General Fund. The overall request is an increase of \$2.1 million, or 6.8 percent, all funds and a decrease of \$1.6 million, or 11.2 percent, State General Fund, from the FY 2017 approved amount. There are increases in salaries and wages (\$975,274), contractual services (\$969,087), and commodities (\$178,832).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 5,797,236	\$ 5,797,236	\$ 0	\$ 0
Health Education Building	9,000,000	9,000,000	26,000,000	26,000,000
Parking	500,000	500,000	500,000	500,000
Debt Service - Principal	4,062,170	4,062,170	3,689,581	3,689,581
TOTAL	\$ 19,359,406	\$ 19,359,406	\$ 30,189,581	\$ 30,189,581
Financing:				
State General Fund	\$ 1,037,170	\$ 1,037,170	\$ 1,079,581	\$ 1,079,581
All Other Funds	18,322,236	18,322,236	29,110,000	29,110,000
TOTAL	\$ 19,359,406	\$ 19,359,406	\$ 30,189,581	\$ 30,189,581

FY 2016 – Current Year. The agency requests a revised capital improvement budget of \$19.4 million, including \$1.0 million from the State General Fund. This is an increase of \$14.8 million, or 324.3 percent all funds and \$482,170, or 86.9 percent, State General Fund, above the FY 2016 approved amount. The increase includes \$5.8 million from the Educational Building Fund for rehabilitation and repair and \$9.0 million for the Health Education Building project. The increase in State General Fund is for debt service principal.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised capital improvement budget of \$30.2 million, including \$1.0 million from the State General Fund. This is an increase of \$26.0 million, or 620.6 percent all funds and \$484,581, or 81.4 percent, from the State General Fund, above the FY 2017 approved amount. The increase is for the Health Education Building project. The increase in State General Fund is for debt service principal.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
External research support (in millions)	\$107.0	\$99.3	\$94.4	\$95.1
Percent of students passing professional exam on first try:				
School of Medicine - fourth year	97.0%	97.0%	97.0%	97.0%
School of Nursing	95.0%	93.8%	95.0%	95.0%

WICHITA STATE UNIVERSITY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 70,934,109	\$ 75,278,380	\$ 74,275,237	\$ 74,879,391	\$ 74,879,391
Other Funds	218,063,313	226,509,672	227,512,815	226,793,639	226,793,639
TOTAL	\$ 288,997,422	\$ 301,788,052	\$ 301,788,052	\$ 301,673,030	\$ 301,673,030
Capital Improvements:					
State General Fund	\$ 428,334	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	18,651,362	13,797,759	13,797,759	7,352,816	7,352,816
TOTAL	\$ 19,079,696	\$ 13,797,759	\$ 13,797,759	\$ 7,352,816	\$ 7,352,816
GRAND TOTAL	\$ 308,077,118	\$ 315,585,811	\$ 315,585,811	\$ 309,025,846	\$ 309,025,846
Percentage Change:					
Operating Expenditures					
State General Fund	12.0 %	6.1 %	4.7 %	(0.5) %	0.8 %
All Funds	9.9	4.4	4.4	(0.0)	(0.0)
FTE Positions	2,017.1	2,064.9	2,064.9	2,064.9	2,064.9
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	2,017.1	2,064.9	2,064.9	2,064.9	2,064.9

AGENCY OVERVIEW

Wichita State University was established as Fairmount College and operated by the Congregational Church from 1895 to 1926. In 1926, it became a municipal university under the jurisdiction of the City of Wichita. Since July 1, 1964, the institution has been a part of the state Regents system of higher education under the auspices of the Kansas Board of Regents. As a metropolitan university located in the state's largest urban area, the University serves a large number of nontraditional students. The University has two distinct student bodies, one comprised of traditional students ages 18 to 23 who devote themselves full-time to school and campus activities, and the other comprised of older students who are working on a part-time or full-time basis while in school. **A total of 14,495 students attended WSU during the Fall 2015 semester. This is a decrease of 508 students, or 3.4 percent, below the Fall 2014 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the Financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent in both FY 2014 and FY 2015. There was also a reduction of the all funds expenditures to salaries and wages of approximately 1.1 percent in FY 2014 and less than 0.1 percent for FY 2015.

The **2014 Legislature** deleted \$2.0 million from the Technology Transfer Facility capital improvement project and added it to the operating budget for the Technology Transfer Facility.

The **2014 Legislature** added \$3.5 million, all from the State General Fund for the National Center for Aviation Training training and equipment and deleted \$3.0 million from the Economic Development Initiatives Fund for the same project.

The **2014 Legislature** added \$5.0 million, all from the State General Fund for aviation research and deleted the \$5.0 million transfer from the Department of Commerce for the same aviation research.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$315.6 million, including \$75.3 million from the State General Fund in FY 2016. This is an all funds increase of \$22.8 million, or 7.8 percent, above the 2016 approved amount. The increase includes \$15.7 million in operating expenditures for salaries and wages (\$7.8 million), contractual services (\$1.7 million), commodities (\$3.3 million), and debt service (\$2.2 million). There is also an increase in capital improvements of \$8.7 million primarily due to the Educational Building Fund expenditures for rehabilitation and repair projects.

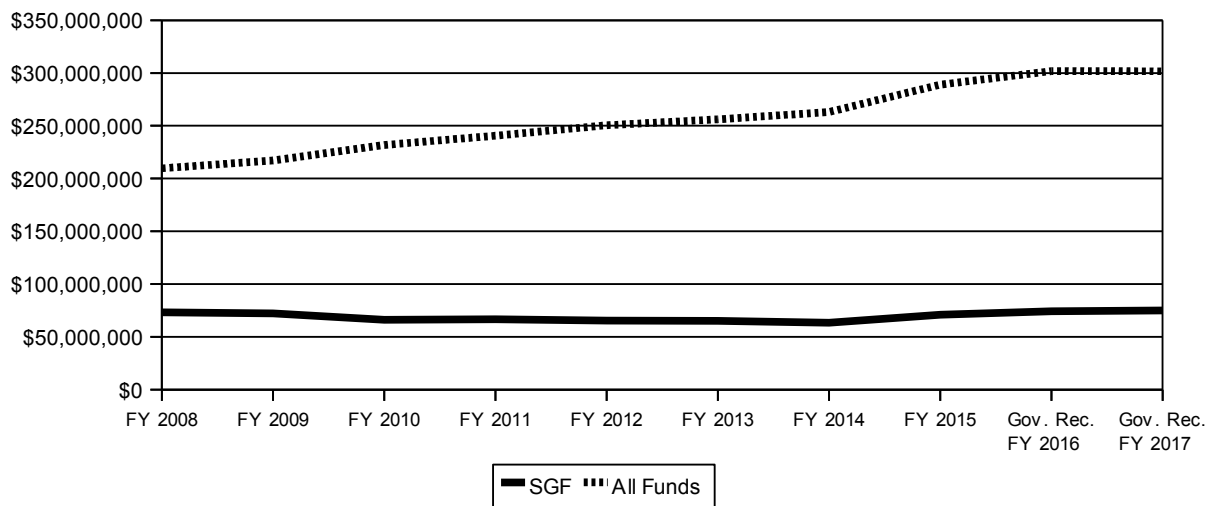
The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$1.0 million to be used for information technology operations. There would need to be legislative authorization to expend Educational Building Fund for state operations.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$309.0 million, including \$74.9 million from the State General Fund for FY 2017. This is an all funds increase of \$10.8 million, or 3.6 percent, all from special revenue funds. The increase includes \$9.8 million in operating expenditures primarily for salaries and wages (\$7.6 million), commodities (\$2.5 million) and debt service (\$2.0 million) with an offsetting decrease in capital outlay (\$2.0 million). There is also an increase of \$1.0 million in capital improvements primarily for the new School of Business.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 73,284,543	4.6 %	\$ 209,710,756	9.6 %	1,880.3
2009	72,243,875	(1.4)	217,063,653	3.5	1,841.2
2010	66,137,368	(8.5)	231,800,767	6.8	1,866.4
2011	66,596,991	0.7	240,572,714	3.8	1,916.6
2012	65,285,189	(2.0)	250,525,657	4.1	1,904.3
2013	65,176,386	(0.2)	256,070,913	2.2	1,950.4
2014	63,335,814	(2.8)	263,039,017	2.7	2,017.1
2015	70,934,109	12.0	288,997,422	9.9	2,017.1
2016 Gov. Rec.	74,275,237	4.7	301,788,052	4.4	2,064.9
2017 Gov. Rec.	74,879,391	0.8	301,673,030	(0.0)	2,064.9
Ten-Year Change Dollars/Percent	\$ 1,594,848	2.2 %	\$ 91,962,274	43.9 %	184.6

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Institutional Support	\$ 22,678,362	\$ 21,742,233	\$ 22,219,216	\$ 476,983	2.2 %	\$ 21,742,233	\$ 22,219,216	\$ 476,983	2.2 %		
Instructional Services	75,815,436	76,294,041	75,906,949	(387,092)	(0.5)	76,294,041	75,906,949	(387,092)	(0.5)		
Academic Support	29,104,010	26,163,533	26,511,907	348,374	1.3	26,163,533	26,511,907	348,374	1.3		
Student Services	21,898,938	20,250,617	20,714,839	464,222	2.3	20,250,617	20,714,839	464,222	2.3		
Research	49,846,839	61,567,882	60,100,752	(1,467,130)	(2.4)	61,567,882	60,100,752	(1,467,130)	(2.4)		
Public Service	21,934,878	20,984,436	21,295,533	311,097	1.5	20,984,436	21,295,533	311,097	1.5		
Student Aid	33,386,163	36,068,572	36,068,572	0	0.0	36,068,572	36,068,572	0	0.0		
Auxiliary	7,274,103	9,074,044	9,127,995	53,951	0.6	9,074,044	9,127,995	53,951	0.6		
Physical Plant/Central Services	23,695,674	23,083,763	23,539,118	455,355	2.0	23,083,763	23,539,118	455,355	2.0		
Debt Service	3,363,019	6,558,931	6,188,149	(370,782)	(5.7)	6,558,931	6,188,149	(370,782)	(5.7)		
TOTAL	<u>\$ 288,997,422</u>	<u>\$ 301,788,052</u>	<u>\$ 301,673,030</u>	<u>\$ (115,022)</u>	<u>(0.0) %</u>	<u>\$ 301,788,052</u>	<u>\$ 301,673,030</u>	<u>\$ (115,022)</u>	<u>(0.0) %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 172,717,977	\$ 178,016,579	\$ 181,849,894	\$ 3,833,315	2.2 %	\$ 178,016,579	\$ 181,849,894	\$ 3,833,315	2.2 %		
Contractual Services	50,150,183	45,391,677	43,812,146	(1,579,531)	(3.5)	45,391,677	43,812,146	(1,579,531)	(3.5)		
Commodities	12,292,393	18,452,435	18,252,435	(200,000)	(1.1)	18,452,435	18,252,435	(200,000)	(1.1)		
Capital Outlay	14,125,916	16,549,059	14,751,035	(1,798,024)	(10.9)	16,549,059	14,751,035	(1,798,024)	(10.9)		
Debt Service	3,363,019	6,558,931	6,188,149	(370,782)	(5.7)	6,558,931	6,188,149	(370,782)	(5.7)		
Subtotal - Operations	\$ 252,649,488	\$ 264,968,681	\$ 264,853,659	\$ (115,022)	(0.0) %	\$ 264,968,681	\$ 264,853,659	\$ (115,022)	(0.0) %		
Aid to Local Units	9,878	0	0	0	--	0	0	0	--		
Other Assistance	36,338,056	36,819,371	36,819,371	0	0.0	36,819,371	36,819,371	0	0.0		
TOTAL	<u>\$ 288,997,422</u>	<u>\$ 301,788,052</u>	<u>\$ 301,673,030</u>	<u>\$ (115,022)</u>	<u>(0.0) %</u>	<u>\$ 301,788,052</u>	<u>\$ 301,673,030</u>	<u>\$ (115,022)</u>	<u>(0.0) %</u>		
Financing:											
State General Fund	\$ 70,934,109	\$ 75,278,380	\$ 74,879,391	\$ (398,989)	(0.5) %	\$ 74,275,237	\$ 74,879,391	\$ 604,154	0.8 %		
General Fees Fund	85,644,435	83,784,048	84,603,910	819,862	1.0	83,784,048	84,603,910	819,862	1.0		
Restricted Fees Fund	65,323,627	66,891,479	67,943,302	1,051,823	1.6	66,891,479	67,943,302	1,051,823	1.6		
All Other Funds	67,095,251	75,834,145	74,246,427	(1,587,718)	(2.1)	76,837,288	74,246,427	(2,590,861)	(3.4)		
TOTAL	<u>\$ 288,997,422</u>	<u>\$ 301,788,052</u>	<u>\$ 301,673,030</u>	<u>\$ (115,022)</u>	<u>(0.0) %</u>	<u>\$ 301,788,052</u>	<u>\$ 301,673,030</u>	<u>\$ (115,022)</u>	<u>(0.0) %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$73,648,842 for Wichita State University in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$1,629,538, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016.

This adjustment changes the FY 2016 approved State General Fund to \$75,278,380. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 75,278,380	\$ 75,278,380	\$ 0	\$ 74,275,237	\$ (1,003,143)
All Other Funds	217,542,034	240,307,431	22,765,397	241,310,574	23,768,540
TOTAL	\$ 292,820,414	\$ 315,585,811	\$ 22,765,397	\$ 315,585,811	\$ 22,765,397
FTE Positions	2,017.1	2,064.9	47.8	2,064.9	47.8

The **agency** requests a revised estimate of \$315.6 million, including 75.3 million from the State General Fund. This is an all funds increase of \$22.8 million, or 7.8 percent, above the 2016 approved amount. The increase includes \$15.7 million in operating expenditures for salaries and wages (\$7.8 million), contractual services (\$1.7 million), commodities (\$3.3 million), and debt service (\$2.2 million). There is also an increase in capital improvements of \$8.7 million primarily due to the Educational Building Fund expenditures for rehabilitation and repair projects.

The **Governor** concurs with the agency's revised estimate but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$1.0 million to be used for information technology operations. There would need to be legislative authorization to expend Educational Building Fund for state operations.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$74,879,391 for Wichita State University in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 74,879,391	\$ 74,879,391	\$ 0	\$ 74,879,391	\$ 0
All Other Funds	223,312,265	234,146,455	10,834,190	234,146,455	10,834,190
TOTAL	\$ 298,191,656	\$ 309,025,846	\$ 10,834,190	\$ 309,025,846	\$ 10,834,190
FTE Positions	2,017.1	2,064.9	47.8	2,064.9	47.8

The **agency** requests a revised estimate of \$309.0 million, including \$74.9 million from the State General Fund. This is an all funds increase of \$10.8 million, or 3.6 percent, all from special revenue funds, above the approved amount. The increase includes \$9.8 million in operating expenditures primarily for salaries and wages (\$7.6 million), commodities (\$2.5 million) and debt service (\$2.0 million) with an offsetting decrease in capital outlay (\$2.0 million). There is also an increase of \$1.0 million in capital improvements primarily for the new School of Business.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	24.8 %	24.8 %
General Fees Fund	28.0	28.0
Restricted Fees Fund	22.5	22.5
All Other Funds	24.6	24.6
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund Analysis

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative session has concluded each year.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 14,672,811	\$ 9,667,369	\$ 9,667,369	\$ 9,667,369	\$ 9,667,369
Revenue	81,227,349	84,518,141	84,518,141	85,411,312	85,411,312
Transfers in	0	0	0	0	0
Total Funds Available	\$ 95,900,160	\$ 94,185,510	\$ 94,185,510	\$ 95,078,681	\$ 95,078,681
Less: Expenditures	86,066,491	84,264,686	84,264,686	85,157,857	85,157,857
Transfers Out	21,970	53,455	53,455	53,455	53,455
Off Budget Expenditures	144,330	200,000	200,000	200,000	200,000
Ending Balance	<u>\$ 9,667,369</u>	<u>\$ 9,667,369</u>	<u>\$ 9,667,369</u>	<u>\$ 9,667,369</u>	<u>\$ 9,667,369</u>
Ending Balance as Percent of Expenditures	11.2%	11.5%	11.5%	11.4%	11.4%
Month Highest Ending Balance	August \$ 27,910,580	January \$ 21,500,000	January \$ 21,500,000	January \$ 20,000,000	January \$ 20,000,000
Month Lowest Ending Balance	June \$ 7,318,274	July \$ 5,785,000	July \$ 5,785,000	July \$ 5,000,000	July \$ 5,000,000

Enrollment Trends

The following table summarizes recent enrollment trends at the Wichita State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours that students are enrolled.

	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2010 to Fall 2015
Headcount	14,806	15,100	14,898	14,550	15,003	14,495	
<i>Change</i>	(17)	294	(202)	(348)	453	(508)	(311)
<i>%Change</i>	(0.1)%	2.0%	(1.3)%	(2.3)%	3.1%	(3.4)%	(2.1)%
FTE Students	11,366	11,686	11,684	11,696	11,962	14,017	
<i>Change</i>	(26)	320	(2)	12	266	2,055	2,651
<i>%Change</i>	2.0%	2.8%	(0.0)%	0.1%	2.3%	17.2%	23.3%
Student Credit Hours	156,807	161,810	161,843	161,922	165,132	160,909	
<i>Change</i>	272	5,003	33	79	3,210	(4,223)	4,102
<i>%Change</i>	0.2%	3.2%	0.0%	0.0%	2.0%	(2.6)%	2.6%

PROGRAM DETAIL

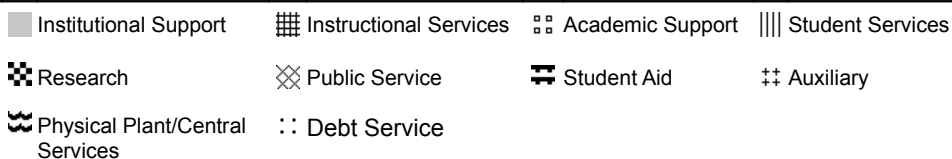
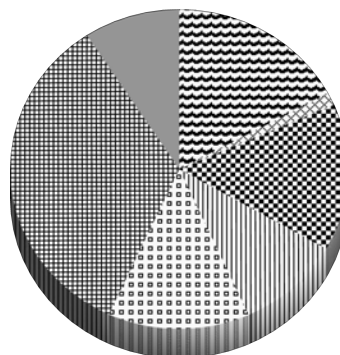
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Institutional Support	\$ 22,219,216	7.4 %	\$ 6,891,019	9.2 %
Instructional Services	75,906,949	25.2	25,415,961	33.9
Academic Support	26,511,907	8.8	10,172,395	13.6
Student Services	20,714,839	6.9	7,462,316	10.0
Research	60,100,752	19.9	11,166,728	14.9
Public Service	21,295,533	7.1	942,073	1.3
Student Aid	36,068,572	12.0	0	0.0
Auxiliary	9,127,995	3.0	0	0.0
Physical Plant/Central Services	23,539,118	7.8	12,828,899	17.1
Debt Service	6,188,149	2.1	0	0.0
TOTAL	\$ 301,673,030	100.0 %	\$ 74,879,391	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Institutional Support	150.7	155.7	155.7	155.7	155.7
Instructional Services	713.7	729.6	729.6	729.6	729.6
Academic Support	224.5	238.4	238.4	238.4	238.4
Student Services	215.0	217.4	217.4	217.4	217.4
Research	243.3	250.0	250.0	250.0	250.0
Public Service	122.3	134.2	134.2	134.2	134.2
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	36.0	36.0	36.0	36.0	36.0
Physical Plant/Central Services	311.6	303.6	303.6	303.6	303.6
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	2,017.1	2,064.9	2,064.9	2,064.9	2,064.9

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests revised FY 2017 operating expenditures of \$22.2 million, including \$6.9 million from the State General Fund. The request is an increase of \$1.3 million or 6.1 percent, all funds and \$147,655, or 2.2 percent, State General Fund, above the FY 2017 approved amount. The increase is attributable to an increase in salaries and wages (\$771,875) and commodities (\$503,136).

The **Governor** concurs with the agency's revised estimate.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests revised FY 2017 operating expenditures of \$75.9 million, including \$25.4 million from the State General Fund. The request is a decrease of \$332,782, or 0.4 percent, all funds and \$607,602, or 2.3 percent, State General Fund, below the FY 2017 approved amount. There are decreases to capital outlay (\$1.5 million), contractual services (\$360,593) and commodities (\$318,497) with an offsetting increase to salaries and wages (\$1.9 million).

The **Governor** concurs with the agency's revised estimate.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions and instruction, research, and public service. These support services cover libraries,

museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests revised FY 2017 operating expenditures of \$26.5 million, including \$10.2 million from the State General Fund. The request is an increase of \$1.4 million, or 5.4 percent, all funds and \$1.0 million or 11.4 percent, State General Fund, above the FY 2017 approved amount. There are increases in salaries and wages (\$959,329), contractual services (\$431,130).

The **Governor** concurs with the agency's revised estimate.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests revised FY 2017 operating expenditures of \$20.7 million, including \$7.5 million from the State General Fund. The request is a decrease of \$271,222, or 1.3 percent, all funds and \$293,312, or 3.8 percent, State General Fund, below the FY 2017 approved amount. The decrease is primarily in contractual services (\$272,717).

The **Governor** concurs with the agency's revised estimate.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests revised FY 2017 operating expenditures of \$60.1 million, including \$11.2 million from the State General Fund. The request is an increase of \$2.1 million, or 3.6 percent, all funds and a decrease of \$12,190, or 0.1 percent, State General Fund, from the FY 2017 approved amount. The increase is attributable to an increase in salaries and wages (\$4.0 million) with an offsetting decrease in contractual services (\$1.0 million) and capital outlay (\$747,377).

The **Governor** concurs with the agency's revised estimate.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests revised FY 2017 operating expenditures of \$21.3 million, including \$942,073 from the State General Fund. The request is an increase of \$492,611, or 2.4 percent, all funds and a decrease of \$38,256, or 3.9 percent, State General Fund, from the FY 2017 approved amount. There is an increase in salaries and wages (\$647,488) with an offsetting decrease to contractual services (\$137,169).

The **Governor** concurs with the agency's revised estimate.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests revised FY 2017 operating expenditures of \$36.1 million, all from special revenue funds. This is an increase of \$181,573, or 0.5 percent, above the FY 2017 approved amount. The increase is primarily in contractual services (\$136,746).

The **Governor** concurs with the agency's revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities which furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests revised FY 2017 operating expenditures of \$9.1 million, all from special revenue funds. The request is an increase of \$3.0 million, or 49.8 percent, above the FY 2017 approved amount. The increase is primarily in commodities (\$2.3 million).

The **Governor** concurs with the agency's revised estimate.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests revised FY 2017 operating expenditures of \$23.5 million, including \$12.8 million from the State General Fund. The request is a decrease of \$70,466, or 0.3 percent, all funds and \$237,809, or 1.8 percent, State General Fund, below the FY 2017 approved amount. The decrease is primarily in salaries and wages (\$515,466).

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 8,178,219	\$ 8,178,219	\$ 0	\$ 0
New School of Business	0	0	1,500,000	1,500,000
Miscellaneous Repairs	235,738	235,738	260,000	260,000
Parking	500,000	500,000	500,000	500,000
Debt Service	4,883,802	4,883,802	5,092,816	5,092,816
TOTAL	\$ 13,797,759	\$ 13,797,759	\$ 7,352,816	\$ 7,352,816
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	13,797,759	13,797,759	7,352,816	7,352,816
TOTAL	\$ 13,797,759	\$ 13,797,759	\$ 7,352,816	\$ 7,352,816

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$13.8 million, all from special revenue funds. This is an increase of \$8.7 million, or 170.3 percent, above the FY 2017 approved amount. The increase is primarily due to the \$8.2 million expenditures from the Educational Building Fund which was transferred from the Board of Regents.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised capital improvements budget of \$7.4 million. This is an increase of \$1.0 million, or 15.9 percent, above the FY 2017 approved amount. The increase is primarily due to the new School of Business construction project.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Undergraduate graduation rate	47.0%	42.7%	47.0%	47.0%
External funding for research, training, and service activities (in millions)	\$54.0	\$53.5	\$56.0	\$56.0
Number of students enrolled in nursing and physical therapy programs	552	500	552	552

STATE HISTORICAL SOCIETY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 4,179,292	\$ 3,276,424	\$ 3,276,424	\$ 4,128,013	\$ 4,128,013
Other Funds	3,837,517	3,704,980	3,704,980	3,030,389	3,030,389
TOTAL	\$ 8,016,809	\$ 6,981,404	\$ 6,981,404	\$ 7,158,402	\$ 7,158,402
Capital Improvements:					
State General Fund	\$ 320,445	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Other Funds	63,075	202,500	202,500	343,500	343,500
TOTAL	\$ 383,520	\$ 452,500	\$ 452,500	\$ 593,500	\$ 593,500
GRAND TOTAL	\$ 8,400,329	\$ 7,433,904	\$ 7,433,904	\$ 7,751,902	\$ 7,751,902
Percentage Change:					
Operating Expenditures					
State General Fund	(4.0) %	(21.6) %	(21.6) %	26.0 %	26.0 %
All Funds	32.1	(12.9)	(12.9)	2.5	2.5
FTE Positions	60.0	95.5	95.5	95.5	95.5
Non-FTE Perm.Uncl.Pos.	4.5	3.5	3.5	3.5	3.5
TOTAL	64.5	99.0	99.0	99.0	99.0

AGENCY OVERVIEW

The State Historical Society was founded in 1875 by Kansas newspaper editors and publishers in order to maintain records of the State's founding. Today, that mission has expanded to include identifying, collecting, preserving, and interpreting materials and information pertaining to Kansas history. The goal is to increase awareness and appreciation of Kansas history and how it relates to people's lives. In 1905, the State Historical Society became the official archival agency of the State and it is the State's trustee in administering state-owned historic sites. The agency administers both state and federal historic preservation programs and provides curricular materials on state history to K-12 schools.

The Kansas State Historical Society budget contains pass-through funds for two other organizations: The Kansas Humanities Council, a not-for-profit organization, and the Kansas Heritage Center, which is operated through the Dodge City Unified School District (USD 443). The Kansas Humanities Council was created in 1972 and is governed by a 21-member board of directors, four of whom are appointed by the Governor, to provide outreach in support of cultural programs in Kansas. The Kansas Heritage Center's mission is to promote Kansas' heritage by collecting, creating, and publishing resource materials for use by students, teachers, and others interested in the history of Kansas, the Great Plains, and the "Old West."

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** approved \$50,000, all from the State General Fund, for the continuation and further development of the Kansas Humanities Council Prime Time Family Reading Program in FY 2008. The Legislature also approved the addition of \$70,000 from the State General Fund to continue the Humanities Council's Kansans Tell Their Stories program in FY 2008.

The **2008 Legislature** approved \$149,500 from the State General Fund for a two-year project for the preservation of electronic records in FY 2009. The project created a strategic plan for an electronic state archive, a strategic information management plan, and a digital archives specialist.

The **2009 Legislature** passed 2009 Senate Concurrent Resolution (SCR) 1604, which encouraged the State Historical Society to develop plans for calendar year 2011 to commemorate the sesquicentennial (150th anniversary) of Kansas' admission to the Union. The Legislature also enacted Senate Sub. for HB 2365, which capped historic preservation tax credits at \$3.75 million for FY 2010 and FY 2011. In comparison, the Historical Society certified \$15.3 million in eligible state tax credits in FY 2009.

The **2010 Legislature** deleted \$134,530, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

The **2011 Legislature** deleted \$200,000, all from the State General Fund, to remove funding the Governor had added to pass through to a 501(c)(3) arts organization replacing the Arts Commission, for FY 2012. In addition, the Legislature deleted 17.0 vacant FTE positions, leaving 117.0 FTE positions. The 2011 Legislature added \$50,000, all from the State General Fund, for repair and replacement of lighting fixtures at the State Historical Society museum and headquarters building, for FY 2012.

The **2012 Legislature** added \$125,000, all from the State General Fund, for capital improvement projects for FY 2013. The Legislature also added \$125,000, all from the State General Fund, for operating expenditures for FY 2013. Additionally, the agency was required to eliminate FTE positions that had been unfilled for greater than 120 days as of June 30, 2012. This eliminated 20.0 FTE positions.

The **2013 Legislature** deleted \$24,199, all from the State General Fund, to maintain FY 2015 operating expenditures at the FY 2014 level; deleted \$65,000, all from special revenue funds, from the Shawnee Indian Mission restoration project for FY 2015; added \$35,000, all from the special revenue funds, for the Hollenberg Station exterior siding preservation project for FY 2015; and added \$30,000, all from special revenue funds, for the Mine Creek exterior cleaning and resealing project for FY 2015.

The **2014 Legislature** passed HB 2643 which changed property tax collections in the state. Of relevance to this agency, HB 2643 lowered the mortgage registration tax and eliminated entirely the portion of that tax that funded the Heritage Trust Fund. The Heritage Trust was created by the 1990 Legislature, and funds grants for the preservation of historic buildings. The mortgage registration tax was replaced by a \$1 per page fee on the first and all subsequent pages of any deeds, mortgages, and other related instruments executed in the state. These fees are collected by the counties. Additionally the annual cap for payments to the Heritage Trust Fund from each county was lowered from \$100,000 to \$30,000.

The **2015 Legislature** deleted \$184,281 for FY 2016 and \$187,645 for FY 2017, all from the State General Fund for a 4.0 percent operating reduction; added \$55,000 in FY 2016 and FY 2017, all from special revenue funds to allow the agency to provide weekend hours at the Capitol Visitor Center; and added \$42,500, all from special revenue funds and authorized expenditures of another \$42,500 from existing resources in the Rehab and Repair State General Fund account for the replacement of the State Archives roof for FY 2016.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$7.4 million, including \$3.5 million from the State General Fund in FY 2016. This is an all funds increase of \$584,958, or 8.5 percent, all from special revenue funds, above the FY 2016 approved amount. The increase includes a shift of funding of \$489,958 from special revenue funds to cover expenditures after the Governor’s July 2015 State General Fund allotment of \$800,000 and a \$95,000 increase in capital improvements for projects approved in FY 2015. There is no change from the State General Fund approved amount in FY 2016.

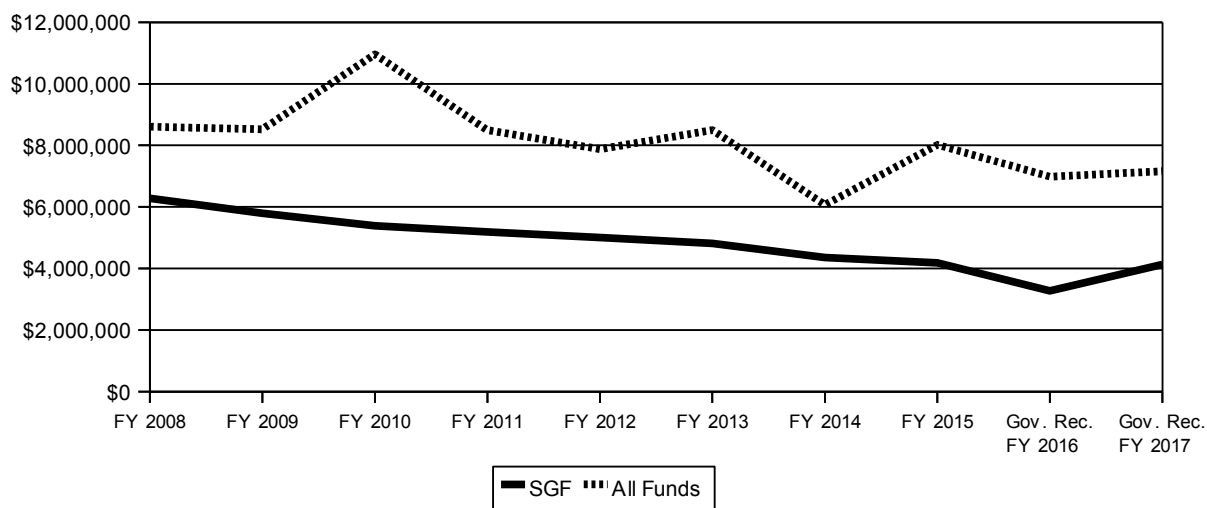
The **Governor** concurs with the agency’s revised estimate, with the recommendation of a State General Fund shift of \$1,256 from contractual services expenditures to aid to local units expenditures, within the administration program, to increase the amount requested for the Kansas Heritage Center.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$7.8 million, including \$4.4 million from the State General Fund for FY 2017. This is an all funds decrease of \$124,397, or 1.6 percent, all from special revenue funds, below the FY 2017 approved amount. The decrease is primarily due to recent agency reorganization and efficiencies as well as a decrease in gifts and grants. There is no change from the State General Fund approved amount for FY 2017.

The **Governor** concurs with the agency’s revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 6,274,378	7.7 %	\$ 8,606,810	2.4 %	134.0
2009	5,797,285	(7.6)	8,521,767	(1.0)	134.0
2010	5,385,039	(7.1)	10,958,203	28.6	134.0
2011	5,187,578	(3.7)	8,496,824	(22.5)	134.0
2012	5,003,465	(3.5)	7,877,267	(7.3)	117.0
2013	4,816,242	(3.7)	8,498,524	7.9	94.0
2014	4,354,437	(9.6)	6,069,523	(28.6)	69.0
2015	4,179,292	(4.0)	8,016,809	32.1	60.0
2016 Gov. Rec.	3,276,424	(21.6)	6,981,404	(12.9)	95.5
2017 Gov. Rec.	4,128,013	26.0	7,158,402	2.5	95.5
Ten-Year Change Dollars/Percent	\$ (2,146,365)	(34.2)%	\$ (1,448,408)	(16.8)%	(38.5)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016		Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16	
By Program:											
Administration	\$ 2,607,158	\$ 2,221,939	\$ 2,299,485	\$ 77,546	3.5 %	\$ 2,221,939	\$ 2,299,485	\$ 77,546	3.5 %		
Cultural Resources	3,723,796	2,815,652	2,857,790	42,138	1.5	2,815,652	2,857,790	42,138	1.5		
Education and Museum	747,380	794,370	817,119	22,749	2.9	794,370	817,119	22,749	2.9		
State Archives	938,475	1,149,443	1,184,008	34,565	3.0	1,149,443	1,184,008	34,565	3.0		
TOTAL	<u>\$ 8,016,809</u>	<u>\$ 6,981,404</u>	<u>\$ 7,158,402</u>	<u>\$ 176,998</u>	<u>2.5 %</u>	<u>\$ 6,981,404</u>	<u>\$ 7,158,402</u>	<u>\$ 176,998</u>	<u>2.5 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 4,265,516	\$ 4,325,285	\$ 4,476,984	\$ 151,699	3.5 %	\$ 4,325,285	\$ 4,476,984	\$ 151,699	3.5 %		
Contractual Services	1,175,664	1,158,220	1,170,563	12,343	1.1	1,156,964	1,170,563	13,599	1.2		
Commodities	170,037	170,300	170,300	0	--	170,300	170,300	0	--		
Capital Outlay	117,812	31,000	30,000	(1,000)	(3.2)	31,000	30,000	(1,000)	(3.2)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 5,729,029	\$ 5,684,805	\$ 5,847,847	\$ 163,042	2.9 %	\$ 5,683,549	\$ 5,847,847	\$ 164,298	2.9 %		
Aid to Local Units	585,686	681,463	685,950	4,487	0.7	682,719	685,950	3,231	0.5		
Other Assistance	1,702,094	615,136	624,605	9,469	1.5	615,136	624,605	9,469	1.5		
TOTAL	<u>\$ 8,016,809</u>	<u>\$ 6,981,404</u>	<u>\$ 7,158,402</u>	<u>\$ 176,998</u>	<u>2.5 %</u>	<u>\$ 6,981,404</u>	<u>\$ 7,158,402</u>	<u>\$ 176,998</u>	<u>2.5 %</u>		
Financing:											
State General Fund	\$ 4,179,292	\$ 3,276,424	\$ 4,128,013	\$ 851,589	26.0 %	\$ 3,276,424	\$ 4,128,013	\$ 851,589	26.0 %		
Heritage Trust Fund	2,150,467	1,196,636	1,196,636	0	--	1,196,636	1,196,636	0	--		
All Other Funds	1,687,050	2,508,344	1,833,753	(674,591)	(26.9)	2,508,344	1,833,753	(674,591)	(26.9)		
TOTAL	<u>\$ 8,016,809</u>	<u>\$ 6,981,404</u>	<u>\$ 7,158,402</u>	<u>\$ 176,998</u>	<u>2.5 %</u>	<u>\$ 6,981,404</u>	<u>\$ 7,158,402</u>	<u>\$ 176,998</u>	<u>2.5 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$4,326,424 for the State Historical Society in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- A reduction of \$800,000, as the result of the Governor's July 2015 State General Fund allotment.

This adjustment changes the FY 2016 approved State General Fund to \$3,526,424. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 3,526,424	\$ 3,526,424	\$ 0	\$ 3,526,424	\$ 0
All Other Funds	3,322,522	3,907,480	584,958	3,907,480	584,958
TOTAL	\$ 6,848,946	\$ 7,433,904	\$ 584,958	\$ 7,433,904	\$ 584,958
FTE Positions	95.5	95.5	0.0	95.5	0.0

The **agency** requests a revised estimate of \$7.4 million, including \$3.5 million from the State General Fund. This is an all funds increase of \$584,958, or 8.5 percent, all from special revenue funds, above the FY 2016 approved amount. The increase includes a shift of funding of \$489,958 from special revenue funds to cover expenditures after the Governor's July 2015 State General Fund allotment of \$800,000. There is also an increase of \$95,000 or 26.6 percent, in capital improvements in FY 2016 for projects approved in FY 2015 for exterior restoration and interior repairs at Hollenberg Station in Washington County and exterior window and door restoration at Shawnee Indian Mission in Johnson County. There are no changes from the State General Fund approved amount in FY 2016.

The **Governor** concurs with the agency's revised estimate, with the recommendation of a State General Fund shift of \$1,256 from contractual services expenditures to aid to local units expenditures, within the administration program, to increase the amount requested for the Kansas Heritage Center.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
State General Fund Allotment			
TOTAL	\$ 800,000	\$ 800,000	0.0

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$4,378,013 for the State Historical Society in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 4,378,013	\$ 4,378,013	\$ 0	\$ 4,378,013	\$ 0
All Other Funds	3,498,286	3,373,889	(124,397)	3,373,889	(124,397)
TOTAL	\$ 7,876,299	\$ 7,751,902	\$ (124,397)	\$ 7,751,902	\$ (124,397)
FTE Positions	95.5	95.5	0.0	95.5	0.0

The **agency** requests a revised estimate of \$7.8 million, including \$4.4 million from the State General Fund. This is an all funds decrease of \$124,397, or 1.6 percent, all from special revenue funds, below the FY 2017 approved amount. The decrease is primarily due to recent agency reorganization and efficiencies as well as a decrease in gifts and grants. There are decreases across all categories except for contractual services, which includes expected increases in utility costs. There is no change in the State General Fund approved amount for FY 2017.

The **Governor** concurs with the agency's revised estimate.

Funding Sources

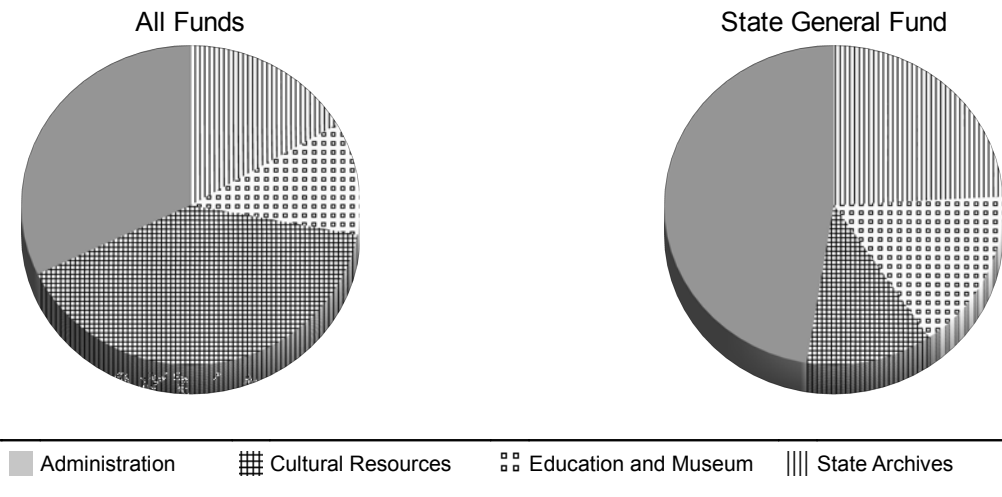
Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	57.7 %	57.7 %
Heritage Trust Fund	16.7	16.7
All Other Sources	25.6	25.6
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 2,299,485	32.1 %	\$ 1,958,250	47.4 %
Cultural Resources	2,857,790	39.9	497,764	12.1
Education and Museum	817,119	11.4	675,541	16.4
State Archives	1,184,008	16.5	996,458	24.1
TOTAL	<u>\$ 7,158,402</u>	<u>100.0 %</u>	<u>\$ 4,128,013</u>	<u>100.0 %</u>

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	15.5	24.0	24.0	24.0	24.0
Cultural Resources	16.0	23.0	23.0	23.0	23.0
Education and Museum	10.5	20.5	20.5	20.5	20.5
State Archives	18.0	28.0	28.0	28.0	28.0
TOTAL	<u>60.0</u>	<u>95.5</u>	<u>95.5</u>	<u>95.5</u>	<u>95.5</u>

A. Administration

The goal of the Administration program is to create a working environment that allows the State Historical Society staff to function efficiently and creatively, to provide supportive services to all State Historical Society programs, and to provide for the environmental and physical security of the staff, patrons, and collections housed in the Kansas History Center. As a result of recent agency reorganizations, the Administration program now includes marketing, information technology, and facilities management. Responsibilities of the program include oversight and fiscal responsibility for the agency, coordinating the agency's communications with the public, facility rentals, management of agency facilities, providing security for Topeka facility which includes the state's historical collections, and providing the information technology infrastructure needed to deliver all agency programs and services. In addition, the program administers pass-through monies budgeted for the Kansas Humanities Council and the Heritage Center in Dodge City through funding under aid to local units of government and other assistance.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,431,359	\$ 1,193,560	\$ 1,193,560	\$ 1,238,574	\$ 1,238,574
Contractual Services	926,359	883,780	882,524	902,356	902,356
Commodities	79,645	70,000	70,000	70,000	70,000
Capital Outlay	96,934	18,000	18,000	18,000	18,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,534,297</i>	<i>\$ 2,165,340</i>	<i>\$ 2,164,084</i>	<i>\$ 2,228,930</i>	<i>\$ 2,228,930</i>
Aid to Local Units	18,324	13,463	14,719	17,950	17,950
Other Assistance	54,537	43,136	43,136	52,605	52,605
TOTAL	\$ 2,607,158	\$ 2,221,939	\$ 2,221,939	\$ 2,299,485	\$ 2,299,485
Financing:					
State General Fund	\$ 2,081,427	\$ 1,794,147	\$ 1,794,147	\$ 1,958,250	\$ 1,958,250
All Other Funds	525,731	427,792	427,792	341,235	341,235
TOTAL	\$ 2,607,158	\$ 2,221,939	\$ 2,221,939	\$ 2,299,485	\$ 2,299,485
FTE Positions	15.5	24.0	24.0	24.0	24.0
Non-FTE Uncl. Perm. Pos.	1.0	0.0	0.0	0.0	0.0
TOTAL	16.5	24.0	24.0	24.0	24.0

The **agency** requests a revised estimate of \$2.3 million, including \$2.0 million from the State General Fund for FY 2017. This is an all funds decrease of \$144,744, or 5.9 percent, and a State General Fund decrease of \$54,959, or 2.7 percent, below the FY 2017 approved amount. The decrease is primarily in salaries and wages (\$155,463) due to recent agency reorganizations.

The **Governor** concurs with the agency's revised estimate.

B. Cultural Resources

The goal of the Cultural Resources program is to preserve the state's archeological, architectural, and historic resources while at the same time assisting communities and property owners in economic development through assistance in rehabilitating and repurposing historic structures. The division also preserves and operates 16 state-owned historic sites. The State of Kansas has owned state historic sites since 1899 with the acquisition of Pawnee Indian Museum in Republic. State statutes determine the legislative process for obtaining additional sites. The most recent addition is The Last Chance Store in Council Grove, approved by the 2015 Legislature. The historic sites were moved to the cultural resources division during the agency's FY 2014 reorganization.

The division is funded in part through federal allocations. Enacted by U.S. Congress in 1966, and amended in 1970 and 1980, the National Preservation Act provides for a National Register of Historic Places to include districts, sites, buildings, structures, and objects significant in American history, archeology, and culture. Such places may have national, state, or local significance. The act provides funding for the State Historic Preservation Office (SHPO), and the director of the cultural resources division is the deputy of the SHPO.

The state of Kansas has also adopted legislation that protects the state's cultural resources. The state provides incentives to property owners to rehabilitate their historic structures. These incentives include grants and tax credits. The State Historical Societal has grant-making authority over moneys in the Historic Preservation Fund (federally financed) and Heritage Trust Fund (financed by mortgage document fees). The federal government offers additional tax credits for historic preservation to income producing properties. Many developers use both state and federal tax credits in combination to create jobs in Kansas.

CULTURAL RESOURCES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,308,139	\$ 1,317,792	\$ 1,317,792	\$ 1,363,025	\$ 1,363,025
Contractual Services	179,083	215,060	215,060	211,965	211,965
Commodities	21,510	30,800	30,800	30,800	30,800
Capital Outlay	145	12,000	12,000	12,000	12,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,508,877</i>	<i>\$ 1,575,652</i>	<i>\$ 1,575,652</i>	<i>\$ 1,617,790</i>	<i>\$ 1,617,790</i>
Aid to Local Units	567,362	668,000	668,000	668,000	668,000
Other Assistance	1,647,557	572,000	572,000	572,000	572,000
TOTAL	\$ 3,723,796	\$ 2,815,652	\$ 2,815,652	\$ 2,857,790	\$ 2,857,790
Financing:					
State General Fund	\$ 508,991	\$ 300,109	\$ 300,109	\$ 497,764	\$ 497,764
All Other Funds	3,214,805	2,515,543	2,515,543	2,360,026	2,360,026
TOTAL	\$ 3,723,796	\$ 2,815,652	\$ 2,815,652	\$ 2,857,790	\$ 2,857,790
FTE Positions	16.0	23.0	23.0	23.0	23.0
Non-FTE Uncl. Perm. Pos.	3.5	3.5	3.5	3.5	3.5
TOTAL	19.5	26.5	26.5	26.5	26.5

The **agency** requests a revised estimate of \$2.9 million, including \$497,764 from the State General Fund for FY 2017. This is an all funds decrease of \$225,944, or 7.3 percent, and a State General Fund decrease of \$52,805, or 9.6 percent, below the FY 2017 approved amount. The decrease is primarily in salaries and wages (\$108,909) and other assistance (\$100,000) due to agency reorganization and efficiencies as well as a decrease in gifts and grants.

The **Governor** concurs with the agency's revised estimate.

C. Education and Museum

As part of the agency's FY 2014 reorganization, the education division and the museum division have been combined. The state-owned historic sites that were previously part of the museum have been shifted to the cultural resources division. The goal of the education and museum division is to interpret the people and events of Kansas history for students and the general public. The division will continue to provide curriculum support for the teaching of Kansas history and government in the K-12 classroom. The teaching of Kansas history is required by statute and state curriculum standards. There is an increased emphasis on reading in the school curriculum, so materials developed meet this literacy need through Kansas history content. The division cares for the state's historical artifact collection, which includes such notable items as the Kansas Civil War battle flags, the gallows, and Custer's boots. The division interprets these artifacts to tell the story of Kansas through exhibits and programs. The Capital Visitor Center is also part of this division's responsibility. Funding for this division is shifting from its historical State General Fund base to a balance of user fees deposited in agency fee funds and the State General Fund.

**EDUCATION AND MUSEUM
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 666,177	\$ 734,594	\$ 734,594	\$ 759,968	\$ 759,698
Contractual Services	26,091	23,276	23,276	20,651	20,651
Commodities	51,547	36,500	36,500	36,500	36,500
Capital Outlay	3,565	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 747,380</i>	<i>\$ 794,370</i>	<i>\$ 794,370</i>	<i>\$ 817,119</i>	<i>\$ 816,849</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 747,380	\$ 794,370	\$ 794,370	\$ 817,119	\$ 816,849
Financing:					
State General Fund	\$ 723,684	\$ 595,666	\$ 595,666	\$ 675,541	\$ 675,541
All Other Funds	23,696	198,704	198,704	141,578	141,578
TOTAL	\$ 747,380	\$ 794,370	\$ 794,370	\$ 817,119	\$ 817,119
FTE Positions	10.5	20.5	20.5	20.5	20.5
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	10.5	20.5	20.5	20.5	20.5

The **agency** requests a revised estimate of \$817,119, including \$675,541 from the State General Fund for FY 2017. This is an all funds decrease of \$36,441, or 4.3 percent, and a State General Fund decrease of \$37,902, or 5.3 percent, below the FY 2017 approved amount. The decrease is primarily in salaries and wages (\$35,692) and reflects recent agency reorganizations.

The **Governor** concurs with the agency's revised estimate.

D. State Archives

The state archives division was established as part of agency's FY 2014 reorganization and underwent further reorganization in FY 2015. The division combines the government records management and preservation responsibilities performed by the state archives with the function of the previous historical research collections division. In creating the division, the agency highlights the essential role of government records in ensuring Kansas government transparency and accountability, protecting the legal rights of Kansas citizens, and documenting Kansas history and culture. The division works with the State Records Board to ensure that all government records are scheduled for retention or disposition. The division also collects a variety of historical documents to tell the stories of Kansas people through online resources.

Some responsibilities of the division include collecting, preserving, and making available Kansas government records with enduring or permanent value, regardless of format; offering training to local and state government officials on records management and collaborating with officials on best practices; reviewing proposed state agency plans for IT projects over \$250,000

to ensure adequate provisions are included for the management and preservation of long-term state government records; efficiently administering the land survey reference reports program; acquiring and preserving newspapers throughout the state; and digitizing historical newspapers for online accessibility.

In an effort to reduce costs and better match demand for services, the State Records Center was officially closed at the end of FY 2015. The Center previously held non-current, but still active paper records for state agencies and was funded by payments from those agencies. Recently a number of agencies stopped using the State Records Center and it was no longer cost effective to offer the service. In FY 2016, the agency will finalize closure with clean-up work, consisting primarily of reviewing and revising state agency records retention and disposal schedules.

STATE ARCHIVES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 859,841	\$ 1,079,339	\$ 1,079,339	\$ 1,115,417	\$ 1,115,417
Contractual Services	44,131	36,104	36,104	35,591	35,591
Commodities	17,335	33,000	33,000	33,000	33,000
Capital Outlay	17,168	1,000	1,000	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 938,475</i>	<i>\$ 1,149,443</i>	<i>\$ 1,149,443</i>	<i>\$ 1,184,008</i>	<i>\$ 1,184,008</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 938,475	\$ 1,149,443	\$ 1,149,443	\$ 1,184,008	\$ 1,184,008
Financing:					
State General Fund	\$ 865,190	\$ 586,502	\$ 586,502	\$ 996,458	\$ 996,458
All Other Funds	73,285	562,941	562,941	187,550	187,550
TOTAL	\$ 938,475	\$ 1,149,443	\$ 1,149,443	\$ 1,184,008	\$ 1,184,008
FTE Positions	18.0	28.0	28.0	28.0	28.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	18.0	28.0	28.0	28.0	28.0

The **agency** requests a revised estimate of \$1.2 million, including \$996,458 in State General Funds, for FY 2017. This is an all funds increase of \$257,732, or 27.8 percent, and a State General Fund increase of \$145,666, or 17.1 percent, above the FY 2017 approved amount. The increase is primarily in salaries and wages (\$251,141) and reflects recent agency reorganizations, including the addition of the historical research collections division to state archives.

The **Governor** concurs with the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Statewide Emergency Repairs	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Cottonwood Ranch Stained Glass Window Restoration	15,000	15,000	0	0
Hollenberg Station Exterior Siding and Interior Repairs	55,000	55,000	0	0
Grinter Place Porch Restoration	50,000	50,000	0	0
State Archives Roof Repair	42,500	42,500	0	0
Shawnee Indian Mission	40,000	40,000	0	0
Cottonwood Ranch Stone Fence Restoration	0	0	25,000	25,000
Kaw Mission, Santa Fe Trail Center Rehabilitation	0	0	293,500	293,500
Last Chance Masonry and Wood Repairs	0	0	25,000	25,000
TOTAL	\$ 452,500	\$ 452,500	\$ 593,500	\$ 593,500
Financing:				
State General Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
All Other Funds	202,500	202,500	343,500	343,500
TOTAL	\$ 452,500	\$ 452,500	\$ 593,500	\$ 593,500

FY 2016 – Current Year. The agency requests a revised estimate of \$452,500, including \$250,000 from the State General Fund, for capital improvements in FY 2016. This is an increase of \$95,000 or 26.6 percent, all from special revenue funds, above the FY 2016 approved amount. The increase is for projects approved in FY 2015, which include exterior restoration and interior repairs at Hollenberg Station in Washington County and exterior window and door restorations at Shawnee Indian Mission in Johnson County.

The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised estimate of \$593,500, including \$250,000 from the State General Fund, for capital improvements for FY 2017. This is an increase of \$25,000, or 4.4 percent, all from special revenue funds, above the FY 2017 approved amount. The increase is attributable to masonry and wood repairs at the Last Chance Store in Council Grove, acquired in FY 2015.

The **Governor** concurs with the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of teachers trained in Kansas History curriculum	500	731	500	500
Number of visitors to the Kansas Museum of History, State Capitol, and Historic Sites	130,000	131,111	130,000	131,000
Number of properties on the National Register of Historic Places	1,565	1,561	1,565	1,575

KANSAS STATE SCHOOL FOR THE BLIND

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 5,372,554	\$ 5,303,578	\$ 5,303,578	\$ 5,434,208	\$ 5,434,208
Other Funds	809,745	837,253	837,253	807,371	807,371
TOTAL	\$ 6,182,299	\$ 6,140,831	\$ 6,140,831	\$ 6,241,579	\$ 6,241,579
Capital Improvements:					
State General Fund	\$ 171	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	463,034	1,044,544	1,040,350	650,276	650,276
TOTAL	\$ 463,205	\$ 1,044,544	\$ 1,040,350	\$ 650,276	\$ 650,276
GRAND TOTAL	\$ 6,645,504	\$ 7,185,375	\$ 7,181,181	\$ 6,891,855	\$ 6,891,855
Percentage Change:					
Operating Expenditures					
State General Fund	4.8 %	(1.3) %	(1.3) %	2.5 %	2.5 %
All Funds	(0.5)	(0.7)	(0.7)	1.6	1.6
FTE Positions	81.5	81.5	81.5	81.5	81.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	81.5	81.5	81.5	81.5	81.5

AGENCY OVERVIEW

The mission of the Kansas State School for the Blind (KSSB) is to empower both blind and visually impaired students with the knowledge, attitudes, and skills needed to assume responsible roles in society and to lead fulfilling lives. KSSB established three programs to assist with its mission: Administrative Services, Instructional Services, and Support Services.

To fulfill its mission, the School serves as the center for state-of-the-art education of Kansas children who are either blind or visually impaired, and as the training and support base for teachers across the state who work with children who have sensory impairments. Through its outreach program, KSSB also provides direct support in public schools by working with students, teachers, and parents to improve educational opportunities for students who are visually impaired.

KSSB is a state agency under the control and supervision of the State Board of Education. Residents of the state, up to the age of 21, who are unable to materially benefit from attendance in a public school because of a visual impairment, are entitled to free admission to the School. KSSB has a dormitory program with an extensive educational focus on daily living skills, a transition and career education program and a comprehensive nursing and student health program.

MAJOR ISSUES FROM PRIOR YEARS

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature.

The Commission studied combining the Kansas State School for the Blind and Kansas School for the Deaf on one campus, specifically the Olathe campus for the School for the Deaf. Due to initial capital improvement expenditures required to meet the needs of students from the School for the Blind, the Commission recommended that the campuses not be co-located and the School for the Blind and Deaf maintain its respective campuses, but share services where possible. This included sharing one administrative staff, including the superintendent position, food services, health services, and any other services possible in order to reduce expenditures. Currently, the schools are under one administration team consisting of one Superintendent, one Director of Operations, one Food Service Manager, one Maintenance/Security Manager, one Human Resource Director, and one Financial Director. Overall combined net savings for the consolidation of administrative services was estimated to be \$174,498.

2011 Session. The 2011 Legislature deleted \$30,509, all from the State General Fund, in FY 2011 and \$31,979, all from the State General Fund, in FY 2012 for debt service principal payments on the Facilities Conservation Improvement Project. The funding was replaced with funding from the State Institutions Building Fund. In addition, the Legislature passed 2011 HB 2078 which allows the School for the Blind to conduct teacher training programs year round. Previously, training programs were only permitted to be conducted during the summer.

2012 Session. The Legislature eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June, 30, 2012. The Legislature also approved the addition of funding for undermarket pay for FY 2013.

2012 HB 2777 allowed the Kansas School for the Blind and the Kansas School for the Deaf to receive payment from school districts for providing services to students at each of the schools.

2013 Session. The Legislature added language authorizing the superintendent of the School for the Blind and the School for the Deaf to transfer State General Fund appropriations between the two schools for FY 2013, 2014, and 2015.

2014 Session. A Governor's Executive Directive added \$202,674, all from the State General Fund, to alleviate problems with federal special education maintenance of effort issues as well as eliminated the need to reduce staff for FY 2015. State General Fund in the amount of \$36,938 was added to statutorily-required salary increases for teachers for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests \$7.2 million, including \$5.3 million from the State General Fund, for FY 2016. The State General Fund request is the same as the

approved budget. The difference from the approved budget in all other funds of \$334,390 is the result of a reappropriation of State Institutions Building Fund moneys unspent in the prior fiscal year. While total funding did not change, the capital outlay budget is \$74,000, not previously funded, and was achieved by reductions in the contractual and commodities categories.

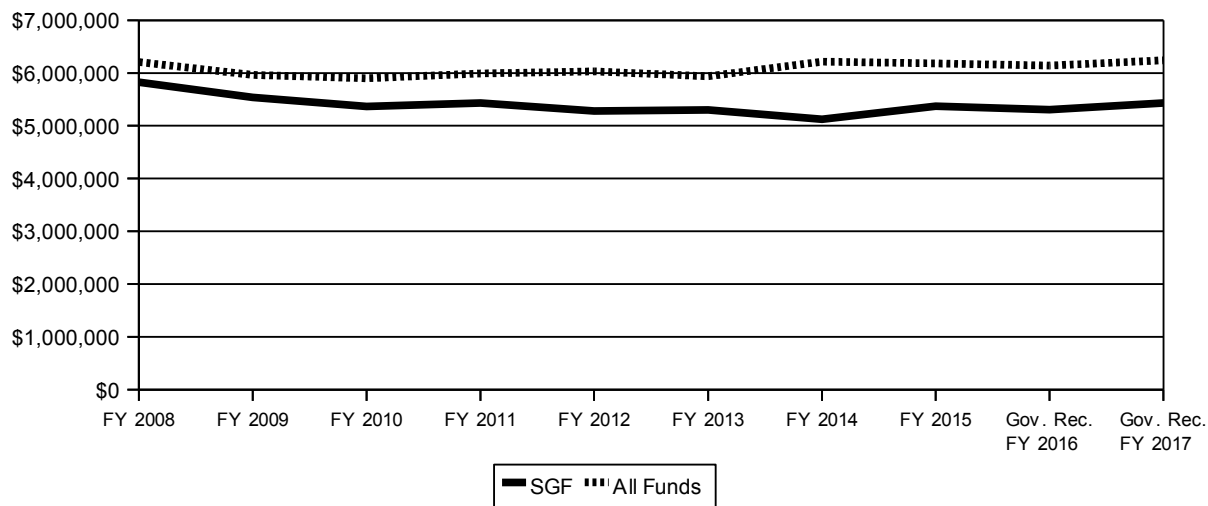
The **Governor** recommends a revised FY 2016 budget of \$7.2 million, including \$5.3 million from the State General Fund. The Governor recommended lapsing a State Institutions Building Fund reappropriation of \$4,194 for a maintenance building roof, which has subsequently been completed.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$6.2 million all funds, including \$5.4 million from the State General Fund. The request is \$6,098 more than the approved all funds budget. The State General Fund request is the same as the approved budget.

The **Governor** concurs with the agency request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 5,824,309	13.2 %	\$ 6,208,593	7.0 %	93.5
2009	5,536,607	(4.9)	5,964,855	(3.9)	93.5
2010	5,365,651	(3.1)	5,900,577	(1.1)	93.5
2011	5,429,535	1.2	5,992,442	1.6	93.5
2012	5,282,319	(2.7)	6,030,346	0.6	82.5
2013	5,302,535	0.4	5,938,274	(1.5)	82.5
2014	5,125,021	(3.3)	6,215,991	4.7	81.5
2015	5,372,554	4.8	6,182,299	(0.5)	81.5
2016 Gov. Rec.	5,303,578	(1.3)	6,140,831	(0.7)	81.5
2017 Gov. Rec.	5,434,208	2.5	6,241,579	1.6	81.5
Ten-Year Change Dollars/Percent	\$ (390,101)	(6.7)%	\$ 32,986	0.5 %	(12.0)

Summary of Operating Budget FY 2015 - FY 2017

Kansas State School for the Blind

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 219,267	\$ 198,123	\$ 196,257	\$ (1,866)	(0.9) %	\$ 198,123	\$ 196,257	\$ (1,866)	(0.9) %		
Instructional Services	4,556,910	4,526,399	4,571,915	45,516	1.0	4,526,399	4,571,915	45,516	1.0		
Support Services	1,398,820	1,410,981	1,469,938	58,957	4.2	1,410,981	1,469,938	58,957	4.2		
Debt Service	7,302	5,328	3,469	(1,859)	(34.9)	5,328	3,469	(1,859)	(34.9)		
TOTAL	<u>\$ 6,182,299</u>	<u>\$ 6,140,831</u>	<u>\$ 6,241,579</u>	<u>\$ 100,748</u>	<u>1.6 %</u>	<u>\$ 6,140,831</u>	<u>\$ 6,241,579</u>	<u>\$ 100,748</u>	<u>1.6 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 4,940,998	\$ 4,934,027	\$ 5,092,477	\$ 158,450	3.2 %	\$ 4,934,027	\$ 5,092,477	\$ 158,450	3.2 %		
Contractual Services	871,909	858,612	882,816	24,204	2.8	858,612	882,816	24,204	2.8		
Commodities	192,405	195,469	198,317	2,848	1.5	195,469	198,317	2,848	1.5		
Capital Outlay	110,701	74,000	32,000	(42,000)	(56.8)	74,000	32,000	(42,000)	(56.8)		
Debt Service	7,302	5,328	3,469	(1,859)	(34.9)	5,328	3,469	(1,859)	(34.9)		
Subtotal - Operations	\$ 6,123,315	\$ 6,067,436	\$ 6,209,079	\$ 141,643	2.3 %	\$ 6,067,436	\$ 6,209,079	\$ 141,643	2.3 %		
Aid to Local Units	0	0	0	0	0.0	0	0	0	0.0		
Other Assistance	58,984	73,395	32,500	(40,895)	(55.7)	73,395	32,500	(40,895)	(55.7)		
TOTAL	<u>\$ 6,182,299</u>	<u>\$ 6,140,831</u>	<u>\$ 6,241,579</u>	<u>\$ 100,748</u>	<u>1.6 %</u>	<u>\$ 6,140,831</u>	<u>\$ 6,241,579</u>	<u>\$ 100,748</u>	<u>1.6 %</u>		
Financing:											
State General Fund	\$ 5,372,554	\$ 5,303,578	\$ 5,434,208	\$ 130,630	2.5 %	\$ 5,303,578	\$ 5,434,208	\$ 130,630	2.5 %		
All Other Funds	809,745	837,253	807,371	(29,882)	(3.6)	837,253	807,371	(29,882)	(3.6)		
TOTAL	<u>\$ 6,182,299</u>	<u>\$ 6,140,831</u>	<u>\$ 6,241,579</u>	<u>\$ 100,748</u>	<u>1.6 %</u>	<u>\$ 6,140,831</u>	<u>\$ 6,241,579</u>	<u>\$ 100,748</u>	<u>1.6 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$5,303,578 for the School for the Blind in FY 2016. No adjustments have been subsequently made to that amount.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 5,303,578	\$ 5,303,578	\$ 0	\$ 5,303,578	\$ 0
All Other Funds	1,547,407	1,881,797	334,390	1,877,603	330,196
TOTAL	\$ 6,850,985	\$ 7,185,375	\$ 334,390	\$ 7,181,181	\$ 330,196
FTE Positions	81.5	81.5	0.0	81.5	0.0

The **agency** requests \$7.2 million, including \$5.3 million from the State General Fund, for FY 2016. While total funding did not change, the capital outlay budget is \$74,000, not previously funded, and was achieved by reductions in the contractual and commodities categories. The State General Fund request is the same as the approved budget. The difference from the approved budget in all other funds of \$334,390 is the result of a reappropriation of State Institutions Building Funds unspent in the prior year.

The **Governor** recommends a FY 2016 all funds budget of \$7.2 million, including \$5.3 million from the State General Fund. The Governor recommended lapsing a State Institutions Building Fund reappropriation of \$4,194 for a maintenance building roof, which has subsequently been completed.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$5,434,208 for the School for the Blind in FY 2017. No adjustments have been subsequently made to that amount.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 5,434,208	\$ 5,434,208	\$ 0	\$ 5,434,208	\$ 0
All Other Funds	1,451,549	1,457,647	6,098	1,457,647	6,098
TOTAL	\$ 6,885,757	\$ 6,891,855	\$ 6,098	\$ 6,891,855	\$ 6,098
FTE Positions	81.5	81.5	0.0	81.5	0.0

The **agency** request for FY 2017 from the State General Fund is the same as the approved amount. There was no request for enhancements. The majority of the change from the FY 2016 budget includes an addition of \$52,000 from the State General Fund to meet the statutory requirement that educators at the School for the Blind be paid commensurate with the Olathe School District educators.

The **Governor** recommends a FY 2017 budget the same as the agency request.

Funding Sources

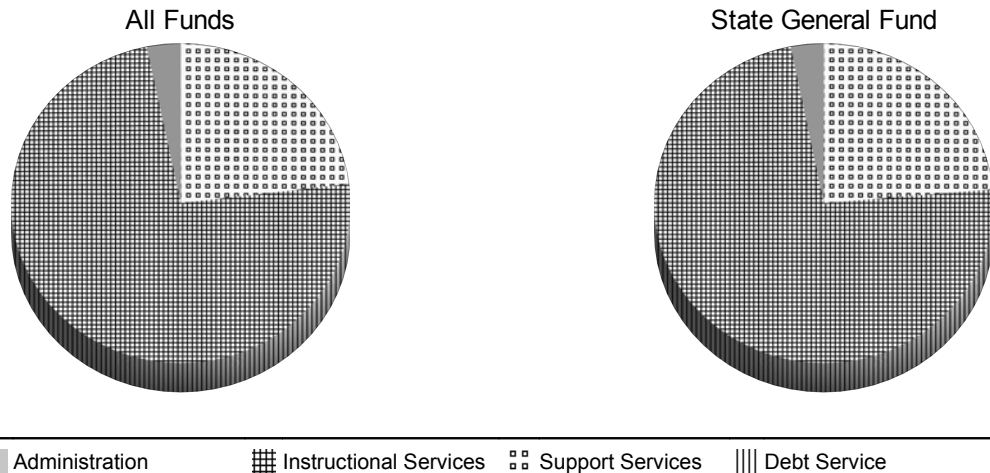
Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	87.1 %	87.1 %
All Other Funds	12.9	12.9
TOTAL	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 198,123	3.2 %	\$ 196,257	3.1 %
Instructional Services	4,526,399	73.7	4,571,915	73.2
Support Services	1,410,981	23.0	1,469,938	23.6
Debt Service	5,328	0.1	3,469	0.1
TOTAL	\$ 6,140,831	100.0 %	\$ 6,241,579	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	1.3	1.4	1.4	1.4	1.4
Instructional Services	61.1	60.1	60.1	60.1	60.1
Support Services	19.1	20.0	20.0	20.0	20.0
TOTAL	81.5	81.5	81.5	81.5	81.5

A. Administrative Services

The Administrative Services program coordinates overall management and operations of the Kansas State School for the Blind. The program is responsible for the development and administration of educational and co-curricular programs, personnel procedures and support services; appointment of classified and unclassified employees; budget preparation; and payroll.

ADMINISTRATIVE SERVICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 123,244	\$ 129,424	\$ 129,424	\$ 132,062	\$ 132,062
Contractual Services	93,994	66,699	66,699	62,195	62,195
Commodities	1,946	2,000	2,000	2,000	2,000
Capital Outlay	83	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 219,267</i>	<i>\$ 198,123</i>	<i>\$ 198,123</i>	<i>\$ 196,257</i>	<i>\$ 196,257</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 219,267	\$ 198,123	\$ 198,123	\$ 196,257	\$ 196,257
Financing:					
State General Fund	\$ 188,069	\$ 198,123	\$ 198,123	\$ 196,257	\$ 196,257
All Other Funds	31,198	0	0	0	0
TOTAL	\$ 219,267	\$ 198,123	\$ 198,123	\$ 196,257	\$ 196,257
FTE Positions	1.3	1.4	1.4	1.4	1.4
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	1.3	1.4	1.4	1.4	1.4

The **agency** requests \$18,302, or 8.5 percent, less than the approved budget, all from the State General Fund. A contract for legal services needed in the prior fiscal year should not be needed in FY 2016, according to agency staff, thus the decreased request.

The FY 2017 request, is \$1,900, or 0.9 percent, less than the approved budget, all from the State General Fund.

The **Governor** concurs with the the agency's revised estimate for both FY 2016 and FY 2017.

B. Instructional Services

The Instructional Services program is designed to meet both the academic and special skill needs of a student population with a wide range of cognitive abilities. KSSB seeks to make students independent learners and equip them with the special skills and knowledge to successfully return them to their home communities and schools. The School provides a fully

accredited academic program and services for multiple disabilities. Instructional Services operates the following subprograms:

Day Program. This subprogram combines traditional academic subjects and classes for students with multiple disabilities and focuses on functional academics and the skills of daily living. Related services such as speech therapy, orientation and mobility, counseling, and physical and occupational therapies which are required by a student's Individualized Education Plan (IEP) are scheduled throughout the day. Extracurricular activities are offered in the late afternoon and on some weekends.

Extended Day. The student residence subprogram is for students who are unable to return to their homes because of the distance from KSSB. A home-like environment is provided for students 6 to 21 years of age, who have disabilities ranging from mild to severe. Many extended day students have medical problems and are provided 24-hour nursing coverage. The Extended Day instructors (dormitory teachers) teach the students daily living skills.

Extended Year. This subprogram is a three-week summer school program that includes classes in orientation and mobility, daily living skills, cooking, computers, and academic areas as needed. The summer school program is offered to students who need such services to meet the requirements of their Individual Education Plan (IEP).

Outreach. The Outreach subprogram involves orientation and mobility instruction, such as cane travel, specialized computer training, low vision aids, and other skills needed by children in Kansas school districts. This subprogram also provides specialized education evaluations and consultative services, such as teacher in-service, parent education, and child-specific assistance.

Kansas Assistive Technology Resource Center. This subprogram is funded by state and private sources to provide specialized computer equipment and related training to Kansas schools serving blind and visually impaired children.

Kansas Instructional Resource Center (KIRC) for the Blind and Visually Impaired. The center provides textbooks and library materials in Braille and large print to all blind and visually impaired students in Kansas.

Accessible Arts, Inc. This subprogram provides outreach services statewide, as well as services to KSSB students. Accessible Arts, Inc. developed a model of using arts activities to promote learning across all curricular areas, and to promote the inclusion of children with disabilities with non-disabled children.

**INSTRUCTIONAL SERVICES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,864,049	\$ 3,838,686	\$ 3,838,686	\$ 3,944,894	\$ 3,944,894
Contractual Services	449,810	456,458	456,458	478,636	478,636
Commodities	82,639	83,860	83,860	83,885	83,885
Capital Outlay	104,771	74,000	74,000	32,000	32,000
<i>Subtotal - Operations</i>	<i>\$ 4,501,269</i>	<i>\$ 4,453,004</i>	<i>\$ 4,453,004</i>	<i>\$ 4,539,415</i>	<i>\$ 4,539,415</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	55,641	73,395	73,395	32,500	32,500
TOTAL	\$ 4,556,910	\$ 4,526,399	\$ 4,526,399	\$ 4,571,915	\$ 4,571,915
Financing:					
State General Fund	\$ 4,023,321	\$ 3,925,510	\$ 3,925,510	\$ 4,050,638	\$ 4,050,638
All Other Funds	533,589	600,889	600,889	521,277	521,277
TOTAL	\$ 4,556,910	\$ 4,526,399	\$ 4,526,399	\$ 4,571,915	\$ 4,571,915
FTE Positions	61.1	60.1	60.1	60.1	60.1
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	61.1	60.1	60.1	60.1	60.1

The **agency** requests \$4.5 million, in all funds, for the Instructional Services Program for FY 2016, including \$3.9 million from the State General Fund. This total is \$171 more than the approved budget. The estimate for salaries and wages exceeded the approved budget by \$9,000, with this additional State General Fund moneys moving from the administration program to the instructional program. According to the agency, the need to purchase various braille pieces of equipment caused the agency to place funding into the capital outlay category (\$74,000) from the contractual services and commodities categories. Because of these changes, the estimated budget for special revenue funds is \$9,000 below the approved budget, while the State General Fund budget is \$9,000 above the approved budget.

The agency estimates \$4.6 million, including \$4.1 million from the State General Fund, for FY 2017. The estimate for all funds is \$12,000 less than the approved budget. The State General Fund portion of the this program exceeded the approved budget by \$27,000, while the special revenue fund portion was \$39,000 lower than the approved budget.

The **Governor** concurs with the the agency's revised estimate for both FY 2016 and FY 2017.

C. Support Services

The Support Services program maintains eight buildings on a 9.6 acre campus. Dietary and laundry services are provided to students attending the School. Housekeeping services maintain the dormitory, hospital, recreational facilities, and grounds. Maintenance services provide for the operation and repair of plant facilities, maintenance of vehicles, and security. Central receiving services distributes all materials that come into the School.

SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 953,705	\$ 965,917	\$ 965,917	\$ 1,015,521	\$ 1,015,521
Contractual Services	328,105	335,455	335,455	341,985	341,985
Commodities	107,820	109,609	109,609	112,432	112,432
Capital Outlay	5,847	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,395,477</i>	<i>\$ 1,410,981</i>	<i>\$ 1,410,981</i>	<i>\$ 1,469,938</i>	<i>\$ 1,469,938</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	3,343	0	0	0	0
TOTAL	<u>\$ 1,398,820</u>	<u>\$ 1,410,981</u>	<u>\$ 1,410,981</u>	<u>\$ 1,469,938</u>	<u>\$ 1,469,938</u>
Financing:					
State General Fund	\$ 1,153,862	\$ 1,174,617	\$ 1,174,617	\$ 1,183,844	\$ 1,183,844
All Other Funds	244,958	236,364	236,364	286,094	286,094
TOTAL	<u>\$ 1,398,820</u>	<u>\$ 1,410,981</u>	<u>\$ 1,410,981</u>	<u>\$ 1,469,938</u>	<u>\$ 1,469,938</u>
FTE Positions	19.1	20.0	20.0	20.0	20.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>19.1</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>

The **agency** requests \$1.4 million, all funds, including \$1.2 million from the State General fund. The estimate is \$6,600 above the approved budget for FY 2016. Salaries and wages are \$32,000 below the approved budget, while contractual services exceeds the approved budget by \$41,000. According to the agency, this occurs because of contracting for maintenance services rather than using staff to provide such services.

The FY 2017 estimate exceeds the approved budget by \$42,000, with this additional estimated funded from the General Fees Fund.

The **Governor** concurs with the the agency's revised estimate for both FY 2016 and FY 2017.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation & Repair	\$ 414,029	\$ 409,835	\$ 240,000	\$ 240,000
Safety & Security System				
Upgrade	522,915	522,915	309,817	309,817
Campus Boilers & HVAC				
Upgrade	69,000	69,000	60,000	60,000
Debt Service Principal	38,600	38,600	40,459	40,459
TOTAL	\$ 1,044,544	\$ 1,040,350	\$ 650,276	\$ 650,276
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,044,544	1,040,350	650,276	650,276
TOTAL	\$ 1,044,544	\$ 1,040,350	\$ 650,276	\$ 650,276

FY 2016 – Current Year. The agency requests a revised budget of \$1,044,544, all from the State Institutions Building Fund (SIBF). This estimate is \$346,042 above the approved budget because of a reappropriation from the prior fiscal year for amounts unexpended in FY 2015 in security system and repair contracts. The agency is allocating an additional \$174,835 to rehabilitation and repair and \$167,013 to a security system upgrade project above the approved, all from the SIBF.

Rehabilitation and repair funds are used to keep the campus facilities in functional and safe condition and meet health and safety standards according to agency officials. Examples of these include upkeep on hot water tanks, repair of masonry, electrical motors, sheetrock, and other such infrastructure elements.

The Debt service principal, totaling \$38,600, is payment on an energy service performance contract with debt retirement in FY 2018. The operating budget includes \$5,328 in interest on this debt payment.

The **Governor** recommends a FY 2016 revised request of \$1.0 million, all from the State Institutions Building Fund. The Governor reduced the maintenance and repair budget by \$4,194 the agency has designated for building roof repair, work that is completed.

FY 2017 – Budget Year. The agency requests \$650,276, the same amount as the approved budget, all from SIBF. The final phase of the redesign and construction of secure entrances will be taking place. Rehabilitation and repair funds are used to keep the campus facilities in functional and safe condition and meet health and safety standards according to agency officials. Examples of these include upkeep on hot water tanks, repair of masonry, electrical motors, sheetrock, and other such infrastructure elements.

Safety and security upgrades include a multi-phase project that started in FY 2011. The first two phases are in the final stages of completion and include fire safety upgrades in compliance with the Americans with Disabilities Act (ADA) requirements, security camera installation, and mass notification systems. The final phase, underway currently, includes redesign and construction of secure entrances, tornado shelters, and back up generator installation.

The Debt service principal, totaling \$40,459, is payment on an energy service performance contract with debt retirement in FY 2018. The operating budget includes \$3,469 in interest on this debt payment.

The **Governor** concurs with the the agency's revised estimate for FY 2017.

KANSAS STATE SCHOOL FOR THE DEAF

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 8,783,169	\$ 8,682,239	\$ 8,682,239	\$ 8,862,694	\$ 8,862,694
Other Funds	529,416	900,071	900,071	956,737	956,737
TOTAL	\$ 9,312,585	\$ 9,582,310	\$ 9,582,310	\$ 9,819,431	\$ 9,819,431
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,892,675	1,154,927	1,154,927	812,553	812,553
TOTAL	\$ 2,892,675	\$ 1,154,927	\$ 1,154,927	\$ 812,553	\$ 812,553
GRAND TOTAL	\$ 12,205,260	\$ 10,737,237	\$ 10,737,237	\$ 10,631,984	\$ 10,631,984
Percentage Change:					
Operating Expenditures					
State General Fund	3.1 %	(1.1) %	(1.1) %	2.1 %	2.1 %
All Funds	(3.8)	2.9	2.9	2.5	2.5
FTE Positions	143.5	143.5	143.5	143.5	143.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	143.5	143.5	143.5	143.5	143.5

AGENCY OVERVIEW

The mission of the Kansas State School for the Deaf (KSSD) is to provide both deaf and hard-of-hearing (D/HH) students total accessibility to language, communication, and educational excellence in a visual environment. The School established three programs to assist with its mission: Administrative Services, Instructional Services, and Support Services. KSSD is a state agency under the control and supervision of the State Board of Education.

The School offers a comprehensive curriculum for D/HH students ages 21 and under. Both American Sign Language and English are integral parts of the total school program. KSSD provides related services to make educational programs available to students with additional disabilities, including health services, counseling, physical therapy, occupational therapy, and speech and language therapy. KSSD also provides sign language interpreting, audiological, community resource and family services. In addition, KSSD operates the Auditory Training Unit program which provides equipment and consultative services for hearing impaired children in public school districts.

MAJOR ISSUES FROM PRIOR YEARS

2009 Session. The Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these, and any other facilities studied, to the Governor and the Legislature.

The Commission studied combining the Kansas State School for the Blind and Kansas School for the Deaf on one campus, specifically the Olathe campus for the School for the Deaf. Due to initial capital improvement expenditures required to meet the needs of students from the School for the Blind, the Commission recommended that the campuses not be co-located and the School for the Blind and Deaf maintain the respective campuses, but share services where possible, this included sharing one administrative staff, including the superintendent position, food services, health services, and any other services possible in order to reduce expenditures. Currently, the schools are under one administration team consisting of one Superintendent, one Director of Operations, one Food Service Manager, one Maintenance/Security Manager, one Human Resource Director, and one Financial Director. Overall combined net savings for the consolidation of administrative services was estimated to be \$174,498.

2012 Session. The Legislature eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June, 30, 2012, which resulted in the deletion of 7.0 FTE positions for this agency. The Legislature also approved the addition of funding for undermarket pay for FY 2013.

2012 HB 2777 allowed the Kansas School for the Blind and the Kansas School for the Deaf to receive payment from school districts for providing services to students at each of the schools.

2013 Session. The Legislature added language authorizing the Superintendent of the School for the Blind and School for the Deaf to transfer State General Fund appropriations between the two schools for FY 2013, FY 2014, and FY 2015.

2014 Session. A Governor's Executive Directive added \$115,824, all from the State General Fund, to alleviate problems with federal special education maintenance of effort issues.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$10.7 million, including capital improvement funding. Of this total, the revised estimate from the State General Fund is \$8.8 million. The State General Fund request is the same as the approved budget. The request from all other funds is \$414,000 more than the approved budget due to a reappropriation of \$220,000 from the State Institutions Building Fund for capital improvements and increased use of special revenue funds, particularly from the General Fee Fund.

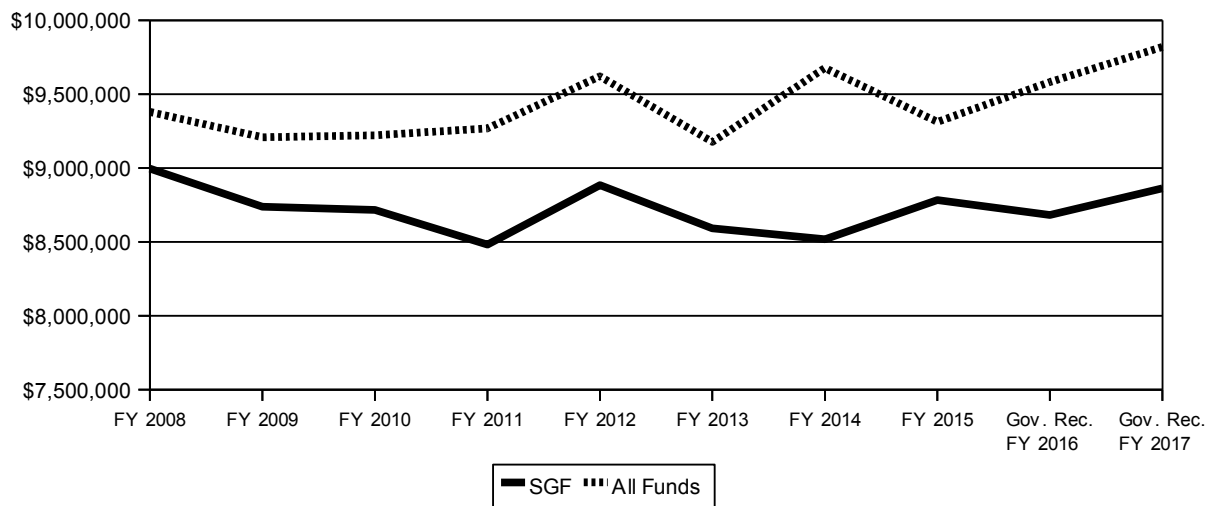
The **Governor** recommends a FY 2016 revised budget of \$10.7 million, including capital improvement funding. This estimate includes \$8.7 million from the State General Fund. The Governor recommended a FY 2016 revised budget the same as the agency request.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$10.6 million, including capital improvement funding. Of this total, the revised estimate for State General Fund is \$8.9 million, the same as the approved budget. The revised estimate differs from approved by \$148,000 in special revenue funds, primarily from an increased use of General Fee Funds.

The **Governor** recommends a FY 2017 budget of \$10.6 million, including capital improvement funding. Of this total, the revised estimate for State General Fund is \$8.9 million, the same as the approved budget. The Governor recommended a revised budget the same as the agency request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 8,996,675	6.5 %	\$ 9,379,505	8.2 %	173.5
2009	8,738,090	(2.9)	9,208,081	(1.8)	173.5
2010	8,715,450	(0.3)	9,221,105	0.1	173.5
2011	8,481,984	(2.7)	9,267,731	0.5	173.5
2012	8,883,378	4.7	9,620,594	3.8	150.5
2013	8,592,616	(3.3)	9,177,399	(4.6)	143.5
2014	8,516,871	(0.9)	9,676,080	5.4	143.5
2015	8,783,169	3.1	9,312,585	(3.8)	143.5
2016 Gov. Rec.	8,682,239	(1.1)	9,582,310	2.9	143.5
2017 Gov. Rec.	8,862,694	2.1	9,819,431	2.5	143.5
Ten-Year Change Dollars/Percent	\$ (133,981)	(1.5)%	\$ 439,926	4.7 %	(30.0)

Summary of Operating Budget FY 2015 - FY 2017

Kansas State School for the Deaf

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 282,022	\$ 227,798	\$ 233,640	\$ 5,842	2.6 %	\$ 227,798	\$ 233,640	\$ 5,842	2.6 %		
Instructional Services	6,714,236	7,201,088	7,434,958	233,870	3.2	7,201,088	7,434,958	233,870	3.2		
Support Services	2,298,277	2,138,520	2,139,207	687	0.0	2,138,520	2,139,207	687	0.0		
Debt Service	18,050	14,904	11,626	(3,278)	(22.0)	14,904	11,626	(3,278)	(22.0)		
TOTAL	<u>\$ 9,312,585</u>	<u>\$ 9,582,310</u>	<u>\$ 9,819,431</u>	<u>\$ 237,121</u>	<u>2.5 %</u>	<u>\$ 9,582,310</u>	<u>\$ 9,819,431</u>	<u>\$ 237,121</u>	<u>2.5 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 7,726,028	\$ 8,161,708	\$ 8,509,450	\$ 347,742	4.3 %	\$ 8,161,708	\$ 8,509,450	\$ 347,742	4.3 %		
Contractual Services	817,338	902,867	881,564	(21,303)	(2.4)	902,867	881,564	(21,303)	(2.4)		
Commodities	368,551	397,975	359,935	(38,040)	(9.6)	397,975	359,935	(38,040)	(9.6)		
Capital Outlay	375,762	98,000	50,000			98,000	50,000				
Debt Service	18,050	14,904	11,626	(3,278)	(22.0)	14,904	11,626	(3,278)	(22.0)		
Subtotal - Operations	\$ 9,305,729	\$ 9,575,454	\$ 9,812,575	\$ 237,121	2.5 %	\$ 9,575,454	\$ 9,812,575	\$ 237,121	2.5 %		
Aid to Local Units	0	0	0	0	0.0	0	0	0	0.0		
Other Assistance	6,856	6,856	6,856	0	0.0	6,856	6,856	0	0.0		
TOTAL	<u>\$ 9,312,585</u>	<u>\$ 9,582,310</u>	<u>\$ 9,819,431</u>	<u>\$ 237,121</u>	<u>2.5 %</u>	<u>\$ 9,582,310</u>	<u>\$ 9,819,431</u>	<u>\$ 237,121</u>	<u>2.5 %</u>		
Financing:											
State General Fund	\$ 8,783,169	\$ 8,682,239	\$ 8,862,694	\$ 180,455	2.1 %	\$ 8,682,239	\$ 8,862,694	\$ 180,455	2.1 %		
All Other Funds	529,416	900,071	956,737	56,666	6.3	900,071	956,737	56,666	6.3		
TOTAL	<u>\$ 9,312,585</u>	<u>\$ 9,582,310</u>	<u>\$ 9,819,431</u>	<u>\$ 237,121</u>	<u>2.5 %</u>	<u>\$ 9,582,310</u>	<u>\$ 9,819,431</u>	<u>\$ 237,121</u>	<u>2.5 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$8,682,239 for the School for the Deaf in FY 2016.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 8,682,239	\$ 8,682,239	\$ 0	\$ 8,682,239	\$ 0
All Other Funds	1,641,438	2,054,998	413,560	2,054,998	413,560
TOTAL	<u>\$ 10,323,677</u>	<u>\$ 10,737,237</u>	<u>\$ 413,560</u>	<u>\$ 10,737,237</u>	<u>\$ 413,560</u>
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** requests a revised estimate of \$10.7 million, including capital improvement funding. Of this total, the revised estimate from the State General Fund is \$8.7 million. The State General Fund request is the same as the approved budget. The request from all other funds is \$414,000 more than the approved budget due primarily to a reappropriation of \$220,000 from the State Institutions Building Fund for capital improvements and increased use of special revenue funds, particularly from the General Fee Fund. State General Funds for contractual expenditures decreased by \$355,000, with a nearly corresponding increase from special revenue funds, primarily the General Fee Fund.

The **Governor** recommends a FY 2016 revised budget of \$10.7 million, including capital improvement funding. This estimate includes \$8.7 million from the State General Fund. The Governor recommended a FY 2016 revised budget the same as the agency request.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$8,862,694 for the School for the Deaf in FY 2017.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 8,862,694	\$ 8,862,694	\$ 0	\$ 8,862,694	\$ 0
All Other Funds	1,621,764	1,769,290	147,526	1,769,290	147,526
TOTAL	\$ 10,484,458	\$ 10,631,984	\$ 147,526	\$ 10,631,984	\$ 147,526
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** requests a revised estimate of \$10.6 million, including capital improvement funding. Of this total, the revised estimate for State General Fund is \$8.9 million, the same as the approved budget. The revised estimate differs from approved by \$148,000 in special revenue funds, primarily from an increased use of General Fee Funds. The revised estimate for State General Fund salaries is up \$187,000 with a corresponding drop in State General Fund contractual estimates. Agency officials stated that increases in unclassified temporary staff providing housekeeping services and dormitory supervision services were reasons for the increase in salaries and wages.

The **agency** requests a revised estimate of \$9.8 million, including \$8.9 million from the State General Fund. While the State General Fund request was the same as the approved budget, it was \$180,000 more than the FY 2016 request. This addition was comprised of \$420,000 more in salaries and wages and contractual expenditures and \$236,000 less in commodity expenditures. Agency officials stated that increases in unclassified temporary staff providing housekeeping services and dormitory supervision services were reasons for the increase in salaries and wages.

The **Governor** recommends a FY 2017 budget of \$10.6 million, including capital improvement funding. Of this total, the revised estimate for State General Fund is \$8.9 million, the same as the approved budget. The Governor recommended a revised budget the same as the agency request.

Funding Sources

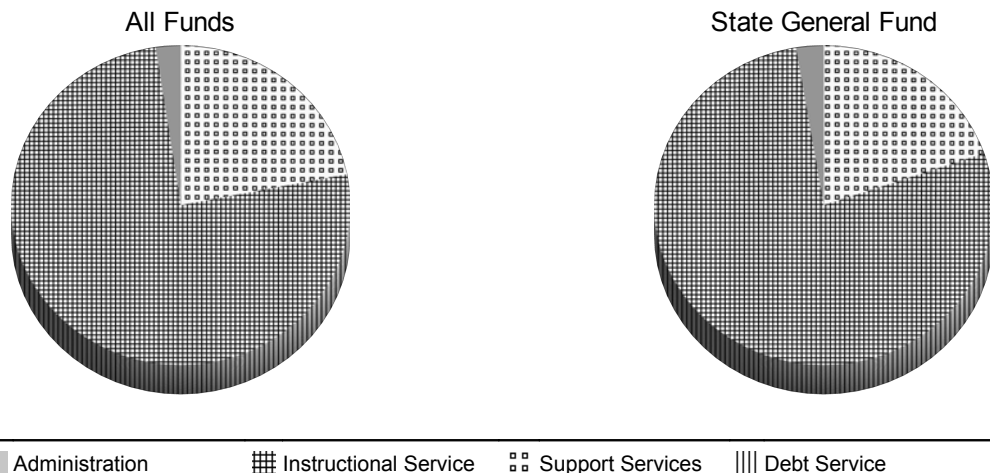
Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	90.3 %	90.3 %
All Other Funds	9.7	9.7
TOTAL	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 233,640	2.4 %	\$ 233,640	2.6 %
Instructional Services	7,434,958	75.7	6,880,284	77.6
Support Services	2,139,207	21.8	1,737,144	19.6
Debt Service	11,626	0.1	11,626	0.1
TOTAL	\$ 9,819,431	100.0 %	\$ 8,862,694	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	2.0	2.0	2.0	2.0	2.0
Instructional Services	111.5	111.5	111.5	111.5	111.5
Support Services	30.0	30.0	30.0	30.0	30.0
TOTAL	143.5	143.5	143.5	143.5	143.5

A. Administration

The Administrative Services program coordinates overall management and operations of the Kansas State School for the Deaf (KSSD), including instructional, residential, and support services. The program is also responsible for coordinating programs and activities which impact the Kansas State Department of Education, AdvancED requirements, budget preparation, and implementation of the School Improvement Plan.

ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 235,320	\$ 192,942	\$ 192,942	\$ 200,559	\$ 200,559
Contractual Services	31,105	27,425	27,425	25,650	25,650
Commodities	631	575	575	575	575
Capital Outlay	8,110	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 275,166</i>	<i>\$ 220,942</i>	<i>\$ 220,942</i>	<i>\$ 226,784</i>	<i>\$ 226,784</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,856	6,856	6,856	6,856	6,856
TOTAL	\$ 282,022	\$ 227,798	\$ 227,798	\$ 233,640	\$ 233,640
Financing:					
State General Fund	\$ 280,822	\$ 227,798	\$ 227,798	\$ 233,640	\$ 233,640
All Other Funds	1,200	0	0	0	0
TOTAL	\$ 282,022	\$ 227,798	\$ 227,798	\$ 233,640	\$ 233,640
FTE Positions	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	2.0	2.0	2.0	2.0	2.0

The **agency** requests \$227,798 in FY 2016, all from the State General Fund. This request is \$6,000 more than the approved budget, due to a salaries and wages estimate \$4,100 more than the approved budget.

The **agency** requests \$233,640 in FY 2017, all from the State General Fund. This is \$5,800 more than the approved budget, primarily due to a salary and wage estimate \$7,600 more than the approved, lessened by a contractual services estimate \$1,800 less than the approved budget.

The **Governor** concurs with the agency request.

B. Instructional Services

To fulfill its mission to provide Deaf and Hard of Hearing (D/HH) students total accessibility to language, communication, and educational excellence in a visual environment, KSSD has divided the Instructional Services into three sub-programs:

- Instructional Services - teachers and para-professionals;
- Related Services - psychologists, audiologists, counselors, therapists, and health care professionals; and
- Residential Services - dormitory teachers.

The program offers small classes for D/HH students, as required by special education regulations. To ensure adequate supervision, dormitory groups are also small. The students' Individualized Education Plans (IEP) dictate the diagnostic, therapy, and support services needed for each child. Extracurricular athletic, academic, social, and the extended school year (summer school) programs are provided for those children whose IEP specify such activities. Since one-half of the staff at KSSD is deaf, the School highly values sign language proficiency. All personnel must either be proficient, or working toward becoming proficient, in sign language skills.

INSTRUCTIONAL SERVICES PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 6,276,181	\$ 6,709,598	\$ 6,709,598	\$ 7,018,493	\$ 7,018,493
Contractual Services	249,761	309,380	309,380	294,155	294,155
Commodities	72,970	84,110	84,110	72,310	72,310
Capital Outlay	115,324	98,000	98,000	50,000	50,000
<i>Subtotal - Operations</i>	<i>\$ 6,714,236</i>	<i>\$ 7,201,088</i>	<i>\$ 7,201,088</i>	<i>\$ 7,434,958</i>	<i>\$ 7,434,958</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 6,714,236	\$ 7,201,088	\$ 7,201,088	\$ 7,434,958	\$ 7,434,958
Financing:					
State General Fund	\$ 6,427,844	\$ 6,571,340	\$ 6,571,340	\$ 6,880,284	\$ 6,880,284
All Other Funds	286,392	629,748	629,748	554,674	554,674
TOTAL	\$ 6,714,236	\$ 7,201,088	\$ 7,201,088	\$ 7,434,958	\$ 7,434,958
FTE Positions	111.5	111.5	111.5	111.5	111.5
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	111.5	111.5	111.5	111.5	111.5

The **agency** requests \$7.2 million in a revised request for FY 2016, including \$6.6 million from the State General Fund. The State General Fund request is \$124,000 more than the

approved budget. This increase is due to increased salary and wage expenditures resulting from moving staff from the support program to the instructions program. (The support program will show a corresponding revised budget less than the approved budget.)

The agency requests \$7.4 million for FY 2017, including \$6.9 million from the State General Fund. A similar situation to the one described above for FY 2016 is estimated to occur in FY 2017.

The **Governor** concurs with the agency request.

C. Support Services

The Support Services program is responsible for maintaining a safe, clean, and comfortable environment for KSSD students. The program provides the necessary housekeeping, utilities, transportation, and maintenance services for the School.

SUPPORT SERVICES PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,214,527	\$ 1,259,168	\$ 1,259,168	\$ 1,290,398	\$ 1,290,398
Contractual Services	536,472	566,062	566,062	561,759	561,759
Commodities	294,950	313,290	313,290	287,050	287,050
Capital Outlay	252,328	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,298,277</i>	<i>\$ 2,138,520</i>	<i>\$ 2,138,520</i>	<i>\$ 2,139,207</i>	<i>\$ 2,139,207</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,298,277	\$ 2,138,520	\$ 2,138,520	\$ 2,139,207	\$ 2,139,207
Financing:					
State General Fund	\$ 2,056,453	\$ 1,868,197	\$ 1,868,197	\$ 1,737,144	\$ 1,737,144
All Other Funds	241,824	270,323	270,323	402,063	402,063
TOTAL	\$ 2,298,277	\$ 2,138,520	\$ 2,138,520	\$ 2,139,207	\$ 2,139,207
FTE Positions	30.0	30.0	30.0	30.0	30.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	30.0	30.0	30.0	30.0	30.0

The **agency** requests \$2.1 million, including \$1.9 million from the State General Fund, for FY 2016. This total request is \$80,000 less than the approved budget, including \$130,000 less than the State General Fund approved budget. As mentioned earlier, staff are being moved from support services to instructional services.

For FY 2017, the agency requests \$2.1 million, including \$1.7 million from the State General Fund. This total request is \$133,00 less than the approved budget, including \$314,000 less than the approved State General Fund budget, for the reason stated above.

The **Governor** concurs with the agency request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation & Repair	\$ 545,605	\$ 545,605	\$ 290,000	\$ 290,000
Roth Building Repair	0	0	0	0
Campus Life Safety & Security	510,954	510,954	300,907	300,907
Boilers & HVAC Upgrade	20,000	20,000	140,000	140,000
Debt Service Principal	78,368	78,368	81,646	81,646
TOTAL	\$ 1,154,927	\$ 1,154,927	\$ 812,553	\$ 812,553
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,154,927	1,154,927	812,553	812,553
TOTAL	\$ 1,154,927	\$ 1,154,927	\$ 812,553	\$ 812,553

FY 2016– Current Year. The agency requests a revised budget of \$1.2 million, all from the State Institutions Building Fund. This is \$220,353 more than approved. This amount was reappropriated from the prior year because of unspent contractual expenditures. The agency is budgeting the reappropriation for additional rehabilitation and repair. Expenditures for campus life safety and security include redesign and construction of secure entrances, the planning, design, and construction of tornado shelters, fire panels, and installation of a mass notification system for both FY 2016 and FY 2017.

The agency estimates expenditures of \$78,368, all from the SIBF, for debt service principal payments on the Facilities Conservation Improvement Program.

The **Governor** concurs with the agency request.

FY 2017– Budget Year. The agency requests \$812,553, all from the State Institutions Building Fund. The request is the same as the approved budget.

The agency estimates expenditures of \$81,646, all from the SIBF, for debt service principal payments on the Facilities Conservation Improvement Program.

The **Governor** concurs with the agency request.

STATE LIBRARY

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 4,155,734	\$ 4,042,473	\$ 4,042,473	\$ 4,031,010	\$ 4,031,010
Other Funds	2,521,383	2,426,578	2,426,578	2,466,309	2,466,309
TOTAL	\$ 6,677,117	\$ 6,469,051	\$ 6,469,051	\$ 6,497,319	\$ 6,497,319
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 6,677,117	\$ 6,469,051	\$ 6,469,051	\$ 6,497,319	\$ 6,497,319
Percentage Change:					
Operating Expenditures					
State General Fund	(2.8) %	(2.7) %	(2.7) %	(0.3) %	(0.3) %
All Funds	(0.7)	(3.1)	(3.1)	0.4	0.4
FTE Positions	17.0	16.0	16.0	16.0	16.0
Non-FTE Perm.Uncl.Pos.	14.0	15.0	15.0	15.0	15.0
TOTAL	31.0	31.0	31.0	31.0	31.0

AGENCY OVERVIEW

The State Library has served the state since 1855, and has existed in its present form since 1963 with the passage of the State Library Act, KSA 75-2534. The State Library provides and promotes library and information services to legislators, state government officials, and all Kansans. The State Library conducts programs to promote literacy and reading for everyone. The agency is headed by the State Librarian who is appointed by the Governor. The State Librarian serves as a member *ex officio* (not entitled to vote) on the State Library of Kansas Board and serves as the secretary (KSA 75-2546).

The State Library serves as a catalyst to improve statewide library services through grants-in-aid to public libraries and seven regional systems of cooperating libraries. The State Library administers grant and aid programs, statewide library resource sharing, state and federal document depository service, and the Kansas Center for the Book. The State Library also runs the State Data Center which works with the U.S. Census Bureau and other agencies to improve the quality, accuracy, and completeness of census data estimates.

The State Library operates two programs that provide and support library services.

- **Administration.** This program provides reference and information services to the Legislature and state government; provides administrative support, personnel, financial, and accounting services for the State Library; provides consulting

services to improve and strengthen library services throughout the state; administers state and federal aid for libraries; facilitates access to statewide online library resources; supports statewide inter-library loan and inter-library cooperation and communication; and administers the library's web presence.

- **Services to the Blind and Handicapped.** This program provides a range of services for Kansas residents who cannot read conventional printed materials due to visual or physical impairments.

MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** added a proviso in 2009 Senate Sub. for HB 2737 that directed the State Library to stop any planned statewide courier program and no expenditures from either the State General Fund or other funds will be spent on the courier program. Through budget reductions, the Homework Kansas online tutoring program was suspended indefinitely.

The **2010 Legislature** deleted \$110,150, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent for FY 2011.

The **2011 Legislature** deleted \$219,711, all from the State General Fund. One vacant FTE position was eliminated which decreased the agency's FTE limitation from 25.0 in FY 2011 to 24.0 in FY 2012.

The **2012 Legislature** added \$800,000, all from the State General Fund, to fund research databases through the State Library for FY 2013. This funding was originally included in the Board of Regents budget.

The **2013 Legislature** added \$800,000, all from the State General Fund, to fund statewide database subscriptions. Furthermore, the Legislature added \$89,369, all from the State General Fund, and 1.0 FTE position for implementation of the Children's Internet Protection Act for FY 2014. The 2013 Legislature deleted \$388,099, all from the State General Fund, for a reduction in operating expenditures for FY 2014. Funding for salaries and wages was reduced by \$186,301 in FY 2014 and by \$186,612 in FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$6.5 million, including \$4.0 million from the State General Fund. The all funds request is \$9,000 more than the approved budget, all from special revenue funds. The State General Fund request is the same as the approved. The increase is a result of additional federal Grants to States program. The agency moved the expenditure of a contract to the regional library system from the aid to local category to contractual services, an amount of \$157,542. The requested amount for salaries is \$52,000 below the approved amount while the amount requested for capital outlay is \$61,000 above the approved amount. The salary amount decreased because of lower amounts paid for KPERS and health insurance, allowing the agency to purchase new equipment and books. In addition, the agency cut one FTE position because of the loss of a children's literacy grant and changed another FTE position to an non-FTE unclassified position.

The **Governor** concurs with the agency request.

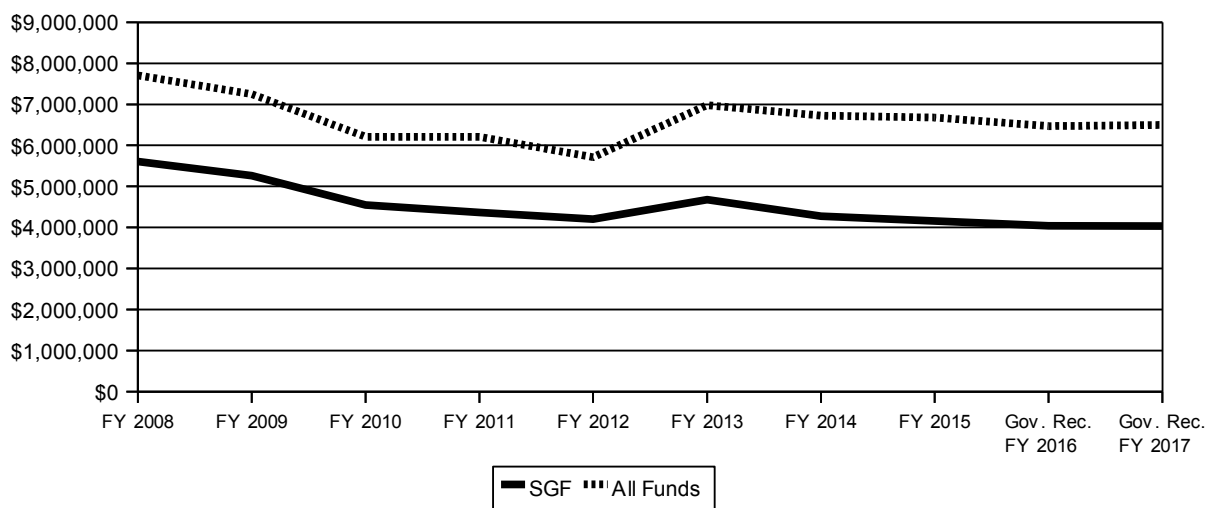
FY 2017 – Budget Year. The **agency** requests a revised estimate of \$6.5 million, including \$4.0 million from the State General Fund. The request is the same as the approved budget for both the State General Fund and all other funds. The agency made no request for enhancements. The revised estimate includes a request for \$40,000 more in all other funds than in the approved budget. This additional amount from special revenue funds would come from anticipated contributions from libraries across the state that wish to continue the services provided by a pilot grant from the New York Public Library ending in early FY 2016, according to State Library staff.

As in FY 2016, the agency has budgeted \$51,000 less for salaries and wages than the approved amount, while requesting \$61,000 more in capital outlay than the approved amount. New equipment and books would be purchased with the capital outlay funds.

The **Governor** concurs with the agency request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 5,609,286	4.6 %	\$ 7,705,914	4%	26.0
2009	5,264,183	(6.2)	7,248,872	(5.9)	25.0
2010	4,545,907	(13.6)	6,209,463	(14.3)	25.0
2011	4,363,021	(4.0)	6,208,406	(0.0)	24.0
2012	4,200,598	(3.7)	5,712,323	(8.0)	24.0
2013	4,674,521	11.3	6,979,921	22.2	24.0
2014	4,274,292	(8.6)	6,725,998	(3.6)	17.0
2015	4,155,734	(2.8)	6,677,117	(0.7)	17.0
2016 Gov. Rec.	4,042,473	(2.7)	6,469,051	(3.1)	16.0
2017 Gov. Rec.	4,031,010	(0.3)	6,497,319	0.4	16.0
Ten-Year Change Dollars/Percent	\$ (1,578,276)	(28.1)%	\$ (1,208,595)	(15.7)%	(10.0)

Summary of Operating Budget FY 2015 - FY 2017

State Library

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Administration	\$	6,131,051	\$ 5,863,725	\$ 5,886,617	\$ 22,892	0.4 %	\$ 5,863,725	\$ 5,886,617	\$ 22,892	0.4 %
Services to the Blind & Handicapped		546,066	605,326	610,702	5,376	0.9	605,326	610,702	5,376	0.9
TOTAL	\$	6,677,117	\$ 6,469,051	\$ 6,497,319	\$ 28,268	0.4 %	\$ 6,469,051	\$ 6,497,319	\$ 28,268	0.4 %
By Major Object of Expenditure:										
Salaries and Wages	\$	1,589,644	\$ 1,540,602	\$ 1,592,334	\$ 51,732	3.4 %	\$ 1,540,602	\$ 1,592,334	\$ 51,732	3.4 %
Contractual Services		2,563,090	1,869,458	2,017,028	147,570	7.9	2,027,000	2,017,028	(9,972)	(0.5)
Commodities		409,811	344,608	341,267	(3,341)	(1.0)	344,608	341,267	(3,341)	(1.0)
Capital Outlay		356,636	162,119	151,968	(10,151)	(6.3)	162,119	151,968	(10,151)	(6.3)
Subtotal - Operations	\$	4,919,181	\$ 3,916,787	\$ 4,102,597	\$ 185,810	4.7 %	\$ 4,074,329	\$ 4,102,597	\$ 28,268	0.7 %
Aid to Local Units		1,720,715	2,552,264	2,394,722	(157,542)	(6.2)	2,394,722	2,394,722	0	0.0
Other Assistance		37,221	0	0	0	0.0	0	0	0	0.0
TOTAL	\$	6,677,117	\$ 6,469,051	\$ 6,497,319	\$ 28,268	0.4 %	\$ 6,469,051	\$ 6,497,319	\$ 28,268	0.4 %
Financing:										
State General Fund	\$	4,155,734	\$ 4,042,473	\$ 4,031,010	\$ (11,463)	(0.3) %	\$ 4,042,473	\$ 4,031,010	\$ (11,463)	(0.3) %
All Other Funds		2,521,383	2,426,578	2,466,309	39,731	1.6	2,426,578	2,466,309	39,731	1.6
TOTAL	\$	6,677,117	\$ 6,469,051	\$ 6,497,319	\$ 28,268	0.4 %	\$ 6,469,051	\$ 6,497,319	\$ 28,268	0.4 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$4,042,473 for the State Library in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 4,042,473	\$ 4,042,473	\$ 0	\$ 4,042,473	\$ 0
All Other Funds	2,417,586	2,426,578	8,992	2,426,578	8,992
TOTAL	\$ 6,460,059	\$ 6,469,051	\$ 8,992	\$ 6,469,051	\$ 8,992
FTE Positions	18.0	16.0	(2.0)	16.0	(2.0)

The **agency** requests a revised estimate of \$6.5 million, including \$4.0 million from the State General Fund. The all funds request is \$9,000 more than the approved budget, all from special revenue funds. The State General Fund request is the same as the approved. The increase is a result of additional federal Grants to States program. The agency moved the expenditure of a contract to the regional library system from the aid to local category to contractual services, an amount of \$157,542. The requested amount for salaries is \$52,000 below the approved amount while the amount requested for capital outlay is \$61,000 above the approved amount. The salary amount decreased because of lower amounts paid for KPERs and health insurance, allowing the agency to purchase new equipment and books. In addition, the agency cut one FTE position because of the loss of a children's literacy grant and changed another FTE position to a non FTE unclassified position.

The **Governor** concurs with the agency request.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$4,031,010 for the State Library in FY 2017. No adjustments have been subsequently made to that amount.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 4,031,010	\$ 4,031,010	\$ 0	\$ 4,031,010	\$ 0
All Other Funds	2,466,309	2,466,309	0	2,466,309	0
TOTAL	\$ 6,497,319	\$ 6,497,319	\$ 0	\$ 6,497,319	\$ 0
FTE Positions	18.0	16.0	(2.0)	16.0	(2.0)

The agency's revised request is the same as the approved budget.

The **Governor** concurs with the agency request.

The **agency** requests a revised estimate of \$6.5 million for FY 2017, including \$11,000 less in budgeted State General Fund expenditures than spent in FY 2016. The revised estimate includes a request for \$40,000 more in all other funds than in the approved budget. This additional amount from special revenue funds would come from anticipated contributions from libraries across the state that would wish to continue the services provided by a pilot grant from the New York Public Library ending in early FY 2016, according to State Library staff.

As in FY 2016, the agency has budgeted \$51,000 less for salaries and wages than the approved amount, while requesting \$61,000 more in capital outlay than the approved amount. New equipment and books would be purchased with the capital outlay funds.

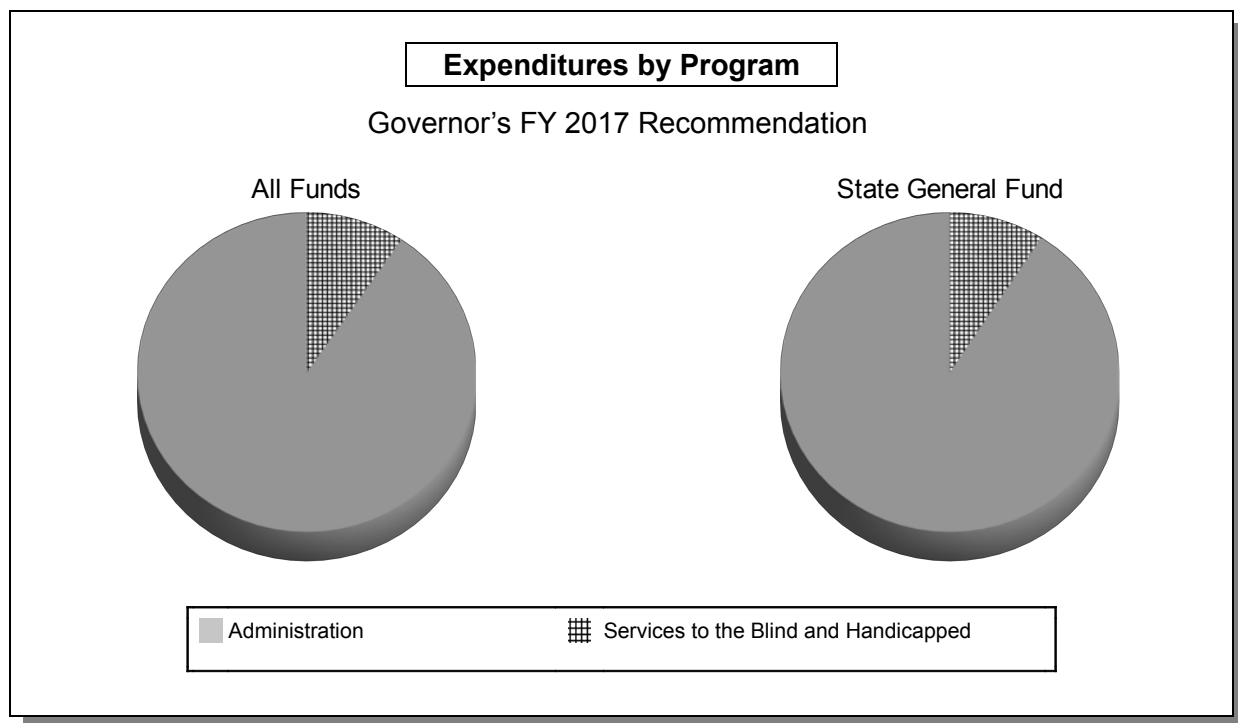
The **Governor** concurs with the agency request.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	62.0 %	62.0 %
All Other Funds	38.0	38.0
TOTAL	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 5,886,617	90.6 %	\$ 3,665,635	90.9 %
Services to the Blind and Handicapped	610,702	9.4	365,375	9.1
TOTAL	\$ 6,497,319	100.0 %	\$ 4,031,010	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	13.0	12.0	12.0	12.0	12.0
Services to the Blind & Handicapped	4.0	4.0	4.0	4.0	4.0
TOTAL	17.0	16.0	16.0	16.0	16.0

A. Administration

The Administration program provides services including reference and information services to the Legislature and state government; provides administration support, personnel, and financial and accounting services; provides consultant services to improve and strengthen library services throughout the state; administers state and federal aid for libraries; facilitates access to statewide online library resources; supports statewide interlibrary loan and interlibrary cooperation and communication; and administers the State Library's website.

ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,224,447	\$ 1,155,965	\$ 1,155,965	\$ 1,194,588	\$ 1,194,588
Contractual Services	2,494,787	1,898,317	1,898,317	1,898,404	1,898,404
Commodities	406,879	343,234	343,234	337,567	337,567
Capital Outlay	337,634	162,119	162,119	151,968	151,968
<i>Subtotal - Operations</i>	<i>\$ 4,463,747</i>	<i>\$ 3,559,635</i>	<i>\$ 3,559,635</i>	<i>\$ 3,582,527</i>	<i>\$ 3,582,527</i>
Aid to Local Units	1,630,083	2,304,090	2,304,090	2,304,090	2,304,090
Other Assistance	37,221	0	0	0	0
TOTAL	\$ 6,131,051	\$ 5,863,725	\$ 5,863,725	\$ 5,886,617	\$ 5,886,617
Financing:					
State General Fund	\$ 3,794,432	\$ 3,677,275	\$ 3,677,275	\$ 3,665,635	\$ 3,665,635
All Other Funds	2,336,619	2,186,450	2,186,450	2,220,982	2,220,982
TOTAL	\$ 6,131,051	\$ 5,863,725	\$ 5,863,725	\$ 5,886,617	\$ 5,886,617
FTE Positions	13.0	12.0	12.0	12.0	12.0
Non-FTE Uncl. Perm. Pos.	9.0	10.0	10.0	10.0	10.0
TOTAL	22.0	22.0	22.0	22.0	22.0

The **agency** requests a revised estimate for FY 2016 of \$5.9 million in all funds, including \$3.7 million from the State General Fund. In all funds, this request is \$14,000 less than the approved budget, and \$2,600 above the approved budget for the State General Fund. This \$2,600 difference is the result of the same amount of salaries and wages moved from the Services to the Blind and Handicapped Program to the Administration Program.

For FY 2017, the agency requests a revised all funds budget of \$5.9 million, including \$3.7 million from the State General Fund. This request is \$24,000 less than the all funds approved budget and \$2,900 more than the approved State General Fund budget. Overall, the agency's revised budget is the same as the approved. The differences noted above include changes between the Services to the Blind and Handicapped Program and the Administration Program. Relevant to both fiscal years, the agency moved the expenditure of a contract to the regional library system from the aid to local category to contractual services, an amount of \$157,542. In addition, the agency cut one FTE because of the loss of a children's literacy grant and changed another FTE to an unclassified FTE.

The **Governor** concurs with the agency request.

B. Services to the Blind and Handicapped

The State Library provides services for the blind and handicapped through the Talking Books Service program, located on the Emporia State University campus. These services promote and provide a diversity of reading materials for visually impaired citizens of Kansas. This includes materials in Braille and recorded formats that can be requested and delivered to the patron's home.

SERVICES TO THE BLIND AND HANDICAPPED SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 365,197	\$ 384,637	\$ 384,637	\$ 397,746	\$ 397,746
Contractual Services	68,303	128,683	128,683	118,624	118,624
Commodities	2,932	1,374	1,374	3,700	3,700
Capital Outlay	19,002	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 455,434</i>	<i>\$ 514,694</i>	<i>\$ 514,694</i>	<i>\$ 520,070</i>	<i>\$ 520,070</i>
Aid to Local Units	90,632	90,632	90,632	90,632	90,632
Other Assistance	0	0	0	0	0
TOTAL	\$ 546,066	\$ 605,326	\$ 605,326	\$ 610,702	\$ 610,702
Financing:					
State General Fund	\$ 361,302	\$ 365,198	\$ 365,198	\$ 365,375	\$ 365,375
All Other Funds	184,764	240,128	240,128	245,327	245,327
TOTAL	\$ 546,066	\$ 605,326	\$ 605,326	\$ 610,702	\$ 610,702
FTE Positions	4.0	4.0	4.0	4.0	4.0
Non-FTE Uncl. Perm. Pos.	5.0	5.0	5.0	5.0	5.0
TOTAL	9.0	9.0	9.0	9.0	9.0

The **agency** requests \$605,000 in all funds for FY 2016, including \$365,000 from the State General Fund for its FY 2016 revised request. The request exceeds the approved budget by \$23,000 all funds, but is \$2,600 less than the approved budget for the State General Fund. The increase is attributable to the federal library services and technical act fund and funds one additional non-FTE position. The program also shifted one regular FTE position to non-FTE.

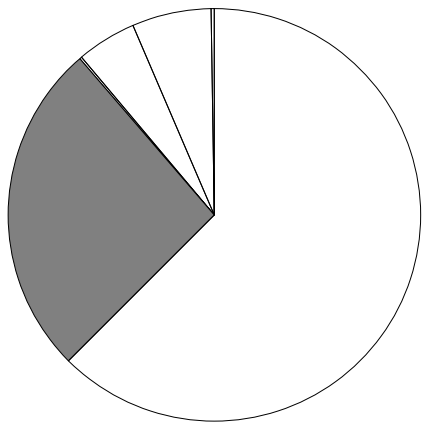
For FY 2017, the agency requests \$610,000 in all funds, including \$365,000 from the State General Fund. This request exceeds the approved budget by \$24,000 in all funds, but is \$2,900 less than the approved State General Fund budget. The increase is attributable to the federal library services and technical act fund and funds one additional non-FTE position. The program also shifted one regular FTE position to non-FTE.

The **Governor** concurs with the agency request.

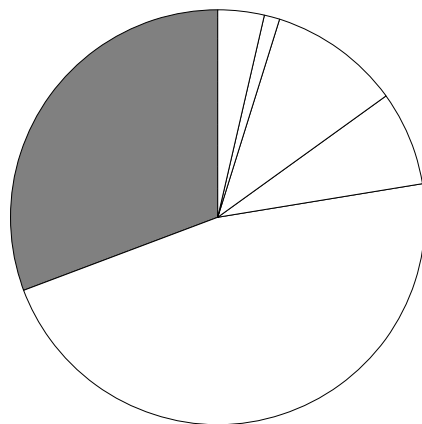
PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of database searches	140,000,000	140,658,190	145,600,000	150,700,000

HUMAN SERVICES

State General Fund



All Funds



Human Services is the function of government which provides services to individuals. Services provided include cash and medical assistance, care of the mentally ill and developmentally disabled in state hospital and community placements, and unemployment payments. This function includes the Health portion of the Kansas Department of Health and Environment, the Department for Children and Families, the Kansas Department for Aging and Disability Services, the Kansas Neurological Institute, Parsons State Hospital, Larned State Hospital, Osawatomie State Hospital, the Kansas Commission on Veterans' Affairs, the Kansas Department of Labor, and the Kansas Guardianship Program.

Agencies in this Function:

<i>Kansas Department of Health and Environment.....</i>	<i>985</i>
<i>Department for Children and Families.....</i>	<i>1023</i>
<i>Kansas Department for Aging and Disability Services.....</i>	<i>1053</i>
<i>Kansas Neurological Institute.....</i>	<i>1093</i>
<i>Parsons State Hospital and Training Center.....</i>	<i>1118</i>
<i>Larned State Hospital.....</i>	<i>1139</i>
<i>Osawatomie State Hospital.....</i>	<i>1168</i>
<i>Rainbow Mental Health Facility.....</i>	<i>1186</i>
<i>Kansas Commission on Veterans' Affairs Office.....</i>	<i>1186</i>
<i>Kansas Department of Labor.....</i>	<i>1219</i>
<i>Kansas Guardianship Program.....</i>	<i>1246</i>

The Governor's FY 2017 recommendation for the Human Services function totals \$4.9 billion from all funding sources, including \$1.7 billion from the State General Fund.

The FY 2017 recommendation represents a State General Fund increase of 1.4 percent, or \$22.7 million, above FY 2016. Expenditures from all funds decrease by 2.8 percent, or \$141.3 million, below FY 2016.

A total of 5,406.8 FTE positions are recommended by the Governor for the Human

Services function for FY 2017, a decrease of 154.0 FTE below FY 2016. Of all state FTE positions, 14.9 percent are in this function.

Agencies in this function comprise 26.2 percent of the total State General Fund budget for FY 2017, a decrease from 26.3 percent in FY 2016. The agencies comprise 30.7 percent of expenditures from all funding sources for FY 2017, a decrease from 32.7 percent in FY 2016.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 767,428,847	\$ 692,601,753	\$ 721,727,904	\$ 704,394,049	\$ 718,551,660
Other Funds	<u>1,587,527,772</u>	<u>1,784,428,970</u>	<u>1,811,192,277</u>	<u>1,778,267,985</u>	<u>1,804,732,046</u>
TOTAL	\$ 2,354,956,619	\$ 2,477,030,723	\$ 2,532,920,181	\$ 2,482,662,034	\$ 2,523,283,706
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	<u>\$ 2,354,956,619</u>	<u>\$ 2,477,030,723</u>	<u>\$ 2,532,920,181</u>	<u>\$ 2,482,662,034</u>	<u>\$ 2,523,283,706</u>
Percentage Change:					
Operating Expenditures					
State General Fund	5.8 %	(9.8) %	(6.0) %	1.7 %	(0.4) %
All Funds	4.9	5.2	7.6	0.2	(0.4)
FTE Positions	650.4	484.9	484.9	484.9	479.0
Non-FTE Perm.Uncl.Pos.	<u>406.9</u>	<u>596.8</u>	<u>596.8</u>	<u>596.8</u>	<u>596.8</u>
TOTAL	<u>1,057.3</u>	<u>1,081.7</u>	<u>1,081.7</u>	<u>1,081.7</u>	<u>1,075.8</u>

AGENCY OVERVIEW

The Kansas Department of Health and Environment (KDHE) is a cabinet-level agency with the mission to promote and protect the health of Kansans through public health programs and services and through preservation, protection, and remediation of natural resources in the environment.

The agency is divided into three main divisions:

The **Division of Public Health** works with local health departments and other organizations to help assure the health of Kansans through public health services and regulatory programs. The Division includes the Office of the Director (including the Center for Health Disparities), and the Bureaus of Surveillance and Epidemiology, Oral Health, Local and Rural Health, Disease Control and Prevention, Child Care and Health Facilities, Environmental Health, Health Promotion, Family Health, Public Health Preparedness (formerly Homeland Security), and Public Health Informatics (formerly the Center of Health and Environment Statistics). The Administration program is also included in the Division of Health function.

The **Division of Health Care Finance** develops and maintains a coordinated health policy agenda which combines the effective purchasing and administration of health care with

health promotion-oriented public health strategies. The powers, duties and functions of the Division are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency and effectiveness of health services and public health programs. The Division oversees the state's Medicaid program, the State Employee Health Plan and the State Self-Insurance Fund workers compensation program.

The **Division of Environmental Services** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the Bureaus of Waste Management, Air, Water, Environmental Remediation, and Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** appropriated \$800,000, all from the State General Fund, and 2.0 FTE positions in the agency's laboratory program for expanded newborn screening. The 2007 Legislature also amended the newborn screening law, directing the Kansas Department of Health and Environment to adopt rules and regulations no later than July 1, 2008, requiring newborn screening tests for treatable disorders recommended in the 2005 report by the American College of Medical Genetics entitled "Newborn Screening: Toward a Uniform Screening Panel and System." The Secretary of Health and Environment is required to appoint an advisory committee on the implementation of the expanded screening program. The Committee is to provide advice on program efficiency, cost effectiveness, and whether program adjustments should be made. A designee of the agency is allowed to conduct the initial laboratory screening tests.

The **2008 Legislature** added \$2.5 million, all from the State General Fund, in FY 2009 for additional funding for primary safety net clinics, and added \$2.2 million, all from the Children's Initiatives Fund, to expand newborn screening. In addition, the Legislature shifted FY 2009 expenditures of \$3.5 million for Part C Infant Toddler (Tiny-K) services from the State General Fund to the Children's Initiatives Fund and added an additional \$1.0 million from the Children's Initiatives Fund for Tiny-K services in FY 2009.

The **2008 Legislature** deleted \$405,270, including \$74,949 from the State General Fund, and 5.0 FTE positions in FY 2009 to reflect the transfer of responsibility for the survey and certification of hospital long-term care units from the Kansas Department of Health and Environment to the Department on Aging.

The **2008 Legislature** also deleted \$1.8 million, including \$184,962 from the State General Fund, in FY 2009 to implement provisions of 2008 SB 584, which transfers responsibility for the inspection and licensing of food service and lodging facilities from the Kansas Department of Health and Environment to the Department of Agriculture.

The **2009 Legislature** appropriated funding of \$346,125, all from the State General Fund, in FY 2010 for the Pregnancy Maintenance Initiative.

The **2009 Legislature** lapsed funding of \$680,000, all from the State General Fund, which had been appropriated as matching funding by the 2007 Legislature for the City of Treece buyout program.

The **2010 Legislature** deleted \$548,617, all from the State General Fund, and 1.0 FTE position, for an operating expenditure reduction of approximately 2.5 percent from the

Governor's recommendation for FY 2011 for the Health function. The Legislature excluded the Cerebral Palsy Posture Seating program from the reduction.

The **2010 Legislature** added \$199,113, all from the State General Fund, for the Teen Pregnancy Prevention program for FY 2011. This restored funding for the program, which was eliminated as the result of the Governor's July 2009 State General Fund allotment.

The **2010 Legislature** added language directing the agency to expend \$199,113, all from the State General Fund, for the Pregnancy Maintenance Initiative for FY 2011. The funding was to come from existing resources. This restores funding for the program, which was eliminated as the result of the Governor's July 2009 State General Fund allotment.

The **2010 Legislature** appropriated the Health Information Exchange-Federal Fund as a no-limit fund for FY 2011. The fund will be used to receive and expend a 5-year, \$9.0 million federal grant to establish the Kansas Health Information Exchange.

The **2010 Legislature** deleted \$191,193, all from the State General Fund, and 3.0 FTE positions, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011 for the Environment function.

The **2010 Legislature** appropriated the QuantiFERON TB Laboratory Fund as a no-limit fund for FY 2011. The fund will be used to deposit contractual services payments received from state universities that wish to contract for lab services related to the requirements that all college students have a tuberculosis test using QuantiFERON.

Executive Reorganization Order No. 38 transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the Kansas Department of Health and Environment as the Division of Health Care Finance in FY 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies, administering and managing programs that fund health care services for persons who qualify for Medicaid (Title XIX), MediKan, and the Children's Health Insurance Program (Title XXI).

The **2011 Legislature** added \$100,000, all from the State General Fund, to the Teen Pregnancy Prevention program, bringing total funding available in FY 2011 to \$299,113 in FY 2011. For FY 2012, the Legislature added \$150,887, all from the State General Fund, to the program, bringing the total available for FY 2012 to \$350,000.

The **2011 Legislature** added \$100,000, all from the State General Fund, to the Senator Stan Clark Pregnancy Maintenance Initiative, bringing total funding available in FY 2011 to \$299,113.

The **2011 Legislature** deleted \$165,000, and 1.0 FTE position from the Office of the Director of Health for FY 2012.

The **2011 Legislature** deleted \$2,786, all from the Children's Initiatives Fund, because of projected shortfalls in tobacco funding for FY 2012.

The **2011 Legislature** deleted \$14,097,744, including \$6,000,000 from the State General Fund, for FY 2012 for reduced regular medical Medicaid expenditures associated with savings achieved in the Prepaid Ambulatory Health Plan managed care contract for mental health services.

The **2011 Legislature** deleted funding totaling \$1,879,699, including \$800,000 from the State General Fund, to capture savings in the Medicaid prescription drug program for FY 2012. A number of antidepressants and atypical anti-psychotic medications are or will soon be

available in generic form and should result in prescription drug savings, according to the agency.

The **2011 Legislature** added \$750,000, all from the State General Fund, to partially restore the Local Environmental Protection Program (LEPP) program for FY 2012.

The **2011 Legislature**, because of a shortfall in budgeted tobacco receipts, deleted funding of \$11,712, all from the Children's Initiatives Fund, from the newborn screening program, in addition to the other CIF reductions for the global reductions approved by the Legislature totaling \$23,750 for FY 2012.

The **2011 Legislature** deleted \$480,511, all from the State General Fund, to reduce the agency's State General Fund expenditures, excluding expenditures used to match federal funding or for federal maintenance of effort issues, by 15.0 percent for FY 2012.

The **2011 Legislature** passed the Kansas Health Information and Technology Act (HB 2182) which synchronizes Kansas health information laws with Health Insurance Portability Accountability Act (HIPAA) privacy and security rules. This bill will allow Kansas Health Information Exchange to move forward in developing the framework for electronic health records.

The agency started a major initiative to implement the Kansas Eligibility and Enforcement System (KEES) to update the technology and processes for determining eligibility for medical programs and to detect fraud. The project is estimated to cost \$137.9 million over five years to implement and \$50 million each year for ongoing costs to maintain and operate the system. Phase I of the project implements a public portal for online application capability with initial functionality for Medicaid and Children's Health Insurance Program (CHIP) in the fall of 2013.

In addition, the agency started a process to reform Medicaid which includes the implementation of Managed Care contracts for all medical programs. The contracts were awarded in the Fall of 2012 and implemented in January 2013. The Initiative also included agency realignment related to Medicaid responsibility.

The **2012 Legislature** acknowledged the enactment of Executive Reorganization Order No. 41 which became effective on July 1, 2012, which transferred programs from the Kansas Department of Health and Environment (KDHE) to Kansas Department for Aging and Disability Services (KDADS). The following areas of the Health Occupations Credentialing program at KDHE were transferred and will be administered by the Secretary for Aging and Disability Services:

- Licensure of adult care home administrators;
- Licensure of dietitians;
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides;
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility Licensure program was also transferred to KDADS.

In addition, the ERO further delineated the roles and responsibilities for Medicaid by consolidating Medicaid fiscal and contractual management in the Kansas Department of Health and Environment.

The **2012 Legislature** passed SB 14 which established the Newborn Screening Fund and funding mechanism for the program. Specifically, the bill establishes the Kansas Newborn Screening Fund (Fund) in the Kansas Department of Health and Environment (KDHE) and creates a mechanism for depositing a portion of the privilege fees received by the State from Health Maintenance Organizations (HMOs) into the new fund. All expenditures from the fund must be used for the program. The bill requires the Director of Accounts and Reports, Division of Accounts and Reports, Department of Administration, to determine, on a monthly basis, the amount of receipts from HMOs' privilege fee collections and to transfer the amount necessary to fund the Newborn Screening program for the preceding month as certified by the Secretary of Health and Environment, or designee. The transfer cannot exceed the amount credited to the State General Fund pursuant to KSA 40-3213. KSA 2011 Supp. 40-3213 requires HMOs to pay, on an annual basis, a privilege fee in an amount equal to 1.0 percent per annum of the total of all premiums, subscription charges, or other similar charges made by the HMO to its enrollees. Under the prior law, the entire amount of the collected privilege fees was deposited into the State General Fund.

The **2012 Legislature** added \$407,000, all from the State General Fund, for the Early Detection Works program for FY 2012.

The **2012 Legislature** added \$634,584, all from the State General Fund, for the Primary Care – Safety Net Clinics program for a total program expenditure of \$7,877,649 for FY 2013. To offset this addition, the Legislature deleted \$134,584, all from the State General Fund, for operating expenditures \$500,000, all from the State General Fund, for the Medicaid Reform Health Savings Account (HAS) program for FY 2013.

The **2012 Legislature** deleted \$1,000,000, including \$600,000 from the State General Fund, for statewide education prior to implementation of KanCare for FY 2013 and deleted \$2,427,116, including \$776,677 from the State General Fund, to update the Medicaid Management Information System for KanCare for FY 2013.

The **2012 Legislature** increased the Health Care Access Improvement Fund limit from \$33,354,454 to no limit to account for the increased revenues and expenditures as a result of 2012 HB 2416 which changed the base year for the assessment calculations for FY 2013.

The **2012 Legislature** added language for a new special revenue fund with a \$1.0 million limit for FY 2013 for the purpose of integrating the Medicaid Management Information System and data analysis to monitor data from contractors. State Finance Council may release funds only upon receiving the Approved Medicaid Reform waiver approval by Federal Centers for Medicare and Medicaid Services.

The **2012 Legislature** added language for FY 2013 to delay the implementation of the home and community based services waiver for individuals with developmental disabilities in a managed care system (KanCare). Also, allow for an optional pilot program for those developmental disabilities service provider organizations for FY 2013.

The **2012 Legislature** added \$800,000 for the Local Environmental Protection Program, all from the State Water Plan Fund, for FY 2013. The funding was subsequently vetoed by the Governor.

The **2013 Legislature** added \$634,584, including \$317,292 from the State General Fund to Primary Care - Safety Net Clinics for FY 2014 and \$317,292, all from the State General Fund for FY 2015.

The **2013 Legislature** added \$85.0 million, including \$24.5 million from the State General Fund, to adjust for the Spring Human Services Consensus Caseload estimate for FY 2014.

The **2013 Legislature** concurred with Governor's Budget Amendment No. 2, Item 8 and added \$385,777, all from the Medical Program Fees Fund for both FY 2014 and FY 2015 for the External Quality Review contract.

The **2014 Legislature** approved funding the Governor added for KanCare Pilots of \$10.5 million, including \$4.5 million from the State General Fund. KDHE requested CMS approval to implement three pilot programs designed to support Kansans who might otherwise be enrolled in Medicaid. Two of the proposed pilots are focused on increasing opportunities for Kansans with disabilities to work and the third pilot would offer an alternative to transitional Medicaid using a Health Account model.

KDHE received \$10.8 million from the Children's Health Insurance Program (CHIP) in FY 2014 in bonus funding for simplifying enrollment and successfully enrolling eligible children. The **2014 Legislature** transferred \$7.1 million of this bonus funding to the Department for Aging and Disability Services to provide additional services to individuals on the underserved waiting list for the Home and Community-Based Services Waiver for individuals with developmental disabilities for FY 2015.

In addition, \$200,000 was added to Safety Net Clinics - Primary Care for FY 2015 from money received for the CHIP Bonus Award. The Legislature also added language directing the agency to spend an additional \$125,000 of the reappropriated State General Fund in the Aid to Local Programs on the Safety Net Clinics - Primary Care Program.

The **2014 Legislature** deleted \$4.7 million, including \$14.8 million from the State General Fund, for spring human services consensus caseload estimates in FY 2014, and added \$58.6 million from all funding sources and deleted \$8.5 million from the State General Fund, for spring human services consensus caseload estimates for FY 2015.

The **2015 Session** had several policy and organizational adjustments affecting the Department of Health and Environment - Divisions of Health and Health Care Finance.

The Governor issued Executive Reorganization (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from DCF to the KDHE effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. These associated savings will be split between this Department and the Department for Aging and Disability Services. In addition, ERO No. 43 transferred foster care licensing responsibilities from KDHE to DCF effective July 1, 2015.

The **2015 Legislature** adjusted funding to implement the provisions of ERO No. 43. The Legislature deleted \$1.9 million, including \$920,000 from the State General Fund, and 23.0 FTE positions for FY 2016 and deleted \$2.0 million, including \$938,000 from the State General Fund, and 23.0 FTE positions for FY 2017 to implement the provision that transfers the foster care licensing program from KDHE - Division of Public Health to Department of Children and Families (DCF). The Legislature added \$3.5 million, including \$869,000 from the State General Fund, and 138.0 FTE positions for FY 2016 and added \$6.9 million, including \$1.7 million from

the State General Fund, and 138.0 FTE positions for FY 2017 to implement the portion of the ERO that transfers the Medicaid eligibility determination program from DCF to KDHE - Division of Health Care Finance.

The appropriations bill, 2015 House Sub. for SB 112, included language stating that no state agency shall expend any state monies for fiscal years 2015, 2016 and 2017 for the purpose of implementing KanCare Health Homes – Chronic Conditions unless the legislature expressly consents to such program and expenditures. It also contained language requiring the agency to submit a report regarding ERO No. 43 implementation and the transition of the eligibility responsibilities and staff effective January 2016 to determine whether the proposed changes were effective in decreasing the Medicaid Eligibility Payment Error Rate Measurement (PERM) rates for Kansas. The bill also requires an audit of the Health Care Access Improvement Fund and a report to the 2016 Legislature of a sustainability plan for the program using only assessment revenues.

The **2015 Legislature** passed 2015 Senate Sub. for HB 2281 which created the Medical Assistance Fee Fund and increased the annual privilege fees paid by every HMO for the reporting period beginning January 1, 2015, and ending December 31, 2017, from 1.0 percent per year to 3.31 percent per year of the total of all premiums, subscription charges, or any other term that may be used to describe the charges made by such organization to enrollees. The privilege fees collected or received by the Insurance Commissioner from July 1, 2015, through June 30, 2018, from HMOs, including the three KanCare Managed Care Organizations (MCOs), and Medicare provider organizations for fees specified in law are to be deposited in the Fund to be expended for Medicaid medical assistance payments only. On and after January 1, 2018, the privilege fee will be 2.0 percent. The Legislature deleted \$31.0 million, including \$119.8 million from the State General Fund, and added \$88.8 million from the Medical Assistance Fund for FY 2016 and deleted \$29.6 million, including \$123.7 million from the State General Fund, and added \$94.1 million for the Medical Assistance Fund for FY 2017 to adjust funding to implement the HMO privilege fee changes at 3.31 percent.

The **2015 Legislature** passed 2015 Senate Sub. for HB 2149 which required KDHE to reimburse medical care facilities in certain situations for donor human breast milk provided to a recipient of medical assistance under the Kansas Medical Assistance Program. The bill also amended the procedures regarding restrictions of patients' access to any new prescription-only drug under the Kansas Medicaid Program. Specifically, the bill allows prior authorization or other restrictions on medications used to treat mental illness to be imposed on Medicaid recipients for medications subject to guidelines developed by the Medicaid Drug Utilization Review Board; establishes requirements for Board review of medications used to treat mental illness available for use before and after July 1, 2015; and creates a Mental Health Medication Advisory Committee, which is required to provide the Board with recommendations for the development of guidelines.

The **2015 Legislature** added \$378,000, all from the State General Fund, to Primary Care - Safety Net Clinics for FY 2016 due to funds made available through a transfer from the Kansas Endowment for Youth to the State General Fund.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** estimates operating expenditures of \$2.5 billion, including \$20.2 million for the Administration Function, \$146.7 million for the Health Function, \$2.3 billion for the Health Care Finance Function, and \$59.7 million for the Environment Function. The agency estimate includes 484.9 FTE positions, a decrease of 263.7 FTE positions, and 596.8 non-FTE unclassified positions, an increase of 182.7 non-FTE unclassified

positions from the approved amount. The agency estimate is an increase of \$69.8 million, or 2.9 percent, above the FY 2016 approved amount. The increased estimate is largely due to increases in the medical assistance program.

The Governor's November allotment, which was applied after the agency submitted its budget request, reduced the agency's FY 2016 approved amount for State General Fund by \$15.8 million for additional Medicaid savings. Savings were realized: when the final federal Medicare Part B rates were not as high as anticipated (\$5.8 million); for a change in hospital provider tax policy (\$3.0 million); and as enrollment eligibility continues to lag since implementing KEES (\$7.0 million) in FY 2016.

The **Governor** recommends FY 2016 operating expenditures of \$2.5 billion, including \$721.7 million from the State General Fund. This represents an increase of \$55.9 million, or 2.3 percent, above the approved amount and includes the following adjustments:

- Added \$91.8 million, including \$44.9 million from the State General Fund, to fully fund Medicaid caseloads based on the November consensus caseload estimates; and
- Deleted \$17.7 million, all from the State General Fund, and increased the same amount from federal funds for the enhanced federal match for the State Children's Health Insurance Program (SCHIP).

FY 2017 – Budget Year. The **agency** requests a revised estimate for operating expenditures of \$2.5 billion. The agency estimate is \$32.2 million, or 1.3 percent, above the approved amount and \$5.6 million, or 0.2 percent above the FY 2016 revised estimate. The FY 2017 revised estimate includes \$20.6 million for the Administration Function, \$144.2 million for the Health Function, \$2.3 billion for the Health Care Finance Function, and \$61.2 million for the Environment Function. The agency estimate includes 484.9 FTE positions, a decrease of 262.7 from the approved amount and 596.8 non-FTE unclassified positions, an increase of 182.0 non-FTE unclassified positions above the approved amount. The increase is largely due to increases in the medical assistance programs.

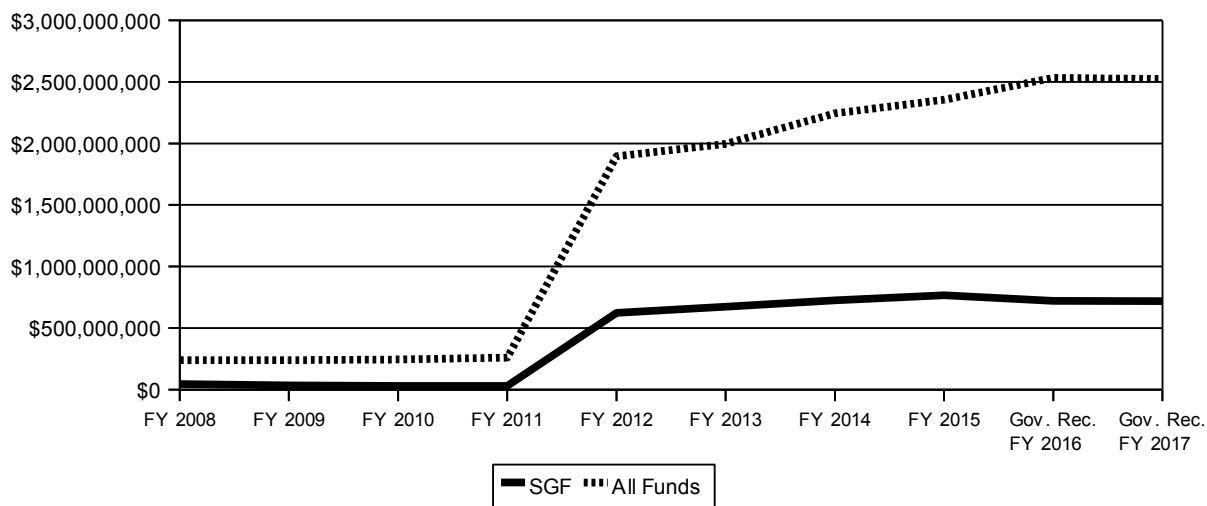
The **Governor** recommends FY 2017 operating expenditures of \$2.5 billion, including \$718.6 million from the State General Fund. This represents an increase of \$40.6 million, or 1.6 percent, above the approved amount and includes the following adjustments:

- Added \$145.1 million, including \$58.4 million from the State General Fund, to fully fund Medicaid caseloads based on the November consensus caseload estimates;
- Deleted \$64.2 million, including \$32.2 million from the State General Fund, for additional Medicaid savings. Savings were realized: when the final federal Medicare Part B rates were not as high as anticipated (\$11.6 million); by implementing Step Therapy policy changes for medications (\$10.6 million); for a change in hospital provider tax policy (\$7.0 million); and as enrollment eligibility continues to lag since implementing KEES (\$3.0 million);
- Deleted \$30.5 million, including \$13.4 million from the State General Fund, to eliminate the Health Homes Program;

- Deleted \$17.3 million, all from the State General Fund, and increased the same amount from federal funds for the enhanced federal match for the State Children's Health Insurance Program (SCHIP);
- Deleted 8.2 million, all from the State General Fund, and added the same amount from fee funds for medical program expenditures;
- Transferred the Infants and Toddlers Program to the Kansas Department of Education and reduced related expenditures by \$9.8 million; and
- Added \$1.3 million from the State General Fund for the following programs which were previously funded from the Children's Initiatives Fund:
 - \$237,914 for the Healthy Start Program;
 - \$946,236 for Smoking Cessation;
 - \$47,161 for the Newborn Hearing Aid Loaner Program; and
 - \$96,374 for the SIDS Network Grant.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 44,848,297	30.4 %	\$ 238,609,374	9.3 %	884.4
2009	33,950,133	(24.3)	238,989,295	0.2	884.1
2010	30,909,024	(9.0)	244,635,937	2.4	789.6
2011	30,729,451	(0.6)	259,937,352	6.3	932.7
2012	623,295,158	1,928.3	1,895,723,904	629.3	927.3
2013	673,845,298	8.1	1,997,106,319	5.3	818.3
2014	725,058,164	7.6	2,244,135,298	12.4	757.0
2015	767,428,847	5.8	2,354,956,619	4.9	650.4
2016 Gov. Rec.	721,727,904	(6.0)	2,532,920,181	7.6	484.9
2017 Gov. Rec.	718,551,660	(0.4)	2,523,283,706	(0.4)	479.0
Ten-Year Change					
Dollars/Percent	\$ 673,703,363	1,502.2 %	\$ 2,284,674,332	957.5 %	(405.4)

The large change in expenditures from FY 2011 to FY 2012 is due to Executive Reorganization Order No. 38 in FY 2012 which transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the Kansas Department of Health and Environment as the Division of Health Care Finance.

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 17,662,053	\$ 20,249,975	\$ 20,628,610	\$ 378,635	1.9 %	\$ 20,249,975	\$ 20,628,610	\$ 378,635	1.9 %		
Public Health	159,142,191	146,702,442	144,249,980	(2,452,462)	(1.7)	146,702,442	134,426,123	(12,276,319)	(8.4)		
Health Care Finance	2,122,293,674	2,250,343,412	2,256,611,007	6,267,595	0.3	2,306,232,870	2,307,056,536	823,666	0.0		
Environment	55,858,701	59,734,894	61,172,437	1,437,543	2.4	59,734,894	61,172,437	1,437,543	2.4		
TOTAL	<u>\$ 2,354,956,619</u>	<u>\$2,477,030,723</u>	<u>\$2,482,662,034</u>	<u>\$ 5,631,311</u>	<u>0.2 %</u>	<u>\$ 2,532,920,181</u>	<u>\$ 2,523,283,706</u>	<u>\$ (9,636,475)</u>	<u>(0.4)%</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 63,281,696	\$ 69,554,356	\$ 73,125,322	\$ 3,570,966	5.1 %	\$ 69,554,356	\$ 72,743,916	\$ 3,189,560	4.6 %		
Contractual Services	166,399,962	207,874,163	182,629,906	(25,244,257)	(12.1)	207,874,163	182,128,617	(25,745,546)	(12.4)		
Commodities	6,276,736	4,591,541	4,559,276	(32,265)	(0.7)	4,591,541	4,557,826	(33,715)	(0.7)		
Capital Outlay	3,127,822	3,147,653	2,076,168	(1,071,485)	(34.0)	3,147,653	2,075,968	(1,071,685)	(34.0)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 239,086,216	\$ 285,167,713	\$ 262,390,672	\$ (22,777,041)	(8.0)%	\$ 285,167,713	\$ 261,506,327	\$ (23,661,386)	(8.3)%		
Aid to Local Units	52,306,328	39,760,171	37,839,954	(1,920,217)	(4.8)	39,760,171	35,177,489	(4,582,682)	(11.5)		
Other Assistance	2,063,564,075	2,152,102,839	2,182,431,408	30,328,569	1.4	2,207,992,297	2,226,599,890	18,607,593	0.8		
TOTAL	<u>\$ 2,354,956,619</u>	<u>\$2,477,030,723</u>	<u>\$2,482,662,034</u>	<u>\$ 5,631,311</u>	<u>0.2 %</u>	<u>\$ 2,532,920,181</u>	<u>\$ 2,523,283,706</u>	<u>\$ (9,636,475)</u>	<u>(0.4)%</u>		
Financing:											
State General Fund	\$ 767,428,847	\$ 692,601,753	\$ 704,394,049	\$ 11,792,296	1.7 %	\$ 721,727,904	\$ 718,551,660	\$ (3,176,244)	(0.4)%		
State Water Plan Fund	1,754,024	1,882,021	1,823,092	(58,929)	(3.1)	1,882,021	1,823,092	(58,929)	(3.1)		
Children's Initiatives Fund	7,129,050	7,127,685	7,127,685	0	0.0	7,127,685	0	(7,127,685)	(100.0)		
Special Revenue Funds	178,148,679	313,493,985	306,469,923	(7,024,062)	(2.2)	317,003,585	313,485,923	(3,517,662)	(1.1)		
Federal Funds	1,400,496,019	1,461,925,279	1,462,847,285	922,006	0.1	1,485,178,986	1,489,423,031	4,244,045	0.3		
TOTAL	<u>\$ 2,354,956,619</u>	<u>\$2,477,030,723</u>	<u>\$2,482,662,034</u>	<u>\$ 5,631,311</u>	<u>0.2 %</u>	<u>\$ 2,532,920,181</u>	<u>\$ 2,523,283,706</u>	<u>\$ (9,636,475)</u>	<u>(0.4)%</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$714.1 million for the Department of Health and Environment in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$511,039, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016;
- A reduction of \$4.4 million, on July 30, as the result of the authority given under 2015 Senate Sub. for HB 2135; and
- A reduction of \$15.8 million, as the result of the Governor's November 6 State General Fund allotment.

These adjustments change the FY 2016 approved State General Fund to \$694.0 million. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 694,452,602	\$ 692,601,753	\$ (1,850,849)	\$ 721,727,904	\$ 27,275,302
All Other Funds	1,705,479,311	1,784,428,970	78,949,659	1,811,192,277	105,712,966
TOTAL	\$ 2,399,931,913	\$2,477,030,723	\$ 77,098,810	\$ 2,532,920,181	\$ 132,988,268
FTE Positions	748.6	484.9	(263.7)	484.9	(263.7)

The **agency** estimates operating expenditures of \$2.4 billion, including \$20.2 million for the Administration Function, \$146.7 million for the Health Function, \$2.3 billion for the Health Care Finance Function, and \$59.7 million for the Environment Function. The agency estimate includes 484.9 FTE positions, a decrease of 263.7 FTE positions, and 596.8 non-FTE unclassified positions, an increase of 182.7 non-FTE unclassified positions from the approved amount. The agency estimate is an increase of \$57.5 million, or 2.4 percent, above the FY 2016 approved amount. The increased estimate is largely due increases in the medical assistance program.

The Governor's November allotment, which was applied after the agency submitted its budget request, reduced the agency's FY 2016 approved amount for State General Fund by \$12.8 million in the medical assistance program and \$3.0 million for the Health Care Access Improvement Fund for a total reduction of \$15.8 million.

The revised estimate includes:

- **State General Fund** expenditures of \$692.6 million, a decrease of \$1.4 million, or 0.2 percent below the approved amount;
- **Federal Fund** expenditures of \$1.5 billion, an increase of \$46.6 million, or 3.3 percent, above the approved amount, largely because of medical caseload increases;
- **Children's Initiatives Fund (CIF)** expenditures of \$7.1 million, a decrease of \$435, or 0.01 percent, below the FY 2016 approved amount; and
- **State Water Plan Fund (SWPF)** expenditures of \$1.9 million, an increase of \$68,461, or 3.8 percent, above the FY 2016 approved amount. The SWPF increase is due entirely to a appropriation of money that was not spent in FY 2015 and shifted to FY 2016. The SWPF reappropriated funding will be largely used for total maximum daily load and nonpoint source pollution.

Category of expenditures in the request are detailed below:

- **Salaries and Wages** expenditures of \$69.6 million, a decrease of \$2.4 million, or 3.3 percent, below the approved amount. The reduction is due to a decrease in classified regular pay offset partially by an increase in unclassified temporary pay. It also includes a reduction in expenditures for group health insurance, unemployment insurance, and longevity pay. Federal and fee funds provide funding for 84.9 percent of salaries and wages in this agency;
- **Contractual Services** expenditures of \$207.9 million, an increase of \$38.2 million, or 22.5 percent, above the approved amount. The increase is largely due to additional costs for professional services for the fiscal agent contractor, computer software maintenance fees, state building operating charges, and building rents. These expenditures include rents and capital surcharge, financial management system fees, and Enterprise Application fees. Along with professional services and contracts, this request provides for printing public health materials and enrollment packets, communication expenditures, limited travel and contracts with local health entities;
- **Commodities** expenditures of \$4.6 million, an decrease of \$301,586, or 6.2 percent below the approved amount. This decrease is due to a reduction of office and data supplies and vehicle parts offset partially by an increase in drugs and pharmaceuticals. Expenditures in this category include office supplies; scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food borne illnesses and educating the public regarding various public health programs such as, Breast & Cervical Cancer program, tobacco use prevention, nutrition resources; and disability prevention. Other scientific supplies are purchased such as surgery and ostomy supplies, drugs, prosthesis, orthotics,

hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as PKU treatment products and vaccine purchases;

- **Capital Outlay** expenditures of \$3.1 million, an increase of \$1.0 million, or 47.4 percent, above the approved amount. The increase is mostly due to an increase in professional and scientific equipment. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment (DME) such as wheelchairs and braces purchased for Special Health Services (SHS) program eligible youth;
- **Aid to Local** expenditures of \$39.8 million, an increase of \$3.0 million, or 8.3 percent, above the approved amount due largely to an increase in federal aid to locals. Major programs in this area include: General Public Health programs (State Formula Grant) (provides funding to 99 local health departments for development and expansion of their general health programs and WIC Administration), Primary Health (provides affordable, family-oriented primary care for low income and medically underserved Kansans), Family Planning programs (promote optimal reproductive health for men and women through basic preventive and primary health care with treatment and follow-up of identified health problems), Infant-Toddler (Tiny-K) Services provides early intervention services at the local level through a statewide service system for infants and toddlers birth through age two with developmental delays, Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care), Childcare Licensure Inspection Program (provides reimbursements to counties for inspection services). Children's Initiative Funds are used to continue implementation of a comprehensive tobacco use prevention program (\$946,236) and other programs within the Division such as Healthy Start (\$237,914), and the direct assistance portion of the Infant Toddler program (\$1.7 million); and
- **Other Assistance** expenditures of \$2.2 billion, a decrease of \$2.1 million, or 0.1 percent, below the approved amount due to a reduction in the Women, Infants and Children Program (WIC). The major expenditures in this category are the medical programs. It also includes WIC, Primary Care, and the Infant-Toddler Services IDEA Part C programs.

The **Governor** recommends FY 2016 operating expenditures of \$2.5 billion, including \$721.7 million from the State General Fund. This represents an increase of \$55.9 million, or 2.3 percent, above the agency request and includes the following adjustments:

- Added \$91.8 million, including \$44.9 million from the State General Fund, to fully fund Medicaid caseloads based on the November consensus caseload estimates; and
- Deleted \$17.7 million, all from the State General Fund, and increased the same amount from federal funds for the enhanced federal match for the State Children's Health Insurance Program (SCHIP).

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
Lapse Reappropriations	\$ (4,383,947)	\$ (4,383,947)	0.0
November Allotment			
Revised Medicaid Estimates	\$(12,800,000)	\$(12,800,000)	0.0
HCAIP Reduction	(3,000,000)	(3,000,000)	
TOTAL	<u>\$(20,183,947)</u>	<u>\$(20,183,947)</u>	<u>0.0</u>

Reappropriations Lapse:

Reduced \$4.4 million as a result of the Governor's State General Fund reappropriation allotment due to lapses in reappropriated funds. This is a reduction to the total FY 2015 State General Fund reappropriation of \$4.9 million for the agency. This allotment will decrease

available funding for medical assistance (\$4.0 million), vaccines purchases (\$293,826), immunizations (\$85,934), and teen pregnancy prevention (\$4,178).

Additional Reductions:

Reduced \$12.8 million in the medical assistance program and \$3.0 million for the Health Care Access Improvement Program (HCAIP). The medical assistance reductions are for savings realized when the final federal Medicare Part B rates were not as high as anticipated (\$5.8 million); for a change in hospital provider tax policy (\$3.0); and as enrollment eligibility continues to lag since implementing KEES (\$7.0 million) in FY 2016. HCAIP will be expected to be a self sustaining program from the funds collected therefore not needing the amount originally budgeted from the State General Fund.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$729.9 million for the Department of Health and Environment for FY 2017.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 729,909,112	\$ 704,394,049	\$ (25,515,063)	\$ 718,551,660	\$ (11,357,452)
All Other Funds	1,720,577,791	1,778,267,985	57,690,194	1,804,732,046	84,154,255
TOTAL	\$ 2,450,486,903	\$ 2,482,662,034	\$ 32,175,131	\$ 2,523,283,706	\$ 72,796,803
FTE Positions	747.6	484.9	(262.7)	479.0	(268.6)

The **agency** requests a revised estimate for operating expenditures of \$2.5 billion. The agency estimate is \$32.2 million, or 1.3 percent, above the approved amount and \$5.6 million, or 0.2 percent, above the FY 2016 revised estimate. The FY 2017 revised estimate includes \$20.6 million for the Administration Function, \$144.2 million for the Health Function, \$2.3 billion for the Health Care Finance Function, and \$61.2 million for the Environment Function. The agency estimate includes 484.9 FTE positions, a decrease of 262.7 from the approved amount and 596.8 non-FTE unclassified positions, an increase of 182.0 non-FTE unclassified positions above the approved amount.

The request includes the following funding sources of note:

- **State General Fund** expenditures of \$704.4 million, an decrease of \$25.5 million, or 3.5 percent, below the approved amount due to a decrease in expenditures in the medical assistance program because of the newly created medical assistance fee fund to capture the MCO privilege fee increase as well as a decrease in salaries and wages expenditures from this funding source;

- **State Water Plan Fund** expenditures of \$1.8 million, the same as the approved amount;
- **Children's Initiative Fund** expenditures of \$7.1 million, a decrease of \$435 below the approved amount; and
- **Federal Funds** expenditures of \$1.5 billion, an increase of \$48.3 million, or 3.4 percent, above the approved amount largely in the Medicaid and Children's Health Insurance program funding offset slightly by a reduction in funding for the Women Infant, and Children's (WIC) program.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of \$73.1 million for salaries and wages, a decrease of \$4.7 million, or 6.0 percent, below the approved amount largely due to shrinkage as well as reduction in group health insurance expenditures and longevity pay. Federal and fee funds provide funding for 84.9 percent of salaries and wages in this agency;
- **Contractual Services** expenditures of \$182.6 million, an increase of \$33.3 million, or 22.3 percent, above the approved amount. The increase is largely due to additional costs for professional services for the fiscal agent contractor, computer software maintenance fees, state building operating charges, and building rents. These expenditures include rents and capital surcharge, financial management system fees, and Enterprise Application fees. Along with professional services and contracts, this request provides for printing public health materials and enrollment packets, communication expenditures, limited travel and contracts with local health entities;
- **Commodities** expenditures of \$4.6 million, a decrease of \$237,922, or 5.0 percent, below the FY 2015 approved amount. These expenditures include office supplies; scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food borne illnesses and educating the public regarding various public health programs such as, Breast & Cervical Cancer program, tobacco use prevention, nutrition resources; and disability prevention. Other scientific supplies are purchased such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as PKU treatment products and vaccine purchases;
- **Capital Outlay** expenditures of \$2.1 million, a decrease of \$60,037, or 2.8 percent, below the approved amount. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment (DME) such as wheelchairs and braces purchased for Special Health Services (SHS) program eligible youth;
- **Aid to Local** expenditures of \$37.8 million, an increase of \$1.9 million, or 5.4 percent, above the approved amount due largely to an increase in federal aid to locals. Major programs in this area include: General Public Health programs (State Formula Grant) (provides funding to 99 local health departments for

development and expansion of their general health programs and WIC Administration), Primary Health (provides affordable, family-oriented primary care for low income and medically underserved Kansans), Family Planning programs (promote optimal reproductive health for men and women through basic preventive and primary health care with treatment and follow-up of identified health problems), Infant-Toddler (Tiny-K) Services provides early intervention services at the local level through a statewide service system for infants and toddlers birth through age two with developmental delays, Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care), Childcare Licensure Inspection Program (provides reimbursements to counties for inspection services). Children's Initiative Funds are used to continue implementation of a comprehensive tobacco use prevention program (\$946,246) and other programs within the Division such as Healthy Start (\$237,914), and the direct assistance portion of the Infant Toddler program (\$1.7 million); and

- **Other Assistance** expenditures of \$2.2 billion, an increase of \$2.0 million, or 0.1 percent, above the approved amount due to an increase in expenditures for medical programs. The major expenditures in this category are the medical programs. It also includes the Women, Infants and Children (WIC), Primary Care, and the Infant-Toddler Services IDEA Part C programs.

The **Governor** recommends FY 2017 operating expenditures of \$2.5 billion, including \$718.6 million from the State General Fund. This represents an increase of \$40.6 million, or 1.6 percent, above the agency request and includes the following adjustments:

- Added \$145.1 million, including \$58.4 million from the State General Fund, to fully fund Medicaid caseloads based on the November consensus caseload estimates;
- Deleted \$64.2 million, including \$32.2 million from the State General Fund, for additional Medicaid savings. Savings were realized: when the final federal Medicare Part B rates were not as high as anticipated (\$11.6 million); by implementing Step Therapy policy changes for medications (\$10.6 million); for a change in hospital provider tax policy (\$7.0 million); and as enrollment eligibility continues to lag since implementing KEES (\$3.0 million);
- Deleted funding of \$30.5 million, including \$13.4 million from the State General Fund, to eliminate the Health Homes Program;
- Deleted \$17.3 million, all from the State General Fund, for the enhanced federal match for the State Children's Health Insurance Program (SCHIP);
- Deleted 8.2 million, all from the State General Fund, and added the same amount from fee funds for medical program expenditures;
- Transferred the Infants and Toddlers Program to the Kansas Department of Education and reduced related expenditures by \$9.8 million; and
- Added \$1.3 million in State General Fund for the following programs which were previously funded from the Children's Initiatives Fund:

- \$237,914 for the Healthy Start Program;
- \$946,236 for Smoking Cessation;
- \$47,161 for the Newborn Hearing Aid Loaner Program; and
- \$96,374 for the SIDS Network Grant.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	28.4 %	28.5 %
State Water Plan Fund	0.1	0.1
Children's Initiatives Fund	0.3	0.0
Federal Funds	58.9	59.0
Special Revenue Funds	12.3	12.4
TOTAL	100.0 %	100.0 %

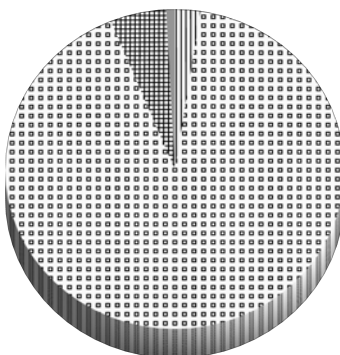
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

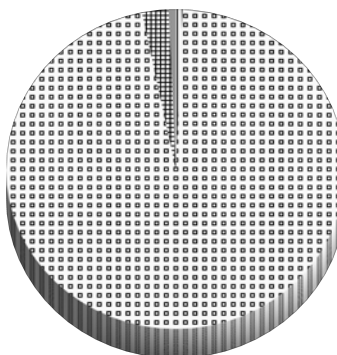
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Administration
 Public Health
 Health Care Finance
 Environment

Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 20,628,610	0.8 %	\$ 4,828,291	0.7 %
Public Health	134,426,123	5.3	18,139,363	2.5
Health Care Finance	2,307,056,536	91.4	691,121,773	96.2
Environment	61,172,437	2.4	4,462,233	0.6
TOTAL	\$ 2,523,283,706	100.0 %	\$ 718,551,660	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	45.0	45.0	45.0	45.0	45.0
Public Health	195.9	102.0	102.0	102.0	96.1
Health Care Finance	116.0	116.0	116.0	116.0	116.0
Environment	293.5	221.9	221.9	221.9	221.9
TOTAL	650.4	484.9	484.9	484.9	479.0

A. Administration

The Administration program provides the central management and administrative support functions of KDHE. The program includes the **Secretary's Office**, which sets agency policy and coordinates operations in order to carry out statutory mandates. The **Office of Legal Services** supports all program areas in the enforcement of health and environmental laws and regulations. The **Division of Management and Budget** provides financial and strategic planning support services to all programs in the Department. Financial services include budget development, grant management, maintenance of accounts and reports, central reporting, and execution of all financial transactions. The Division also confers with Human Resource staff from the Department of Administration on all KDHE personnel transactions, such as recruitment and selection, employment management, benefit administration, classification and workforce planning, examination and certification of qualified candidates, employee relations, and Equal Employment Opportunity and affirmative action program implementation.

The **Office of Communications** supplies written, oral, and visual communications services to convey KDHE's program objectives to internal and external audiences. The **Office of Information Technology Services** (OITS) is under the Kansas Executive Chief Information Technology Officer and activities are coordinated through the KDHE OITS staff to maintain agency information technology, from hardware and basic desktop applications to vendor produced or internally produced specialty programming. Internal computer training and network safety are also conducted by OITS. Funding for the OITS staff and technology acquisition and maintenance is represented in the KDHE budget. The **Office of the Inspector General** audits and reviews programs within the Kansas Medicaid program and the State Employee Health Benefit Plan, making recommendations on program operations based on their observations.

ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 6,450,541	\$ 7,456,362	\$ 7,456,362	\$ 7,715,478	\$ 7,715,478
Contractual Services	10,158,796	12,201,413	12,201,413	15,357,198	12,357,198
Commodities	57,670	69,818	69,818	69,818	69,818
Capital Outlay	515,106	356,382	356,382	320,116	320,116
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 17,182,113	\$ 20,083,975	\$ 20,083,975	\$ 23,462,610	\$ 20,462,610
Aid to Local Units	0	0	0	0	0
Other Assistance	479,940	166,000	166,000	166,000	166,000
TOTAL	\$ 17,662,053	\$ 20,249,975	\$ 20,249,975	\$ 23,628,610	\$ 20,628,610
Financing:					
State General Fund	\$ 4,106,208	\$ 4,690,448	\$ 4,690,448	\$ 4,828,291	\$ 4,828,291
All Other Funds	13,555,845	15,559,527	15,559,527	15,800,319	15,800,319
TOTAL	\$ 17,662,053	\$ 20,249,975	\$ 20,249,975	\$ 20,628,610	\$ 20,628,610
FTE Positions	45.0	45.0	45.0	45.0	45.0
Non-FTE Uncl. Perm. Pos.	48.0	53.0	53.0	53.0	53.0
TOTAL	93.0	98.0	98.0	98.0	98.0

The **agency** requests FY 2017 operating expenditures of \$20.6 million for the Administration program, an increase of \$2.1 million, or 11.2 percent, above the approved amount and an increase of \$378,635, or 1.9 percent, above the revised FY 2016 estimate.

The request includes the following funding sources of note.

- **State General Fund** expenditures of \$4.8 million, an increase of \$701,833, or 17.0 percent, above the approved amount; and
- **Federal Funds** expenditures of \$3.4 million, an increase of \$427,530, or 14.5 percent, above the approved amount.

Category of expenditures in the request are detailed below.

- **Salary and Wages** expenditures of \$7.7 million, an increase of \$435,107, or 6.0 percent, above the approved amount. The increase is primarily due to an increase in unclassified regular and temporary pay offset partially by a reduction in classified pay;
- **Contractual Services** expenditures of \$12.4 million, an increase of \$1.5 million, or 14.3 percent above the approved amount. The increase is largely due to an increase in the state building operating charge, state building capital charge, computer software maintenance services, building rent. The largest expenditures in this category are for rents and security, capital surcharge, financial management system fees and Enterprise Application fees;
- **Commodities** expenditures, largely for office supplies, of \$69,818, a decrease of \$789, or 1.1 percent, below the approved amount;
- **Capital Outlay** expenditures of \$320,116, an increase of \$151,044, or 89.3 percent, above the approved amount due largely to increased software expenditures and computer equipment. The largest expenditures in this category are for projected replacements of technology items and system upgrades; and
- **Other Assistance** expenditures of \$166,000, a reduction of \$50,000, or 23.1 percent, below the approved amount largely due to a reduction in the sponsored project overhead fund.

The **Governor** recommends FY 2017 operating expenditures of \$20.6 million, including \$4.8 million from the State General Fund, which is the same as the agency request.

B. Public Health

The Division of Public Health seeks to promote and protect health and prevent disease and injury among the people of Kansas. Three basic functions are employed to further this mission. Assessment is the systematic collecting, analyzing, and distributing of information on various aspects of health, trends in health, and health-related problems. Policy development utilizes scientific knowledge in making important health policy decisions. Finally, assurances make sure that services are provided to meet the state's health goals. This may be done directly

through state or local programs, or indirectly through encouraging others to act. Within the division, the **Office of the Director** includes general management functions of the Division as well as the Center for Health Equity (CHE) and the Center for Performance Management (CPM).

While the bulk of its staff and programs are located in Topeka, the Division of Public Health provides direct services throughout the state, with staff stationed in several of KDHE's district offices. In addition, the Division works closely with 100 local health departments serving all 105 Kansas counties. Six bureaus administer the Division of Public Health programs.

Bureau of Oral Health seeks to improve the oral health status of all Kansans through technical support, public education, and aid to local partners. Funded primarily through federal grants, current programs include a Dental Professional Workforce program, the School Screening Initiative and a Children with Special Health Care Needs health improvement project. Oral health assessment is another function of the Bureau.

Bureau of Community Health Systems continues to grow as programmatic alignment for improved coordination of programs occurs. The Radiation Control Program recently joined the bureau, bringing the total number of programs to eight and total number of staff to 70. The bureau provides leadership for the agency in public health and hospital preparedness program, which coordinates response to all public health and radiation emergency situations, whether caused by natural events or acts of terrorism. There is close collaboration with other federal, state, and local partners, including the Wolf Creek nuclear generating station. The Health Facilities Program licenses or certifies about 850 hospitals, ambulatory surgical centers, home health agencies, and other medical care providers. The Radiation Program inspects mammography and x-ray equipment at the state's health and medical facilities. The bureau helps local communities serve local health needs by providing technical assistance and other resources. Kansans who face financial, geographic, or other barriers to accessing health care services are served by programs in Primary Care, Rural Health, and the State Trauma Program. Liaison efforts with local health departments and critical access hospitals across the state are coordinated in the bureau, working toward an effective, "seamless" system for public health efforts in Kansas.

Bureau of Disease Control and Prevention concentrates on identifying, preventing and controlling communicable diseases of crucial public health concern. The bureau conducts focused programming in regard to tuberculosis education and prevention, HIV/STD education and prevention, adult viral hepatitis education and prevention, and immunizations for vaccine-preventable diseases among children and adults.

Bureau of Health Promotion assists communities in decreasing the prevalence of health risk behaviors that contribute to the leading preventable chronic diseases and injury in the Kansas population by providing grant funding, technical assistance, and training to local communities for the development of community based interventions aimed at reducing the prevalence of the leading risk factors for chronic disease (nutrition, physical activity, and tobacco prevention), unintentional injury (proper use of safety restraints, helmets, smoke detectors), and intentional injury (bullying behaviors); linking community-based intervention and grant activity between bureaus and outside partners; providing public and professional education on emergent chronic disease and injury health issues; developing and evaluating nutrition, physical activity, tobacco use prevention and injury prevention programs that meet the expressed needs of communities and/or statewide programs; increasing collaboration among stakeholders through development, implementation, evaluation and institutionalization of nutrition, physical activity, tobacco use prevention and injury prevention programs; increasing public awareness regarding the association between health risk behaviors and chronic disease; engaging statewide organizations which represent disparate populations to improve health risk

behaviors; and sponsoring a statewide youth movement including regional youth training, statewide leadership summit, a tobacco cessation program for special populations, a website, regional van tours, promotional rallies, national training for youth leaders, and the development of youth chapters aimed at decreasing tobacco use among Kansas youth.

Bureau of Family Health supports a statewide system of public health services for Maternal and Child populations including women of reproductive age, pregnant women, infants, children, and adolescents to age 22 years. The Early Care and Youth Programs section (Child Care Licensing) is responsible for licensing and regulating approximately 6,000 child care facilities and agencies serving children under the age of 16. The Children and Families section includes MCH and Reproductive Health programs, supporting services for women (preconception/family planning), pregnant women, infants, children, adolescents, and men with focus on communities and schools. The Special Health Services section activities include newborn hearing and metabolic screening, infant-toddler services (early intervention), and special health care needs with priority to coordinating medical specialty services and systems for children and youth. The Nutrition and WIC Services section supports nutrition education and supplemental foods for low-income (pregnant, breastfeeding, and postpartum) and their young children infant to 5 years. In FY 2015, the Healthy Homes and Lead Hazard Prevention Program (HHLHPP) was transferred to BFH to further align programming aimed at improving the health, safety, and well-being of children and families. The program activities include licensure and certification of individuals and industry, accreditation of training providers for all licensed lead activity disciplines, and education outreach for high risk industry and the general public. The Child Placing Agency and Residential Programs Section (Foster Care) successfully transitioned from BFH to the Department for Children and Families effective July 1, 2015, in response to Executive Reorganization Order 43.

Bureau of Epidemiology and Public Health Informatics, under the supervision of the State Epidemiologist, manages the state's reportable disease surveillance system, responds to outbreaks of disease related to infectious and environmental agents, provides professional staffing to a 24-hour disease response hot line, and conducts a number of special projects and studies related to the control of infectious diseases in Kansas. The bureau also administers the state's healthcare-associated infections prevention and control program. In addition, this Bureau is a data and information support group for the Kansas Department of Health and Environment as well as other State agencies. This includes vital records acquisition, management and issuance; data and information acquisition; and analysis, distribution, and publication for the public, policymakers, and program managers. Annually, the office registers approximately 100,000 vital records and issues over 320,000 certified copies of documents.

**PUBLIC HEALTH PROGRAM
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 19,161,423	\$ 20,129,593	\$ 20,129,593	\$ 20,965,290	\$ 20,583,884
Contractual Services	27,573,093	21,503,974	21,503,974	20,443,323	19,942,034
Commodities	1,538,818	1,980,121	1,980,121	1,962,893	1,961,443
Capital Outlay	560,410	576,177	576,177	573,027	572,827
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 48,833,744</i>	<i>\$ 44,189,865</i>	<i>\$ 44,189,865</i>	<i>\$ 43,944,533</i>	<i>\$ 43,060,188</i>
Aid to Local Units	38,687,353	36,540,640	36,540,640	35,083,673	32,421,208
Other Assistance	71,621,094	65,971,937	65,971,937	65,221,774	58,944,727
TOTAL	<u>\$ 159,142,191</u>	<u>\$ 146,702,442</u>	<u>\$ 146,702,442</u>	<u>\$ 144,249,980</u>	<u>\$ 134,426,123</u>
Financing:					
State General Fund	\$ 16,959,225	\$ 17,245,047	\$ 17,245,047	\$ 16,811,678	\$ 18,139,363
All Other Funds	142,182,966	129,457,395	129,457,395	127,438,302	116,286,760
TOTAL	<u>\$ 159,142,191</u>	<u>\$ 146,702,442</u>	<u>\$ 146,702,442</u>	<u>\$ 144,249,980</u>	<u>\$ 134,426,123</u>
FTE Positions	195.9	102.0	102.0	102.0	96.1
Non-FTE Uncl. Perm. Pos.	117.5	231.3	231.3	231.8	231.8
TOTAL	<u>313.4</u>	<u>333.3</u>	<u>333.3</u>	<u>333.8</u>	<u>327.9</u>

The agency requests FY 2017 operating expenditures of \$144.2 million for the Health program, an increase of \$5.7 million, or 4.1 percent, above the approved amount and a decrease of \$2.5 million, or 1.7 percent, below the FY 2016 revised estimate.

The request includes the following funding sources of note:

- **State General Fund** expenditures of \$16.8 million, an increase of \$221,160, or 1.3 percent, above the approved amount. The agency reports the State General Fund is used for overall program planning, policy, decision-making, and administrative functions, particularly for activities not specifically supported by grant or fee funds. Activities funded through the State General Fund include: the Cancer Registry match, diagnostic and treatment services within the Children with Special Health Care Needs section, pandemic influenza vaccine products, the childcare licensing inspection program, family planning activities, teen pregnancy case management and prevention activities, AIDS testing, school health clinics, and immunization programs;
- **Children's Initiative Fund** expenditures of \$7.1 million, \$435 less than the approved amount. Children's Initiatives Fund financed activities include Healthy Start, the Infants and Toddlers program, smoking prevention, newborn hearing aid loaner program, and SIDS network grant; and
- **Federal Funds** expenditures of \$111.9 million, an increase of \$4.9 million, or 4.5 percent, below the approved amount. The largest single item funded from federal

sources is the Women, Infants, and Children (WIC) program that provides \$60.5 million for assistance and benefit payments to individuals eligible for the program. A majority of the salary request, 68.6 percent, for the Division of Health is financed through federal funds. Other major expenditures categories financed through federal funds include professional services and professional, scientific, and office supplies. Aid to local units and other assistance are also significantly funded through federal funds.

Category of expenditures in the request are detailed below.

- **Salary and Wages** expenditures of \$21.0 million, an increase of \$711,067, or 3.5 percent, above the approved amount largely due to a reduction in classified regular pay offset partially by an increase in unclassified temporary pay. It also reflects a decrease in group health insurance and longevity pay expenditures;
- **Contractual Services** expenditures of \$20.4 million, an increase of \$3.5 million, or 20.6 percent above the approved amount. This reflects an increase largely in computer software and maintenance services. Major expenses in this category are communication and travel for inspection activities and licensure programs, printing of public health materials in multi-language format, and contractual obligations with county health departments and community based organizations;
- **Commodities** expenditures of \$2.0 million, an increase of \$106,909, or 5.8 percent, above the approved amount. The amount requested is for routine office and professional supplies as well as scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food-borne illnesses and educating the public regarding various public health programs such as, the Breast & Cervical Cancer program, Tobacco use prevention, nutrition resources, and disability prevention. Other scientific supplies are purchased such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs;
- **Capital Outlay** expenditures of \$573,027, a decrease of \$155,656, or 21.4 percent, below the approved amount, largely due to reduced expenditures for microcomputer equipment. The largest expenditures in this category are for projected replacements of technology items and system and durable medical equipment (DME) such as wheelchairs and braces purchased for program eligible youth under the Special Health Services (SHS) program;
- **Aid to Local** expenditures of \$35.1 million, an increase of \$2.4 million, or 7.2 percent, above the approved amount largely due to an increase in federal aid to local governments. Major programs in this category include: General Public Health programs (funds the 100 local health departments); Primary Health (provides primary care for low income and medically under-served Kansans); Family Planning (provides optimal reproductive health for men and women through basic health care with treatment and follow-up for identified health problems); Infant-Toddler (Tiny-K) Services (provides early intervention services at the local level through a statewide service system for infants and toddlers with developmental delays); Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and

compliance with prenatal and pediatric care); and Childcare Licensure Inspection (provides reimbursements to counties for inspection services). The Children's Initiatives Fund also provides aid to local units funding through programs such as the Comprehensive Tobacco Use Prevention program, Healthy Start, and the Infant and Toddlers program; and

- **Other Assistance** expenditures of \$65.2 million, a decrease of \$804,544, or 1.2 percent, below the approved amount largely due to a decrease in the supplemental nutrition program. The major expenditure in this category is the Women, Infants, and Children (WIC) program. It also includes \$7.5 million for Primary Care program and \$6.4 million for Infant Toddler Services IDEA Part C program.

The **Governor** recommends FY 2017 operating expenditures for the Health Program of \$134.4 million, including \$18.1 million from the State General Fund. This represents a decrease of \$9.8 million, or 6.8 percent, below the agency request and includes the following adjustments:

- Transferred the Infants and Toddlers Program to the Kansas Department of Education and reduced related expenditures by \$9.8 million; and
- Added \$1.3 million in State General Fund and deleted the same amount from the Children's Initiatives Fund for the following programs:
 - \$237,914 for the Healthy Start Program;
 - \$946,236 for Smoking Cessation;
 - \$47,161 for the Newborn Hearing Aid Loaner Program; and
 - \$96,374 for the SIDS Network Grant.

C. Health Care Finance

Executive Reorganization Order No. 38 transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the Kansas Department of Health and Environment as the Division of Health Care Finance in FY 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies, administering and managing programs that fund health care services for persons who qualify for Medicaid (Title XIX), MediKan, and the Children's Health Insurance Program (Title XXI).

Executive Reorganization Order No. 41, effective FY 2013, further delineated the roles and responsibilities for Medicaid by consolidating Medicaid fiscal and contractual management in the Kansas Department of Health and Environment. The Division of Health Care Finance has primary contract oversight responsibility for KanCare. The Division is responsible for interagency coordination and promoting integrated oversight.

The Division of Health Care Finance includes the Office of Director and three major program areas: Medicaid/KanCare, Program Finance and Informatics, and State Employee Benefits.

Office of the Director oversees the operations and administrative responsibilities of the agency, and is responsible for ensuring the agency's compliance with statutory obligations. The

office is responsible for coordinating all programs established to assist with the mission and vision of the Division.

Medicaid/KanCare

The Medicaid/KanCare Unit develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan and the Children's Health Insurance Program (CHIP). Persons served by these programs include: low income children and adults, people with disabilities, and the elderly. In addition to administering cost-effective managed care and fee-for-service purchasing systems, the division contracts with and oversees a fiscal agent that operates the Medicaid Management Information System (MMIS), ensures compliance with relevant federal rules and regulations and coordinates health care purchasing and planning among various State agencies.

Medicaid is a federal-state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program and federal matching funds are available for the costs of these services. As a condition of state participation, each state must agree to cover certain populations (e.g., elderly poor receiving Social Security Income) and certain services (e.g., physician services). These eligibility groups and services are referred to as "mandatory." Mandatory benefits include:

Acute Care Benefits

- Physician services;
- Laboratory and x-ray services;
- Inpatient hospital services;
- Outpatient hospital services;
- Early and periodic-screening, diagnostic and treatment (EPSDT) services for individuals under 21;
- Family planning and supplies;
- Federally-qualified health center (FQHC) services;
- Rural health clinic services;
- Nurse midwife services; and
- Certified pediatric and family nurse practitioner services.

Long-Term Care Benefits

- Institutional Services: Nursing facility (NF) services for individuals 21 or over.

Nearly all health care services purchased by KDHE are financed through a combination of state and federal matching dollars either through Title XIX (Medicaid) or Title XXI, the State Children's Health Insurance Program (CHIP). Under Title XIX the federal government provides approximately 57.0 percent of the cost of Medicaid services with no upper limit on what the federal government will reimburse the state. The state provides the remaining 43.0 percent of the cost of Medicaid services. Under Title XXI the federal government provides approximately 72.0 percent of the cost up to a maximum allotment, and the state provides the remaining 28.0 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service and managed care models as described below.

As part of the Balanced Budget Act of 1997, Congress created Title XXI, Children's Health Insurance Program (CHIP), to address the growing problem of children without health insurance. The program was designed to expand health insurance to children whose families do not qualify for Medicaid. CHIP is a federal/state partnership similar to Medicaid. The program was designed to provide coverage to "targeted low-income children." A "targeted low-income child" is one who resides in a family with income below 200.0 percent of the Federal Poverty level (FPL) or whose family has an income no more than 50.0 percent higher than the state's Medicaid eligibility threshold. The 2009 Legislature approved and funded an expansion of CHIP to children in families up to 250.0 percent of the 2008 FPL. Kansas provides free or low cost health insurance coverage to children who:

- Are under the age of 19;
- Do not qualify for Medicaid;
- Have family incomes under 250.0 percent of the federal poverty level (2008 FPL standard); and
- Are not covered by State Employees' Health Insurance or other private health insurance.

In FY 2015, the agency spent over \$1.9 billion purchasing health care for more than 400,000 persons through the Medicaid and CHIP programs. It is the third largest purchaser of health care services and the largest purchaser of children's health care services in Kansas. Approximately 70 percent of the people served were low-income children and families, although spending for these populations comprises less than half of total spending on medical care. Services for people with disabilities and the aging population comprise the majority of expenditures. Medicaid pays for approximately 40 percent of the births in Kansas each year.

The Medicaid/KanCare Unit is comprised of the following sections: Clinical Policy and Improvement, Eligibility and Operations.

Clinical Policy Improvement includes a Medical Policy unit for medical review and policy research that maintains remaining fee-for-service (FFS) benefits, and assesses each of the medical programs for overall functioning by reviewing the programs' past and current trends in reimbursement and coverage issues for effectiveness, efficiency, and quality in conjunction with the mission and vision of DHCF. A Pharmacy unit is also part of CPI and is responsible for overseeing MCO and FFS pharmacy operations, including managing the Drug Utilization Review and Preferred Drug List processes.

The Medicaid Initiatives Unit within CPI is responsible for research, development and training for new Medicaid initiatives. This group has led the Health Homes project, which launched July 1, 2014. Health Homes provide coordination of physical and behavioral health care with long term services and supports for people with chronic conditions. Health Homes expand upon medical home models to include links to community and social supports.

The first population to receive Health Home services is people with serious mental illness (SMI). We estimate that 36,000 KanCare members are eligible for SMI Health Homes. Health Homes in Kansas will be provided through a partnership between Lead Entities - the KanCare managed care organizations (MCOs) - and Health Home Partners (HHPs), community providers who meet certain requirements and contract with the MCOs. The division of services, as well as payment between the MCO and the HHP, will be spelled out in contract between the MCO and HHP.

Eligibility currently has three units that oversee all aspects of Medicaid eligibility. The Eligibility Policy Unit is responsible for overseeing all program, policy, and training activities related to beneficiaries and their enrollment into the program. This unit interprets federal and state laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience and actively works with community partners to develop strategies for enrolling eligible beneficiaries.

The Eligibility Policy Unit has been integral to the Kansas Eligibility Enforcement System (KEES) project. The unit has provided policy support, and some members have been assigned to the project full-time. KEES is an information system that is used to determine eligibility for Medicaid, CHIP, and other medical assistance programs. KDHE is partnering with the Department for Children and Families so that eligibility for other human service programs will be included, such as TANF, SNAP, child care assistance, LIEAP, and others. Phase 1 implemented the medical assistance online application in July 2012. Phase 2.6 was implemented June 29, 2015, with a full range of medical assistance eligibility functionality. In spring 2016, Phase 3 will implement the human services components.

The Out-Stationed Eligibility Specialist and Presumptive Medical Disability Determination Unit (OSW/PMDD) include a group of 12 eligibility workers that are set up in local communities and provide application assistance and outreach. The out-stationed workers will be providing local support for the new KEES system by encouraging communities to embrace the online aspects of KEES. This unit will still be able to process applications in KEES. Also, part of the unit makes disability determinations for medical assistance applicants who claim a disability and are currently awaiting a determination from the Social Security Administration.

Medicaid Operations is responsible for the procurement, management, and oversight of all contracts that include Medicaid and CHIP funding. It oversees more than 125 contracts valued in excess of \$500 million. It is also responsible for program integrity and the management of third-party liability collections from primary insurance carriers and Medicare. In addition, Medicaid Operations is responsible for claims processing, dispute resolution, fair hearings and implementation of policy changes and federal mandates. Eligibility determination for participation in KanCare and other medical programs and management and oversight of the KanCare eligibility clearinghouse are also included in this section.

It is also responsible for the oversight of the daily operational issues for the three KanCare managed care organizations (MCOs): Amerigroup Kansas, Sunflower Health Plan and United Healthcare of the Midwest. This oversight spans across the full range of managed care Medicaid and Children's Health Insurance Program (CHIP) populations. The realm of responsibilities includes issue resolution for members and providers, review of material for accuracy, clarity, compliance with program requirement and readability and coordination with the Kansas Title V Maternal and Child Health Program, and the KDHE Dental program.

Program Finance and Informatics

The Program, Finance and Informatics section provides financial analysis and estimations of the State's Medicaid and Children's Health Insurance Program (CHIP) to all Division of Health Care Finance (DHCF) program areas.

Medicaid Programs Finance and Reporting Unit is charged with the fiscal management and accurate financial reporting for the Division. Key finance activities include: managing the budget submission; accurately reporting expenditures and revenues to the federal government; and prudently managing cash balances, receipts and receivables. The Accounting

section manages all payables processing, including reconciling contractor pay tapes for provider payments, managing contract encumbrances and developing management reports to guide decision making.

Informatics Unit provides Kansas Department of Health and Environment (KDHE) with information for data driven policy setting and continuous improvement of programs. This is accomplished through the collection of health and health care information from health care claims of the Kansas Medicaid population including programmatic and administrative data as well as market generated data. Also, the unit administers the Kansas Health Insurance Information System (KHIS), Health Professional Licensure and the Hospital Inpatient Discharge data set which produce standard as well as *ad-hoc* reports. Finally, the unit designs, implements, maintains, and automates dashboards and reports employing state of the art best practices in data visualization/presentation to enhance decision-making by staff and other health industry stakeholders.

Projections Unit is responsible for collaborating with program staff to compute the fiscal impact of proposed policies, forecast caseloads, and provide projections for CMS. The unit is also responsible for assisting with the development of the Division's budget and estimating interagency expenditures for Medicaid assistance. This unit tracks and evaluates legislative activities that may impact activities of the Division.

Health Care Informatics Unit provides KDHE and outside stakeholders with health care data information policy setting and continuous program and financial improvement. This is accomplished through collecting health care information from claims associated with the Kansas Medicaid population, including programmatic and administrative data.

Fiscal Analysis and Projections Unit is responsible for financial reviews and oversight of the KanCare managed care organizations, development of the division budget, interagency medical caseload projections, risk management tracking and fiscal monitoring of critical projects.

Medicaid Eligibility Quality Control (MEQC) is a federally mandated unit that completes in depth analysis of compliance with state and federal regulations surrounding eligibility for Medicaid benefits. MEQC audits both the HealthWave Clearing House and the Kansas Department of Children and Families for Medicaid accuracy. Additionally, MEQC conducts eligibility and payment reviews of Medicaid and CHIP for the Payment Error Rate Measurement (PERM) project.

In FY 2015, MEQC will be participating in the transition planning related to Executive Reorganization Order 43 and completing additional audits based upon state needs and CMS mandates. MEQC is continuing to take a proactive stance toward error reduction by providing comprehensive data to audited agencies, reviewing agency quarterly reports, and increasing areas of assessment. These combined efforts are aimed at increasing efficiency and accuracy in Medicaid and CHIP determinations and transitioning the Elderly and Disabled Medicaid cases to KDHE.

State Employee Benefit Plan

State Employee Health Benefit Plan (SEHBP) administers health benefits for state employees, retirees, non-state group members, and state employees with worker's compensation claims. The plan is overseen by the Health Care Commission which was statutorily created in 1984 to design and implement a health care benefits program. Coverages

included in the plan are medical, prescription drugs, dental and employee health and wellness, and vision.

Total enrollment numbers in the SEHP include active employees, retirees, employees receiving long-term disability payments, employees on leave without pay, non-State public employer groups, qualified beneficiaries on COBRA and other individuals identified in KAR 108-1-1, KAR 108-1-3 and KAR 108-1-4. There are 176 non-State public employers participating in the SEHP. As of July 1, 2015, non-State public employers included 33 school districts; 82 cities, counties or townships; 23 extension offices or libraries; 16 public hospitals; 11 housing authorities, and 11 miscellaneous local government entities. The number of members in the groups range from one to 1,069. There are 24 groups who have more than 200 and 38 have between 100 and 200 members.

ENROLLMENT FIGURES	
Group	Participants
Active State of Kansas employees	34,463
Active entities (education and local units)	6,936
Direct bill/Retiree member	11,303
COBRA member	1,279
Total	53,981
Note: Total may not add due to rounding.	

Currently, 93 percent of active State employees and 90 percent of the non-State public employer population are enrolled. For the active State population, 47 percent are enrolled in single coverage and 53 percent provide coverage for their dependents.

Reportable expenditures for this program represent costs for administering the program as it relates to non-state employee members such as local units of government and school districts. All other expenditures related to the operation of the program are included in the non-reportable section as they are financed by payments from state agencies.

Health Plan Ancillary Services includes the following:

Flexible Spending Accounts (FSA) programs are administered through a third-party administrator. The FSA programs are offered to active State of Kansas employees and include a health care FSA to help employees pay with pre-tax dollars expenses not covered by their health, dental and vision plans and a dependent care FSA to help employees pay day care expenses for their dependents under age 13 or elder care. Currently there are 6,597 active State employees that participate in these programs.

Premium Billing Administration services are provided for the public employers and direct bill programs offered through the State Employees' Health Plan. The administrator provides invoices to the members, collects premiums and remits premiums back to the State. There are 26,706 members participating in these two programs.

Employee Health and Wellness, or *HealthQuest*, was instituted in 1988 to provide wellness programs with the goal of improving employee health and reducing health care costs. Program offerings include an annual online health assessment and health screening, health coaching, web-based lifestyle programs, online health resources, condition and disease management programs, employee assistance counseling and referrals, life coaching, a wellness newsletter, a blog and wellness presentations for employee groups across Kansas.

Workers' Compensation Program for state employees is called the State Self Insurance Fund. The Fund was implemented in 1972. It is a self-insured, self-administered program funded by agency rates based on experience rating. The program manages and processes claims for injuries that arise out of and in the course of employment. Medical compensation to treat the employee's injury does not have a cap. Medical payments to providers are based on a fee schedule developed by the Workers' Compensation Division of the Kansas Department of Labor. Additionally, compensation is paid for loss of time, permanent impairment or death. A medical review service is utilized to review claims for medical appropriateness, nurse case management on complex cases and pricing. On average, 238 accident reports are received monthly. In FY 2015, the SSIF spent about \$21.8 million on claims expenses, with about 70.0 percent for medical services and 30.0 percent for indemnity. Payments to injured workers are reflected in the other assistance expenditures in the non-reportable budget.

HEALTH CARE FINANCE PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 10,768,007	\$ 12,598,875	\$ 12,598,875	\$ 14,164,695	\$ 14,164,695
Contractual Services	109,643,343	153,348,212	153,348,212	126,615,571	126,615,571
Commodities	2,046,183	44,001	44,001	44,002	44,002
Capital Outlay	1,410,231	577,047	577,047	597,729	597,729
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 123,867,764	\$ 166,568,135	\$ 166,568,135	\$ 141,421,997	\$ 141,421,997
Aid to Local Units	10,367,030	0	0	0	0
Other Assistance	1,988,058,880	2,083,775,277	2,139,664,735	2,115,189,010	2,165,634,539
TOTAL	\$ 2,122,293,674	\$ 2,250,343,412	\$ 2,306,232,870	\$ 2,256,611,007	\$ 2,307,056,536
Financing:					
State General Fund	\$ 741,173,040	\$ 666,287,801	\$ 695,413,952	\$ 678,291,847	\$ 691,121,773
All Other Funds	1,381,120,634	1,584,055,611	1,610,818,918	1,578,319,160	1,615,934,763
TOTAL	\$ 2,122,293,674	\$ 2,250,343,412	\$ 2,306,232,870	\$ 2,256,611,007	\$ 2,307,056,536
FTE Positions	116.0	116.0	116.0	116.0	116.0
Non-FTE	106.4	106.4	106.4	106.0	106.0
Uncl. Perm. Pos.					
TOTAL	222.4	222.4	222.4	222.0	222.0

The **agency** requests FY 2017 operating expenditures of \$2.3 billion for the Health Care Finance program, an increase of \$22.2 million, or 1.0 percent, above the approved amount and an increase of \$6.3 million, or 0.3 percent, above the revised FY 2016 estimate.

The request includes the following funding sources of note:

- **State General Fund** expenditures of \$678.3 million, a decrease of \$26.5 million, or 3.8 percent, below the approved amount; and

- **Federal Funds** expenditures of \$1.3 billion, an increase of \$43.2 million, or 3.4 percent, above the approved amount mostly due to additional federal funding available in the Children's Health Insurance program. There are two main federal funds included in this division, Medicaid and Children's Health Insurance Program (CHIP).

Category of expenditures in the request are detailed below.

- **Salary and Wages** expenditures of \$14.2 million, a decrease of \$5.6 million, or 28.2 percent, below the approved amount. The increase is primarily to reduce the shrinkage rate;
- **Contractual Services** expenditures of \$126.6 million, an increase of \$25.0 million, or 24.5 percent, above the approved amount largely due to an increase in fiscal agent services and computer software maintenance fees for the medical programs. Major expenses in this category are professional and contractual services related to the operation of the Medicaid fiscal agent, eligibility system and clearinghouse, and for electronic health record incentive payments to Medicaid providers;
- **Commodities** expenditures, largely for office supplies, of \$44,002, an increase of \$1,354, or 3.2 percent, above the approved amount;
- **Capital Outlay** expenditures of \$597,729, an increase of \$14,012, or 2.4 percent, above the approved amount. The largest expenditures in this category are for projected replacements of technology items, software, and system upgrades; and
- **Other Assistance** expenditures of \$2.1 billion, an increase of \$2.8 million, or 0.1 percent, above the approved amount largely due to an increase in medical caseload expenditures. The major expenditures in this category are the medical assistance programs.

The **Governor** recommends FY 2017 operating expenditures for the Health Care Finance Program of \$2.3 billion, including \$691.1 million from the State General Fund. This represents an increase of \$50.4 million, or 2.2 percent, above the agency request and includes the following adjustments:

- Added \$145.1 million, including \$58.4 million from the State General Fund, to fully fund Medicaid caseloads based on the November consensus caseload estimates;
- Deleted \$64.2 million, including \$32.2 million from the State General Fund, for additional Medicaid savings. Savings were realized: when the final federal Medicare Part B rates were not as high as anticipated (\$11.6 million); by implementing Step Therapy policy changes for medications (\$10.6 million); for a change in hospital provider tax policy (\$7.0 million); and as enrollment eligibility continues to lag since implementing KEES (\$3.0 million);

- Deleted funding of \$30.5 million, including \$13.4 million from the State General Fund, to eliminate the Health Homes Program;
- Deleted \$17.3 million, all from the State General Fund, and increased the same amount from federal funds for the enhanced federal match for the State Children's Health Insurance Program (SCHIP); and
- Deleted 8.2 million, all from the State General Fund, and added the same amount from fee funds for medical program expenditures.

D. Environment

The **Division of Environment** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the Bureaus of Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

The **Bureau of Waste Management** has primary responsibility for the solid waste, hazardous waste, and waste tire programs which are entirely funded from state fees and federal grants. The Bureau works with the Bureau of Environmental Field Services for inspections and the Bureau of Environmental Remediation for closed city dump remediation and corrective action.

The **Bureau of Air** protects the public from the harmful effects of air pollution and conserves the natural resources of the state by preventing damage to the environment from the releases of air contaminants.

The **Bureau of Water** issues permits for wastewater treatment, control and disposal for municipalities, industries, commercial and livestock entities and is heavily influenced by Federal law and regulation. The Bureau also regulates and permits the construction and operation of public water supplies. The Bureau provides training to system operators, administers two low interest loan programs for water works and wastewater treatment works; administers programs to address non-point sources of pollution; and regulates the storage of natural gas and liquefied petroleum in natural underground salt formations.

The **Bureau of Environmental Remediation** identifies, investigates, and takes appropriate remedial actions when pollution endangers the public health, natural resources, and environment of the state. Responsibilities include investigating pollution sources, designing and overseeing remedial activities at contaminated sites, and negotiating with parties responsible for effective cleanup. The Bureau also utilizes remediation funds to take corrective action at sites where a responsible party cannot be found or is recalcitrant. In addition, the Bureau is also responsible for administering the duties of the Department related to the regulation and clean-up of alleged illegal drug manufacturing sites.

The **Bureau of Environmental Field Services**, which includes the Office of the Director of the Division, administers all environmental program operations at six district offices and provides scientific, technical, and operational support to the programs in the Division. This bureau is also responsible for the stream segment classification program. District and satellite offices provide direct services, inspections, and technical assistance to businesses and industries.

The **Health and Environment Laboratories** provide comprehensive chemical and biological analyses on a large volume of clinical specimens and environmental samples. The Chemistry Laboratory conducts analyses to evaluate environmental water quality, to define radiological hazards, and monitor the use and disposal of chemicals. The Radiochemistry Laboratory performs radiological testing of public drinking water samples, ambient water samples, and samples related to issuance of radioactive material licenses. The Microbiology, Virology, and Serology Laboratories conduct analyses to characterize and diagnose infectious diseases, food-borne epidemics, intestinal illnesses, and sexually transmitted diseases. The Neonatal Chemistry Laboratory tests for potential genetic defects in infants. Laboratory Improvement and Certification evaluates regulated clinical, environmental, and breath alcohol laboratories using established standards to ensure data quality.

ENVIRONMENT SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 26,901,725	\$ 29,369,526	\$ 20,369,526	\$ 30,279,859	\$ 30,279,859
Contractual Services	19,024,730	20,820,564	20,820,564	23,213,814	23,213,814
Commodities	2,634,065	2,497,601	2,497,601	2,482,563	2,482,563
Capital Outlay	642,075	1,638,047	1,638,047	585,296	585,296
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 49,202,595</i>	<i>\$ 54,325,738</i>	<i>\$ 45,325,738</i>	<i>\$ 56,561,532</i>	<i>\$ 56,561,532</i>
Aid to Local Units	3,251,945	3,219,531	3,219,531	2,756,281	2,756,281
Other Assistance	3,404,161	2,189,625	2,189,625	1,854,624	1,854,624
TOTAL	<u>\$ 55,858,701</u>	<u>\$ 59,734,894</u>	<u>\$ 50,734,894</u>	<u>\$ 61,172,437</u>	<u>\$ 61,172,437</u>
Financing:					
State General Fund	\$ 5,190,374	\$ 4,378,457	\$ 4,378,457	\$ 4,462,233	\$ 4,462,233
All Other Funds	50,668,327	55,356,437	55,356,437	56,710,204	56,710,204
TOTAL	<u>\$ 55,858,701</u>	<u>\$ 59,734,894</u>	<u>\$ 59,734,894</u>	<u>\$ 61,172,437</u>	<u>\$ 61,172,437</u>
FTE Positions	293.5	221.9	221.9	221.9	221.9
Non-FTE Uncl. Perm. Pos.	135.0	206.0	206.0	206.0	206.0
TOTAL	<u>428.5</u>	<u>427.9</u>	<u>427.9</u>	<u>427.9</u>	<u>427.9</u>

The **agency** requests FY 2017 expenditures of \$61.2 million, an increase of \$2.6 million, or 3.8 percent, and an increase of \$87,000 from the State General Fund, or 2.0 percent, above the approved amount. The increase is largely attributable to storage tank replacement and projected need for remediation and prevention related to above-ground petroleum storage tanks and cleaning sites where a primarily responsible party is identified. The revised budget includes changes to several categories of expenditure:

- **Salaries and Wages.** The agency requests FY 2017 salary and wage expenditures of \$30.3 million, a decrease of \$265,400, or 0.9 percent, below the approved amount. The decrease is largely attributable to increased shrinkage and decreased costs for group health hospitalization;

- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$23.2 million, an increase of \$3.3 million, or 16.4 percent, above the approved amount. The increase is largely attributable to increases in expenditures from the Environmental Stewardship Fund, mostly regarding subsidies for tank replacement, and the Above-ground Storage Tank Release Trust Fund, which projects an increase in claims to respond to releases or potential releases from above-ground petroleum storage tanks. Additionally, the agency projects increased expenditures for cleaning up sites for which a primarily responsible party is identified. In the Environment Division, contractual service expenditures also include contractor expenses for investigation and remediation of contaminated sites, performing assessments and investigations, implementing remedial actions, and laboratory maintenance contracts;
- **Commodities.** The agency requests FY 2017 commodities expenditures of \$2.5 million, a decrease of \$345,396, or 12.2 percent, below the approved amount. The decrease is largely attributable to decreased need for supplies for assessment and remediation of a large project involving two former dry cleaning facilities in Wichita. Commodities expenditures also include office supplies, professional and scientific supplies, vehicle parts, and maintenance materials;
- **Capital Outlay.** The agency requests FY 2017 capital outlay expenditures of \$585,296, a decrease of \$69,437, or 10.6 percent, below the approved amount. The decrease is largely attributable to not replacing an air monitoring station in southeast Kansas. Capital outlay expenditures also include laboratory equipment replacement, computers, and field remedial equipment;
- **Aid to Local Units.** The agency requests FY 2017 aid to local expenditures of \$2.8 million, a decrease of \$419,687, or 13.2 percent, below the approved amount. The decrease is largely attributable to shifting State Water Plan Funds to other projects, and a decrease in expenditures from the Waste Tire Management Fund due to expected reductions in grants. These decreases are offset in part by increased expenditures from the Solid Waste Management Fund, which provides grants for waste planning activities. Additionally, the decrease includes recategorization of some federal EPA non-point source pollution grants as other assistance, offset in part by a recategorization of some site-specific remediation activities as aid to local units; and
- **Other Assistance.** The agency requests FY 2017 other assistance expenditures of \$1.9 million, an increase of \$71,672, or 4.0 percent, above the approved amount. The increase is attributable to recategorized expenditures previously budgeted as aid to local units.

The **Governor** concurs with the agency's requested budget for the Division of Environment for FY 2017.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of clients accessing primary health clinics	710,000	607,185	650,000	700,000
Average number of WIC participants served annually	131,300	111,958	113,040	113,810
Immunization rate for hepatitis B, measles, and DPT	88.0%	73.0%	80.0%	85.0%
Number of Children (ages 0-2) receiving services from Infants and Toddlers Program	9,040	9,421	9,600	9,800
Number of permitted hazardous waste facilities	45	46	46	47
Number of public water supplies tested annually	46,000	53,201	46,000	46,000
Number of new petroleum storage tank trust fund sites approved	20	24	25	25
Number of annual inspections at solid waste sites	590	275	450	450

DEPARTMENT FOR CHILDREN AND FAMILIES

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 221,851,474	\$ 233,569,157	\$ 227,889,157	\$ 233,360,592	\$ 245,147,428
Other Funds	345,856,154	387,235,291	389,554,293	373,498,433	355,365,325
TOTAL	\$ 567,707,628	\$ 620,804,448	\$ 617,443,450	\$ 606,859,025	\$ 600,512,753
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 567,707,628	\$ 620,804,448	\$ 617,443,450	\$ 606,859,025	\$ 600,512,753
Percentage Change:					
Operating Expenditures					
State General Fund	4.2 %	5.3 %	2.7 %	(0.1) %	7.6 %
All Funds	(3.1)	9.4	8.8	(2.2)	(2.7)
FTE Positions	2,251.5	2,163.9	2,163.9	2,024.9	2,024.9
Non-FTE Perm.Uncl.Pos.	278.5	445.5	445.5	434.5	431.5
TOTAL	2,530.0	2,609.4	2,609.4	2,459.4	2,456.4

AGENCY OVERVIEW

The Department for Children and Families (DCF) is a cabinet-level agency headed by a secretary appointed by the Governor. The mission of the agency is to protect children, promote healthy families, and encourage personal responsibility. The Department operates through four Divisions: Administration, Family Services, Supported Business, and Regional Offices.

MAJOR ISSUES FROM PRIOR YEARS

Deficit Reduction Act of 2005. The federal Deficit Reduction Act of 2005 (DRA), signed into law in February 2006, impacts numerous programs administered by the agency.

The law impacts numerous programs under the Social Security Act including those related to child welfare (Federal Title IV-B or Family Preservation, Parts I & II, and Federal Title IV-E or Foster Care). The most significant impact relates to the reversal of an earlier interpretation that allowed states to claim Title IV-E for administrative costs for otherwise IV-E eligible children placed in unlicensed foster homes. The law limits the Title IV-E administrative costs states can claim for children placed with an unlicensed or unapproved relative to only children that meet other restrictive criteria. The 2007 Legislature added \$8.1 million from the State General Fund in FY 2007 to replace federal funds denied by the federal Centers for Medicare and Medicaid Services for mental health services for children in the child welfare system.

The Act contains several provisions which impact Child Support Enforcement (CSE) funding. The largest impact is a change which prohibits states from using federal CSE incentive earnings as state matching funds, effective October 1, 2007. Also during FY 2008, CSE will be required to implement a mandatory annual fee on collections for families who have never been on public assistance and pay 66 percent of it to the federal government. Starting October 1, 2006, the federal match rate for genetic testing was reduced from 90 percent to 66 percent. The 2007 Legislature added \$6.4 million, including \$2.2 million from the State General Fund, to replace federal child support enforcement funds lost due to the Deficit Reduction Act of 2005.

The reauthorization of the Temporary Assistance to Needy Families (TANF) program was also included in the DRA. The bill provides for level funding of the block grant through September 30, 2010, therefore Kansas' block grant will continue to be \$101.9 million. However, the bill creates stricter work requirements for states by eliminating state flexibility in defining work activities, requiring verification through source documents of actual hours of work participation, and recalibrating the caseload reduction credit which will raise the Kansas work participation requirement from 39 percent to an estimated 45 percent. The agency indicates that these changes will make it extremely difficult to meet the TANF work participation rates and have a significant impact on the workload of DCF staff. Failing to meet the TANF work participation requirement will result in a penalty, based on the severity of under-performance, to reduce the state's block grant followed by the state's requirement to replace this loss with state funds in the ensuing year.

Level V and VI/Private Residential Treatment Facilities (PRTFs). The services provided in Level V and VI residential settings were part of a range of service options for youth in Kansas needing specialized mental health or behavioral health supports. Starting in the spring of 2004 the federal Centers for Medicare and Medicaid Services (CMS) notified SRS that substantial portions of the current Medicaid State Plan governing a variety of services were considered out of compliance with practice standards. One of the key issues CMS was concerned about related to services provided in Level V and VI settings, most of which are classified as Institutes for Mental Disease (IMDs) under federal regulations but were differently classified by Kansas. For youth under the age of 22, the only Medicaid service available to youth residing in IMDs is inpatient psychiatric services for Under Age 21. Facilities providing this service must have accreditation, and the payment rate must be all-inclusive, providing all services (including physical health care) necessary for the residents. The agency reports that it, in connection with other stakeholders considered a number of ways to provide resolution to the issue. The agency reports that the group of stakeholders convened to discuss options concluded that the only functional option was to acknowledge that they are primarily IMDs, and to assist them in preparing to deliver services within that structure. At the end of June 2006, SRS and the Medicaid State Agency submitted proposals to implement extensive amendments to the current state plan (discussed below) including the addition of private Psychiatric Residential Treatment Facilities (PRTF) services to address the IMD issues associated with youth psychiatric residential services. Under the revised state plan, the only residential facilities for children experiencing behavioral and emotional problems that will be reimbursed by Medicaid are PRTFs. The agency requested \$9.2 million, including \$7.5 million from the State General Fund, in both FY 2008 and FY 2009 to reimburse child welfare contractors for the increased costs of providing services for those children for which PRTFs are not the appropriate placements.

Child Care Assistance. The 2007 Legislature added \$2.6 million from federal funds to address increased child care assistance caseloads in FY 2007. In addition, \$7.6 million in federal funding was added for FY 2008 caseloads.

The 2008 Legislature added \$2.5 million, all from the State General Fund, in FY 2009 for child care caseload increases.

Grandparents as Caregivers. The 2006 Legislature passed SB 62 which created the state-funded Grandparents as Caregivers program, effective January 1, 2007. A grandparent or other qualifying relative is eligible to participate in the program if he or she is at least 50 years old; has custody of a grandchild through state placement, legal guardianship or other legal means, has an annual income of less than 130 percent of the federal poverty level, and the parent or parents of the child, do not reside with them. Subject to appropriations, program participants will receive \$200 per grandchild per month not to exceed a total of \$600 per month.

Early Head Start Program. The 2007 Legislature added \$1.6 million, all from the Children's Initiative Fund, to expand the Early Head Start program.

Pre-K Pilot. The 2007 Legislature added \$3.0 million, all from the Children's Initiatives Fund, in FY 2008 to expand the Pre-K pilot program.

Child Protective Services. The 2008 Legislature appropriated \$9.0 million from the State General Fund in FY 2008 and \$6.0 million from the State General Fund in FY 2009 for improved intake and assessment for Child Protective Services.

Disaster Funding. The 2008 Legislature appropriated \$2.2 million from federal disaster funding in FY 2008 to provide emergency and on-going mental health services to victims of the Greensburg tornado and the Southeast Kansas flooding.

Childhood Block Grant. The 2008 Legislature appropriated \$11.1 million, all from the Children's Initiatives Fund, for a new early childhood block grant to be administered by the Children's Cabinet in FY 2009.

The **2009 Legislature** passed SB 134, which limits the court's jurisdiction over a child in need of care to the child's 18th birthday or June 1 of the school year during which the child turns 18 if the child is still in high school, unless there is no court-approved transition plan. If there is no court approved transition plan, the court retains jurisdiction over the child until a transition plan is approved by the court or until the child's 21st birthday. The bill amends prior law to authorize the Department of Social and Rehabilitation Services obtain custody of a child 15 years or younger, a 16- or 17-year-old child if the child has no identifiable parental or family resources, or a 16- or 17-year-old child if the child shows signs of physical, mental, emotional, or sexual abuse.

The **2009 Legislature** approved savings of \$1.7 million, including \$1.5 million from the State General Fund, in FY 2010 as a result of changing custody policy for children in need of care, to release the children from the custody of the state at age 18 instead of 21. In addition, the 2009 Legislature approved savings of \$3.1 million, including \$2.8 million from the State General Fund, in FY 2010 as a result of changing the youth custody policy so that youth age 16 or older will only be placed in the custody of the state for reasons of maltreatment.

The **2009 Legislature** reduced FY 2009 appropriations by \$11.5 million, including \$5.2 million from the State General Fund, for a 1.25 percent across the board reduction, excluding human services consensus caseloads.

The **2009 Legislature** also added \$27.3 million, all from federal funds, in FY 2009 to reflect increased funding received for the Low Income Energy Assistance Program (LIEAP) and reduced the consolidated grants to the Community Mental Health Centers by \$1.8 million, all from the State General Fund in FY 2009. In addition, the Legislature reduced salaries and wages in FY 2009 by \$3.9 million, including \$1.9 million from the State General Fund, below the FY 2009 approved amount.

The **2009 Legislature** approved savings of \$15.1 million, including \$14.1 million from the State General Fund, in FY 2010 from renegotiating the foster care contract.

The **2009 Legislature** added \$520,000, all from the State General Fund, in FY 2010 to maintain partial funding for the Funeral Assistance program, to allow payments of up to \$545 per funeral.

The **2009 Legislature** added funding of \$487,500, all from the State General Fund, in FY 2010 for the contract with Kansas Legal Services which was transferred from the Kansas Health Policy Authority. In addition, the Legislature included language directing that expenditures of \$50,000 would be made in FY 2010 from the Children's Initiatives Fund to provide training for the early diagnosis of autism.

The **2010 Legislature** added \$2.0 million from all funding sources, and deleted \$16.6 million from the State General Fund, for human services consensus caseload estimates in FY 2010.

The **2010 Legislature** approved the policy limiting General Assistance eligibility to 12 months from the current 18 months of eligibility. This limitation was estimated to result in savings of \$592,696, including \$381,122 from the State General Fund. It was estimated that this policy change would result in approximately 494 individuals losing eligibility in FY 2011. In addition, the 2010 Legislature approved the policy limiting MediKan Mental Health Assistance eligibility to 12 months from 18 months of eligibility. This limitation was estimated to result in savings of \$820,587, all from the State General Fund. It is estimated that this policy change would result in approximately 190 individuals losing eligibility in FY 2011. In addition, the 2010 Legislature deleted \$519,900, all from the State General Fund, to eliminate the funeral assistance program for FY 2011, leaving \$100 in this program for FY 2011.

The **2010 Legislature** deleted \$4.1 million, including \$1.8 million from the State General Fund, or 2.5 percent, for a salary and wages reduction for FY 2011.

The **2010 Legislature** added language directing the agency to contract with Kansas Legal Services for disability determination case management and legal representation for FY 2011.

In addition, the **2010 Legislature** deleted \$500,000, all from the State General Fund, to reduce funding for administration for FY 2011.

The **2010 Legislature** deleted \$3.6 million from all funding sources, and added \$2.6 million from the State General Fund, for human services consensus caseload estimates for FY 2011.

By the end of FY 2010, the Rehabilitation Center for the Blind and Visually Impaired was closed by the agency. Individuals previously served at the facility are now being served in the community.

The **2011 Legislature** deleted \$9.9 million, all from the State General Fund, for FY 2012 to reflect a 5.0 percent reduction in State General Fund expenditures excluding human services consensus caseload programs. In addition, the Legislature deleted \$1.0 million, all from the State General Fund, for FY 2012 to reduce Administration program expenditures.

The **2011 Legislature** also deleted \$1.0 million, all from the State General Fund, from the Adoption Support program for FY 2012, and added the same amount from federal funds. The Legislature deleted \$3,197,688, including \$2,827,606 from the State General Fund, for FY

2012 to maintain foster care contract rates at the FY 2011 level. In addition, the Legislature deleted \$3.1 million, all from the Child Care Development Federal Fund, for FY 2012 for the child care assistance program leaving \$71.6 million in the program.

The **2011 Legislature** added \$180,900 from the Children's Initiatives Fund and deleted the same amount from federal funds for FY 2012 for the child care assistance program.

The bill added \$10,202,779, including \$69,100 from the Children's Initiatives Fund for FY 2012 for the Early Head Start program. In addition, the Legislature included language requiring that funding for the Early Head Start program be expended for that purpose.

The **2012 Legislature** approved FY 2012 expenditures of \$1.6 billion, including \$626.6 million from the State General Fund, for the Department of Social and Rehabilitation Services. The approved amount includes adjustments to fund the Human Services Consensus Caseload estimates. For FY 2013, the Legislature approved expenditures of \$613.8 million, including \$234.0 million from the State General Fund, for the Department of Social and Rehabilitation Services. The FY 2013 approved amount is a decrease of \$956.5 million, or 60.8 percent, below the FY 2012 approved amount, from all funding sources. The FY 2013 State General Fund approved amount is a decrease of \$392.6 million, or 62.7 percent, below the FY 2012 approved amount.

Executive Reorganization Order No. 41 renamed the Department of Social and Rehabilitation Services the Department for Children and Families. In addition, the ERO renamed the Department on Aging the Department for Aging and Disability Services. The ERO transferred the Division of Behavioral Health Services, including all home and community based services and mental health services, from the Department for Social and Rehabilitation Services to the Department on Aging. The Legislature added \$7.6 million, all from the Children's Initiatives Fund, for total FY 2013 Children's Initiatives Fund expenditures of \$26.7 million. In addition, the Legislature added \$2.6 million, including \$2.3 million from the State General Fund, to restore reductions to the foster care rates.

The **2013 Legislature** deleted \$3.5 million, including \$1.7 million from the State General Fund, in FY 2013 for the Temporary Assistance to Families program to reflect a reduction in beneficiaries associated with implementation of program policy changes and decreasing unemployment. In addition, the Legislature deleted \$5.8 million, including \$2.4 million from the State General Fund, for FY 2014 and deleted \$5.2 million, all from federal funds, for FY 2015 for the same program. In addition, the Legislature deleted \$7.9 million, including \$4.8 million from the State General Fund, for FY 2014 in anticipated savings from the implementation of a policy requiring a 30-hour work week to qualify for child care assistance.

The **2014 Legislature** deleted \$1.0 million, all from the Children's Initiatives Fund, from the Kansas Reads to Succeed Program to be expended by Lexia in FY 2014 and transferred the funding to the State General Fund. In addition, the Legislature deleted \$1.8 million from the State General Fund reappropriation from FY 2013 to FY 2014 and deleted \$1.5 million from the State General reappropriation from FY 2013 to FY 2015.

The **2014 Legislature** also added \$9.2 million, all from the Temporary Assistance for Needy Families fund for the Reading Roadmap Initiative in both FY 2014 and FY 2015. The 2014 Legislature also added \$1.8 million from all funding sources and deleted \$5.2 million from the State General Fund, for Human Services consensus caseload estimates in FY 2014 and added \$7.9 million, including \$5.3 million from the State General Fund, for FY 2015.

The **2015 Legislature** added \$2.5 million, including \$51,000 from the State General Fund, and deleted 115.0 FTE positions for FY 2016 and added \$888,791 from all funding

sources, including a reduction of \$799,000 from the State General Fund, and deleted 115.0 FTE positions for FY 2017 to implement the provisions of ERO No. 43 which transfers the Medicaid eligibility determination program to the Department of Health and Environment and which transfers the foster care licensing program to the Department for Children and Families.

In addition, the **2015 Legislature** added \$375,000 for expenditures associated with the agency's relocation to a new office location for FY 2016 and included language directing the Secretary to sell property located in Neosho County for FY 2016. The Legislature also added \$6.3 million, all from federal funds, for FY 2016 and FY 2017 for a new Supplemental Nutrition Assistance Program Employment and Training Pilot program.

The **2015 Legislature** also deleted \$731,268 from all funding sources, including the addition of \$319,767 from the State General Fund, for FY 2016 and deleted \$301,222 from all funding sources, including the addition of \$355,460 from the State General Fund, for FY 2017 to implement the provisions of 2015 Senate Sub. for HB 2258, related to changes to the Child Care, Temporary Assistance for Needy Families and food assistance programs.

The **2015 Legislature** also eliminated the Kansas Reads to Succeed Program which was previously funded at \$6.0 million from the Children's Initiatives Fund starting in FY 2016 and deleted \$16.8 million, including \$8.0 million from the State General Fund, for FY 2016 and deleted \$14.3 million, including \$8.0 million from the State General Fund, for FY 2017, for a 4.0 reduction in operations.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** submits a revised estimate totaling \$620.8 million, including \$233.6 million from the State General Fund. The revised estimate is an increase of \$19.7 million, or 3.3 percent, above the amount approved by the 2015 Legislature. The agency's budget was submitted prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment. The agency's revised estimate includes a reduction of \$232,935, all from the State General Fund, to be transferred to the Kansas Department for Aging and Disability Services. Of this amount, \$177,090 is for additional information technology staff and \$55,845 is for the Cisco SmartNet Agreement. In addition, the agency recommends lapsing \$612 in State General Fund appropriations. The agency's revised estimate also includes the addition of \$10.2 million for the Low Income Energy Assistance Program and the addition of \$11.3 million for the Kansas Eligibility and Enforcement System (KEES) which had been anticipated to be completed prior to FY 2016. These increases were partially offset by decreases in child care assistance caseloads and the Supplemental Nutrition Assistance Program education and nutrition program.

The agency's revised estimate includes 2,163.9 FTE positions and 445.5 non-FTE positions, an increase of 27.4 FTE positions and 185.0 non-FTE positions above the number approved by 2015 Legislature. The revised estimate includes switching 99.0 FTE positions to non-FTE positions. In addition, the revised estimate includes the addition of 138.0 FTE positions associated with Medicaid eligibility determination which were required until January 2016. Additional non-FTE positions were added to a variety of programs, including the Supplemental Nutrition Assistance Program Education and Training Program, Vocational Rehabilitation Program services, and the Kansas Eligibility and Enforcement Program.

The **Governor** recommends FY 2016 expenditures totaling \$617.4 million, including \$227.9 million from the State General Fund. The recommendation is a decrease of \$3.4 million,

or 0.1 percent, below the agency's request. The recommendation includes the addition of \$6.8 million for Human Services Consensus Caseload, this includes a reduction of \$3.5 million from the State General Fund. Also included in the recommendation is the addition of \$1.1 million, all from federal funds, to increase the reimbursement rate for child care services, effective January 1, 2016.

The Governor's July 30, 2015 State General Fund allotment included a reduction of \$503,286. Of this amount, \$500,000 was associated with a reduction in Kansas Eligibility and Enforcement System (KEES) maintenance costs and \$3,286 was a partial lapse of the FY 2015 reappropriations into FY 2016. The Governor's special allotment authority was used in July 2015 to transfer the released Children's Initiatives Fund encumbrance associated with the Lexia reading program totaling \$2,841,714 to the State General Fund.

The Governor's November 2015 State General Fund allotment included a reduction of \$2.2 million, which was associated with a reduction in expenditures for the KEES system. The Governor's special allotment authority was utilized in November 2015 to transfer \$9.0 million in released Children's Initiatives Fund encumbrances associated with the Early Childhood Block Grant.

FY 2017 – Budget Year. The **agency** submits a revised estimate for FY 2017 of \$606.9 million, including \$233.4 million from the State General Fund. The estimate is a decrease of \$12.3 million, including \$1.4 million from the State General Fund. The agency's revised estimate includes a reduction of \$232,935, all from the State General Fund, to be transferred to the Kansas Department for Aging and Disability Services. Of this amount, \$177,090 for additional information technology staff and \$55,845 for the Cisco SmartNet Agreement. The agency's revised estimate also includes \$2.0 million, including \$1.6 million from the State General Fund, for the supplemental funding request for social worker recruitment and retention.

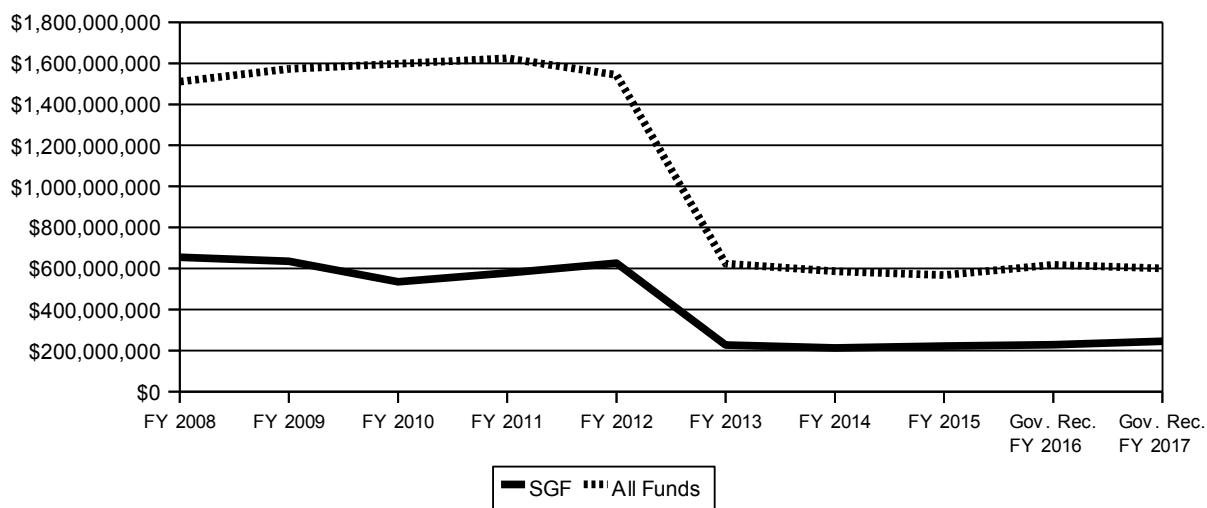
The agency's revised estimate includes 2,024.9 FTE positions and 434.5 non-FTE positions, a decrease of 111.6 FTE positions and 174.0 non-FTE positions above the number approved by 2015 Legislature. The revised estimate includes switching 99.0 FTE positions to non-FTE positions. Additional non-FTE positions were added to a variety of programs, including the Supplemental Nutrition Assistance Program Education and Training Program, Vocational rehabilitation program services, and the Kansas Eligibility and Enforcement Program.

The **Governor** recommends FY 2017 expenditures totaling \$600.5 million, including \$245.1 million from the State General Fund. The Governor's recommendation is a decrease of \$6.3 million, or 1.0 percent below the agency's revised estimate. The Governor does not recommend the agency's supplemental request for social worker recruitment and retention. In addition, the Governor's recommendation includes the addition of \$6.7 million, including \$6.2 million from the State General Fund, for the Human Services Consensus Caseloads estimates. Also included in the recommendation is the addition of \$4.2 million, all from federal funds, to increase the reimbursement rate for child care services, effective January 1, 2016.

The Governor's recommendation also includes moving oversight of the Children's Cabinet to the Department of Education. The Governor's recommendation for FY 2017 is an increase of \$4.7 million, and the replacement of \$6.8 million in funding from the federal Child Care and Development Block Grant with funding from the federal Temporary Assistance for Needy Families Fund.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 654,514,707	18.5 %	\$ 1,510,979,670	10.3 %	3,668.6
2009	635,388,806	(2.9)	1,572,868,617	4.1	3,667.5
2010	535,190,917	(15.8)	1,597,760,010	1.6	3,669.1
2011	577,729,487	7.9	1,624,463,159	1.7	3,119.1
2012	626,281,632	8.4	1,543,230,935	(5.0)	3,119.1
2013	226,445,057	(63.8)	623,314,830	(59.6)	2,739.8
2014	212,957,715	(6.0)	585,957,793	(6.0)	2,647.3
2015	221,851,474	4.2	567,707,628	(3.1)	2,251.5
2016 Gov. Rec.	227,889,157	2.7	617,443,450	8.8	2,163.9
2017 Gov. Rec.	245,147,428	7.6	600,512,753	(2.7)	2,024.9
Ten-Year Change					
Dollars/Percent	\$ (409,367,279)	(62.5)%	\$ (910,466,917)	(60.3)%	(1,643.7)

The significant decrease between FY 2012 and FY 2013 is attributable to the implementation of ERO No. 41 transferring Disability and Behavioral Health Services (DBHS) to the Department for Aging and Disability Services.

Summary of Operating Budget FY 2015 - FY 2017

Department for Children and Families

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Administration	\$	10,544,238	\$ 14,834,087	\$ 15,050,150	\$ 216,063	1.5 %	\$ 14,834,087	\$ 15,050,150	\$ 216,063	1.5 %
Family Services		399,337,269	433,073,443	427,393,896	(5,679,547)	(1.3)	438,712,445	442,992,374	4,279,929	1.0
Support Business Areas		49,814,731	63,556,943	54,467,694	(9,089,249)	(14.3)	54,556,943	34,475,748	(20,081,195)	(36.8)
Regional Offices		108,011,390	109,339,975	109,947,285	607,310	0.6	109,339,975	107,994,481	(1,345,494)	(1.2)
TOTAL	\$	567,707,628	620,804,448	606,859,025	(13,945,423)	(2.2) %	617,443,450	600,512,753	(16,930,697)	(2.7) %
By Major Object of Expenditure:										
Salaries and Wages	\$	124,764,814	\$ 130,447,259	\$ 131,558,718	\$ 1,111,459	0.9 %	\$ 130,447,259	\$ 129,574,252	\$ (873,007)	(0.7) %
Contractual Services		85,433,860	102,942,695	98,488,951	(4,453,744)	(4.3)	102,942,695	97,129,652	(5,813,043)	(5.6)
Commodities		1,177,065	1,314,482	1,325,964	11,482	0.9	1,314,482	1,321,693	7,211	0.5
Capital Outlay		1,326,278	1,588,057	1,389,417	(198,640)	(12.5)	1,588,057	1,389,417	(198,640)	(12.5)
Debt Service		0	0	0	0	0.0	0	0	0	0.0
Subtotal - Operations	\$	212,702,017	\$ 236,292,493	\$ 232,763,050	\$ (3,529,443)	(1.5) %	\$ 236,292,493	\$ 229,415,014	\$ (6,877,479)	(2.9) %
Aid to Local Units		0	0	0	0	0.0	0	0	0	0.0
Other Assistance		355,005,611	384,511,955	374,095,975	(10,415,980)	(2.7)	381,150,957	371,097,739	(10,053,218)	(2.6)
TOTAL	\$	567,707,628	620,804,448	606,859,025	(13,945,423)	(2.2) %	617,443,450	600,512,753	(16,930,697)	(2.7) %
Financing:										
State General Fund	\$	221,851,474	\$ 233,569,157	\$ 233,360,592	\$ (208,565)	(0.1) %	\$ 227,889,157	\$ 245,147,428	\$ 17,258,271	7.6 %
Children's Initiatives Fund		25,804,315	29,819,309	26,237,747	(3,581,562)	(12.0)	20,819,309	0	(20,819,309)	(100.0)
Social Welfare Fund		20,718,215	21,529,958	14,086,040	(7,443,918)	(34.6)	21,529,958	14,086,040	(7,443,918)	(34.6)
Child Care Development Block Grant		51,549,012	49,139,347	45,809,605	(3,329,742)	(6.8)	50,192,712	43,191,865	(7,000,847)	(13.9)
Foster Care Federal		8,733,456	9,068,979	21,335,922	12,266,943	135.3	19,881,365	21,783,490	1,902,125	9.6
Temp Assist for Families		76,959,698	82,240,972	79,102,823	(3,138,149)	(3.8)	81,694,223	90,585,257	8,891,034	10.9
Medical Assist Federal		9,424,700	4,657,260	30,506	(4,626,754)	(99.3)	4,657,260	30,506	(4,626,754)	(99.3)
All Other Funds		152,666,758	190,779,466	186,895,790	(3,883,676)	(2.0)	190,779,466	185,688,167	(5,091,299)	(2.7)
TOTAL	\$	567,707,628	620,804,448	606,859,025	(13,945,423)	(2.2) %	617,443,450	600,512,753	(16,930,697)	(2.7) %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$234,302,092 for the Department for Children and Families in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$3,898, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016;
- A reduction of \$503,286, as the result of the Governor's July 30, 2015 State General Fund allotment as the result of the authority given under 2015 Senate Sub. for HB 2135, which was associated with a reduction in Kansas Eligibility and Enforcement System (KEES) maintenance costs and a partial lapse of the reappropriations; and
- A reduction of \$2.2 million, as the result of the Governor's November 2015 State General Fund allotment and the authority given under 2015 Senate Sub. for HB 2135, which was associated with a reduction in expenditures for the KEES system.

These adjustments change the FY 2016 approved State General Fund to \$231,602,704. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The Governor's special allotment authority was used in July 2015 to transfer the released Children's Initiatives Fund encumbrance associated with the Lexia reading program totaling \$2,841,714 to the State General Fund. The Governor's special allotment authority was utilized in November 2015 to transfer \$9.0 million in released Children's Initiatives Fund encumbrances associated with the Early Childhood Block Grant.

The agency's budget was submitted prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 231,602,704	\$ 233,569,157	\$ 1,966,453	\$ 227,889,157	\$ (3,713,547)
All Other Funds	369,528,672	387,235,291	17,706,619	389,554,293	20,025,621
TOTAL	\$ 601,131,376	\$ 620,804,448	\$ 19,673,072	\$ 617,443,450	\$ 16,312,074
FTE Positions	2,136.5	2,163.9	27.4	2,163.9	27.4

The **agency** submits a revised estimate totaling \$620.8 million, including \$233.6 million from the State General Fund. The revised estimate is an increase of \$19.7 million, or 3.3 percent, above the amount approved by the 2015 Legislature. The agency's budget was submitted prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment. The agency's revised estimate includes a reduction of \$232,935, all from the State General Fund, to be transferred to the Kansas Department for Aging and Disability Services. Of this amount, \$177,090 is for additional information technology staff and \$55,845 is for the Cisco SmartNet Agreement. In addition, the agency recommends lapsing \$612 in State General Fund appropriations. The agency's revised estimate also includes the addition of \$10.2 million for the Low Income Energy Assistance Program and the addition of \$11.3 million for the Kansas Eligibility and Enforcement System (KEES) which had been anticipated to be completed prior to FY 2016. These increases were partially offset by decreases in child care assistance caseloads and the Supplemental Nutrition Assistance Program education and nutrition program.

The agency's revised estimate includes 2,163.9 FTE positions and 445.5 non-FTE positions, an increase of 27.4 FTE positions and 185.0 non-FTE positions above the number approved by 2015 Legislature. The revised estimate includes switching 99.0 FTE positions to non-FTE positions. In addition, the revised estimate includes the addition of 138.0 FTE positions associated with Medicaid eligibility determination which were required until January 2016. Additional non-FTE positions were added to a variety of programs, including the Supplemental Nutrition Assistance Program Education and Training Program, Vocational Rehabilitation Program services, and the Kansas Eligibility and Enforcement Program.

The **Governor** recommends FY 2016 expenditures totaling \$617.4 million, including \$227.9 million from the State General Fund. The recommendation is a decrease of \$3.4 million, or 0.1 percent, below the agency's request. The recommendation includes the addition of \$6.8 million for Human Services Consensus Caseload, this includes a reduction of \$3.5 million from the State General Fund. Also included in the recommendation is the addition of \$1.1 million, all from federal funds, to increase the reimbursement rate for child care services, effective January 1, 2016.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make

an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
KEES Maintenance	\$ (500,000)	\$ (500,000)	0.0
Reappropriation Lapse	(3,286)	(3,286)	
November Allotment			
KEES Expenditures	\$ (2,200,000)	\$ (2,200,000)	0.0
TOTAL	<u>\$ (2,703,286)</u>	<u>\$ (2,703,286)</u>	<u>0.0</u>

July Allotment. The Governor's July 30, 2015 State General Fund allotment included a reduction of \$503,286. Of this amount, \$500,000 was associated with a reduction in Kansas Eligibility and Enforcement System (KEES) maintenance costs and \$3,286 was a partial lapse of the FY 2015 reappropriations into FY 2016. The Governor's special allotment authority was used in July 2015 to transfer the released Children's Initiatives Fund encumbrance associated with the Lexia reading program totaling \$2,841,714 to the State General Fund.

November Allotment. The Governor's November 2015 State General Fund allotment included a reduction of \$2.2 million, which was associated with a reduction in expenditures for the KEES system. The Governor's special allotment authority was utilized in November 2015 to transfer \$9.0 million in released Children's Initiatives Fund encumbrances associated with the Early Childhood Block Grant.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$231,963,327 for the Department for Children and Families in FY 2017.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 231,963,327	\$ 233,360,592	\$ 1,397,265	\$ 245,147,428	\$ 13,184,101
All Other Funds	387,198,709	373,498,433	(13,700,276)	355,365,325	(31,833,384)
TOTAL	\$ 619,162,036	\$ 606,859,025	\$ (12,303,011)	\$ 600,512,753	\$ (18,649,283)
FTE Positions	2,136.5	2,024.9	(111.6)	2,024.9	(111.6)

The **agency** submits a revised estimate for FY 2017 of \$606.9 million, including \$233.4 million from the State General Fund. The estimate is a decrease of \$12.3 million, including \$1.4 million from the State General Fund. The agency's revised estimate includes a reduction of \$232,935, all from the State General Fund, to be transferred to the Kansas Department for Aging and Disability Services. Of this amount, \$177,090 is for additional information technology staff and \$55,845 is for the Cisco SmartNet Agreement. The agency's revised estimate also includes \$2.0 million, including \$1.6 million from the State General Fund, for the supplemental funding request for social worker recruitment and retention.

The agency's revised estimate includes 2,024.9 FTE positions and 434.5 non-FTE positions, a decrease of 111.6 FTE positions and 174.0 non-FTE positions above the number approved by 2015 Legislature. The revised estimate includes switching 99.0 FTE positions to non-FTE positions. Additional non-FTE positions were added to a variety of programs, including the Supplemental Nutrition Assistance Program Education and Training Program, Vocational Rehabilitation Program services, and the Kansas Eligibility and Enforcement Program.

The **Governor** recommends FY 2017 expenditures totaling \$600.5 million, including \$245.1 million from the State General Fund. The Governor's recommendation is a decrease of \$6.3 million, or 1.0 percent below the agency's revised estimate. The Governor does not recommend the agency's supplemental request for social worker recruitment and retention. In addition, the Governor's recommendation includes the addition of \$6.7 million, including \$6.2 million from the State General Fund, for the Human Services Consensus Caseloads estimates. Also included in the recommendation is the addition of \$4.2 million, all from federal funds, to increase the reimbursement rate for child care services, effective January 1, 2016.

The Governor's recommendation also includes moving oversight of the Children's Cabinet to the Department of Education. The Governor's recommendation for FY 2017 is an increase of \$4.7 million, and the replacement of \$6.8 million in funding from the federal Child Care and Development Block Grant with funding from the federal Temporary Assistance for Needy Families Fund.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Social Worker Recruit & Retention	\$ 1,630,200	\$ 1,952,804	0.0	\$ 0	\$ 0	0.0
	0	0	0.0	0	0	0.0
TOTAL	\$ 1,630,200	\$ 1,952,804	0.0	\$ 0	\$ 0	0.0

The **agency** requests a supplemental request for \$2.0 million, including \$1.6 million from the State General Fund, for FY 2017 for social worker recruitment and retention. The agency requested the funding to provide a 5.0 percent raise to all those in the Social Worker Specialist classification effective July 1, 2016, if the individual agrees to change to the unclassified service. Funding was also requested to provide additional merit based pay for the Social Worker Supervisor classification, and provide additional training.

The **Governor** does not recommend the supplemental request.

Funding Sources

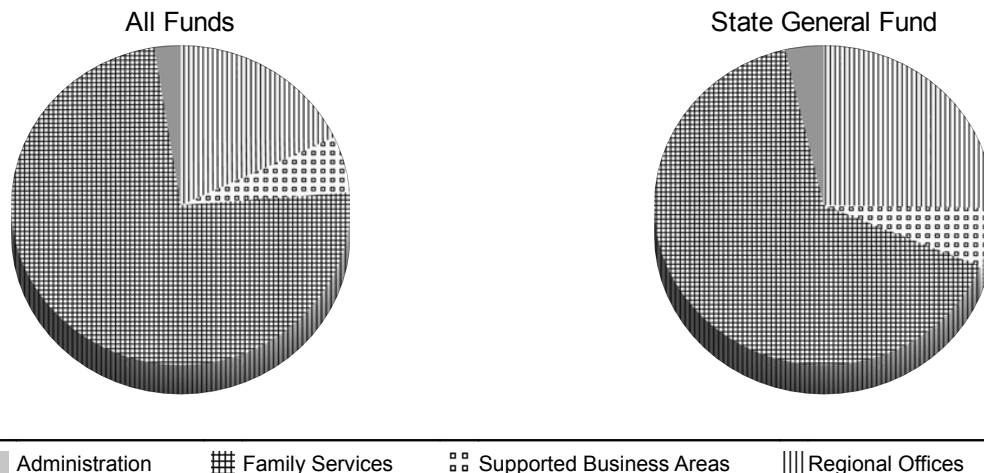
Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	38.5 %	40.8 %
Children's Initiatives Fund	4.3	0.0
Social Welfare Fund	2.3	2.3
Child Care Development Block Grant Funds	7.5	7.2
Foster Care Funds	3.5	3.6
Temporary Assistance For Needy Families Federal	13.0	15.1
All Other Funds	30.9	31.0
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 15,050,150	2.5 %	\$ 9,022,320	3.7 %
Family Services	442,992,374	73.8	159,467,163	65.0
Supported Business Areas	34,475,748	5.7	14,692,657	6.0
Regional Offices	107,994,481	18.0	61,965,288	25.3
TOTAL	\$ 600,512,753	100.0 %	\$ 245,147,428	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	78.0	86.0	86.0	86.0	86.0
Family Services	279.3	267.3	267.3	271.3	271.3
Support Business Areas	167.8	127.2	127.2	119.2	119.2
Regional Offices	1,726.4	1,683.4	1,683.4	1,548.4	1,548.4
TOTAL	2,251.5	2,163.9	2,163.9	2,024.9	2,024.9

A. Administration

The mission of the Administration Division is to provide quality and cost effective services to staff, supervisors, and managers within DCF. This Division's services enable employees to do their work with adequate funding, facilities, equipment, technology, and other support to help ensure their work complies with federal requirements and state policies. Administration consists of two programs: Operations and Strategic Development.

Operations – consists of three sub-programs: Office of the Secretary, Legal and Audit Services, and Operations. The Operations program provides executive direction and operational activities for the entire agency including budget, legal and audit services. Also included in the program are Foster Care Licensing Services which licenses and regulates foster care facilities. These activities were transferred from the Department of Health and Environment effective July 1, 2015 pursuant to Executive Reorganization Order No. 43.

Strategic Development – provides consultation and infrastructure to support training the workforce in new business processes and for improved performance. The goal of the program is to centralize training to reduce replication and result in cost savings.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 6,327,717	\$ 7,717,118	\$ 7,717,118	\$ 7,949,807	\$ 7,949,807
Contractual Services	3,840,948	6,552,137	6,552,137	6,533,611	6,533,611
Commodities	80,623	111,808	111,808	113,708	113,708
Capital Outlay	281,661	453,024	453,024	453,024	453,024
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 10,530,949</i>	<i>\$ 14,834,087</i>	<i>\$ 14,834,087</i>	<i>\$ 15,050,150</i>	<i>\$ 15,050,150</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	13,289	0	0	0	0
TOTAL	\$ 10,544,238	\$ 14,834,087	\$ 14,834,087	\$ 15,050,150	\$ 15,050,150
Financing:					
State General Fund	\$ 6,309,649	\$ 9,010,724	\$ 9,010,724	\$ 9,022,320	\$ 9,022,320
All Other Funds	4,234,589	5,823,363	5,823,363	6,027,830	6,027,830
TOTAL	\$ 10,544,238	\$ 14,834,087	\$ 14,834,087	\$ 15,050,150	\$ 15,050,150
FTE Positions	78.0	86.0	86.0	86.0	86.0
Non-FTE Uncl. Perm. Pos.	31.5	38.5	38.5	38.5	38.5
TOTAL	109.5	124.5	124.5	124.5	124.5

The **agency** submits a revised FY 2017 estimate of \$15.1 million, including \$9.0 million from the State General Fund for the Administration Program. The revised estimate is a decrease of \$3.3 million, or 17.9 percent, below the amount approved by the 2015 Legislature. The revised estimate is a State General Fund increase of \$346,380, or 4.0 percent, above the amount approved by the 2015 Legislature. The majority of the decrease is attributable to

increased salaries and wages shrinkage savings and a reduction of grants from the federal Temporary Assistance for Needy Families block grant which were moved to the Family Services Program.

These decreases are partially offset by increases in operating expenditures, including janitorial and security services for the Administration Building as well as increases associated with foster care licensing expenditures related to the transfer of responsibilities from the Department of Health and Environment.

The **Governor** concurs with the agency's revised estimate.

B. Family Services

Family Services include economic aid and employment services, and child welfare, such as foster care and adoption services. The Family Services Division is divided into four program sections: Child Support Enforcement, Economic and Employment Services, Rehabilitation Services, and Prevention and Protection Services. In addition, the program includes the Faith-based and Community Initiatives which collects information pertaining to community and faith-based non-profits who may enhance the services of the Department. The program includes a Mentoring Initiative and efforts to build community capacity to address poverty.

FAMILY SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 18,338,555	\$ 21,537,622	\$ 21,537,622	\$ 23,583,446	\$ 23,583,446
Contractual Services	45,359,790	49,380,306	49,380,306	48,066,492	48,066,492
Commodities	199,374	303,566	303,566	301,685	301,685
Capital Outlay	223,509	419,628	419,628	341,988	341,988
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 64,121,228	\$ 71,641,122	\$ 71,641,122	\$ 72,293,611	\$ 72,293,611
Aid to Local Units	0	0	0	0	0
Other Assistance	335,216,041	361,432,321	367,071,323	355,100,285	370,698,763
TOTAL	\$ 399,337,269	\$ 433,073,443	\$ 438,712,445	\$ 427,393,896	\$ 442,992,374
Financing:					
State General Fund	\$ 139,895,690	\$ 148,523,937	\$ 142,843,937	\$ 146,050,127	\$ 159,467,163
All Other Funds	259,441,579	284,549,506	295,868,508	281,343,769	283,525,211
TOTAL	\$ 399,337,269	\$ 433,073,443	\$ 438,712,445	\$ 427,393,896	\$ 442,992,374
FTE Positions	279.3	267.3	267.3	271.3	271.3
Non-FTE Uncl. Perm. Pos.	45.0	123.0	123.0	135.0	135.0
TOTAL	324.3	390.3	390.3	406.3	406.3

The **agency** submits a revised estimate of \$427.4 million, including \$146.1 million from the State General Fund, for FY 2017 for the Family Services Program. The estimate is a decrease of \$7.0 million, or 1.6 percent, below the amount approved by the 2015 Legislature.

The majority of the decrease is attributable to decreases in estimated child care assistance caseloads, and expenditures for the Temporary Assistance for Needy Families education and training program, which began in FY 2015 and other Temporary Assistance for Needy Families funding reductions. The decreases are partially offset by increases in vocational rehabilitation services expenditures and increases in the adoption support services.

The **Governor** recommends FY 2017 expenditures totaling \$443.0 million, including \$159.5 million from the State General Fund. The recommendation is an increase of \$15.6 million, or 3.6 percent above the agency's revised estimate. The increase is attributable to increases for child care rate adjustments, funding for consensus caseloads estimates, and additional funding for the Early Headstart program.

Child Support Enforcement (CSE)

The U.S. Congress enacted the Child Support Enforcement program, Title IV-D of the Social Security Act, which requires each state to establish an effective statewide uniform child support program. Failure to meet federal requirements of child support enforcement can result in fiscal sanctions to both the Temporary Assistance for Needy Families (TANF) Block Grant and Child Support Enforcement (CSE) grants. The Child Support Enforcement program is a federal, state, county, and private operation that must satisfy numerous federal requirements. DCF is the designated Title IV-D child support enforcement agency for Kansas. Although a majority of persons served are receiving other DCF benefits, any custodial parent may ask for absent parent location and support enforcement services. Any non-custodial parent may apply to establish paternity or modify a support order as well.

During FY 2015, the CSE program collected \$198.2 million and estimates collections of \$198.7 million for FY 2016 and \$202.5 million for FY 2017. The federally mandated single receipting and disbursement operation for all child support payments, the Kansas Payment Center, has estimated operating costs of \$4.8 million in FY 2016. Of the collections, approximately \$1.3 million will be paid to the Office of Judicial Administration for child support services provided by the central staff and Clerks of the Court. The majority of expenditures are associated with the contracts for privatized child support enforcement, estimated at \$19.9 million. The Customer Service Center is designed to streamline the work of regional staff by handling routine communication with clients, at an estimated cost of \$2.1 million in FY 2016. Fees for setoff services by the Department of Administration and the federal government account for another \$213,346. Finally, \$310,678 will be paid to the Department of Labor for operating the State New Hires Directory.

For FY 2016, the **agency** estimates a caseload of 141,079 cases with collections of \$198.7 million and an average of \$1,408 collected per case. Of this amount, \$10.5 million will be retained by the state. For FY 2017, the agency estimates a caseload of 144,922 cases with collections of \$202.5 million and an average of \$1,397 collected per case. Of this amount, \$10.0 million will be retained by the state.

The **Governor** concurs with the agency's caseload estimate for FY 2016 and FY 2017.

Economic and Employment Services

Economic and Employment Services has responsibility for a variety of economic and other assistance programs. These include: Temporary Assistance for Families cash assistance and employment services, energy assistance, refugee assistance, food assistance, food

assistance employment program, child care, and the federal food distribution programs. The following chart shows all funds expenditures for the major Family Services Assistance programs:

ECONOMIC AND EMPLOYMENT SUPPORTS SUMMARY OF EXPENDITURES FY 2016 – FY 2017				
Item	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
Temporary Assistance for Families*	\$ 0	\$ 17,327,996	\$ 303,093	\$ 16,737,816
TAF Employment Support	0	4,815,770	0	4,749,735
Other Assistance+	883,360	39,855,517	894,280	30,740,531
Rehabilitation Assistance	0	0	0	0
TOTAL	\$ 883,360	\$ 61,999,283	\$ 1,197,373	\$ 52,228,082
Item	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds
Temporary Assistance for Families*	\$ 0	\$ 17,648,965	\$ 303,093	\$ 16,720,250
TAF Employment Support	0	4,815,770	0	4,834,735
Other Assistance+	883,360	39,855,517	894,280	30,740,531
Rehabilitation Assistance	0	0	0	0
TOTAL	\$ 883,360	\$ 62,320,252	\$ 1,197,373	\$ 52,295,516

*These programs are part of the consensus caseload estimating process for human services entitlement programs.
+Other assistance includes Low Income Energy Assistance, Refugee Services, Adult Protective Services, Food Stamp Employment and Training and assistance. Federal food stamp benefits are not included in the state budget.

The Temporary Assistance for Families (TAF) program – provides cash assistance to very low-income families. Families with incomes at approximately 24.0 percent of the federal poverty level may qualify for TAF assistance. Almost all families with an adult must participate in work activities and seek employment through the TAF Employment Services program. Cash assistance is not an entitlement and is limited to 36 months, with provisions for extended assistance up to 48 months if the family meets hardship criteria. Families must cooperate with child support services program in order to receive benefits. Temporary Assistance for Families benefits are financed by the federal Temporary Assistance for Needy Families (TANF) Block Grant and state funds. This program is subject to the consensus caseload estimating process in the fall and spring of each year.

In order to receive the entire \$101,931,061 federal TANF Block Grant, Kansas must spend a specified minimum in state funds, the TANF Maintenance of Effort (TANF MOE). The TANF MOE is \$65,866,230, and represents eighty percent of state funds spent in the base fiscal year of 1994. The MOE is reduced to 75.0 percent of the amount for states which meet the work requirements. The TANF MOE is budgeted in specific program budgets. A major source of the MOE is net refunds from the Kansas Earned Income Tax Credit. The TANF law allows states to claim refundable tax credits toward the MOE if the credit exceeds the underlying tax upon which the tax credit is based. The State General Fund finances none of the MOE in the Governor's FY

2015 recommendation. During FY 2012 the medical assistance and cash assistance applications were separated, which has resulted in reductions in cash assistance caseloads. When the applications were together the individual did not have to choose to make a separate application for cash assistance.

The **agency** estimates a caseload of approximately 5,482 families, including 12,723 average monthly persons, at an average cost of \$113 per person for FY 2016. The estimate is based on the caseload estimate of \$17.3 million. The agency estimates a caseload of approximately 5,268 families, including 12,257 average monthly persons, at an average cost of \$114 per person for FY 2017. The estimate is based on the caseload estimate of \$16.7 million.

The **Governor** recommends FY 2016 caseloads totaling \$17.6 million, a decrease of \$0.3 million below the agency's request. The Governor recommends FY 2017 caseloads totaling \$16.7 million, a decrease of \$0.5 million below the agency's request. The Governor's recommendation fully funds the fall human services consensus caseload estimate for TAF cash assistance.

TAF Employment Services – helps adults obtain and keep employment. All adult TAF recipients, except those with a child under age one, those age sixty or over, and those needed in the home to care for a disabled household member, must work or participate in work-readiness activities thirty hours a week (55 hours for two-parent households). Federal law requires that at least fifty percent of TAF adults whose youngest child is over the age of one must be involved in a work activity each month or the state faces a reduction in the TANF Block Grant. The program offers 12 months of transitional services to families leaving Cash Assistance for employment. TAF Employment Services are financed by the TANF Block Grant.

The **agency** anticipates a caseload of 5,131 average persons per month accessing employment services in FY 2016 at a monthly cost of \$76.83 per person. The estimate is based on the caseload estimate of \$5.0 million. The agency anticipates a caseload of 4,931 average persons per month accessing employment services in FY 2017 at a monthly cost of \$80.27 per person. The estimate is based on the caseload estimate of \$4.7 million.

The **Governor** concurs with the agency's estimate for FY 2016 and FY 2017.

The Low Income Energy Assistance Program (LIEAP) – provides a one-time annual benefit to low-income households for energy bills to avoid the shutoff of utility services during the winter. To qualify for energy assistance, households must have incomes below 130.0 percent of the Federal Poverty Level, must have made recent payments on their energy bills, and must pay directly for heating costs or must pay rent which includes utility costs. Payments are sent directly to the utility/fuel provider, and the payments are credited to the household's bill. The program is funded entirely by a block grant from the U.S. Department of Health and Human Services.

For FY 2016, the **agency** estimates providing assistance to 47,100 households including 106,964 persons at an average cost of \$496 per year. For FY 2017, the agency estimates providing assistance to 47,100 households including 106,964 persons at an average cost of \$493 per year.

The **Governor** concurs with the agency's estimate for FY 2016 and FY 2017.

Refugee Services – provides financial and medical assistance to refugees during their first eight months in the United States. Grants are made to community organizations to provide

social services to refugees and the program is entirely funded by the federal government. The benefits parallel Temporary Assistance to Families and Medicaid benefits except that cash benefits are limited to eight months.

The **agency** estimates providing cash assistance to an average of 114 persons per month in FY 2016 at an average cost of \$139 per month. The agency also estimates providing cash assistance to an average of 130 persons per month in FY 2017 at an average cost of \$170 per month. Refugee Services also includes social service grants of \$551,913 in FY 2016 and FY 2017. Social service grants are provided to organizations who provide refugees employment skills, English language skills and general social adjustment services.

The **Governor** concurs with the agency's estimate for FY 2016 and FY 2017.

Food Assistance – provides benefits to individuals and families to assist with food costs. This 100.0 percent federally funded program assists individuals and families with incomes less than 130.0 percent of the federal poverty level. Food assistance benefits are issued through electronic benefit transfer (EBT). Each family or individual receives a plastic "Vision" card with credit in an individual account that may be used only for the purchase of food. Food assistance benefit expenditures are not shown in the state budget because expenditures are not made from the state treasury. The funding is not included in the state budget, however the agency estimates a decrease in both caseloads and expenditures for this program.

FOOD ASSISTANCE PROGRAM			
	FY 2015 Actual	FY 2016 Agency Est.	FY 2017 Agency Est.
Average Monthly Persons	281,250	265,394	260,896
Food Assistance Benefits	\$ 381,375,000	\$ 371,021,089	\$ 375,674,574

Child Care Assistance and Early Head Start

CHILD CARE AND CARE QUALITY/EARLY HEAD START SUMMARY OF EXPENDITURES FY 2016 – FY 2017				
Item	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
Child Care Assistance	\$ 11,127,749	\$ 44,981,400	\$ 10,429,859	\$ 41,339,604
Child Care Quality	0	2,847,754	0	2,847,754
Early Head Start	0	8,831,200	0	8,831,200
TOTAL	\$ 11,127,749	\$ 56,660,354	\$ 10,429,859	\$ 53,018,558
	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds
Child Care Assistance	\$ 11,127,749	\$ 46,034,765	\$ 15,463,538	\$ 45,553,064
Child Care Quality	0	2,847,754	0	2,847,754
Early Head Start	0	8,831,200	0	13,500,000
TOTAL	\$ 11,127,749	\$ 57,713,719	\$ 15,463,538	\$ 61,900,818

The **Child Care Assistance** program provides payments to child care providers to allow low income families to remain in the workforce. To qualify, families must have incomes below 185.0 percent of the Federal Poverty Level (FPL) and must comply with Child Support Enforcement requirements. Families with incomes above seventy percent of the FPL are required to pay a share of the child care cost. Child care is provided by centers, licensed providers and unregulated providers, which covers care by relatives and care provided by persons in the child's home.

A majority of the financing in the Child Care Assistance program is provided by the federal Child Care and Development Fund which is composed of mandatory, matching, and discretionary funds. For a state to access mandatory and matching funds, it must meet the state maintenance of effort (\$6.7 million), and use at least 70.0 percent of the total amount for child care assistance. Discretionary funds are 100.0 percent federal funds and matching funds are matched at the Federal Medical Assistance Percentage (FMAP) rate (approximately 40.0 percent state and 60.0 percent federal).

The majority of child care quality expenditures are devoted to resource and referral services. The program provides information to parents about child care available in their communities and referrals to other programs in response to family needs. It also maintains databases on child care programs, builds the supply of child care by providing training and technical assistance to new and existing providers, and improves child care quality by offering training for family child care providers, center staff, and directors.

For FY 2016, the **agency** estimates assisting an average of 6,050 families, including 11,350 children at an average monthly cost of \$330. For FY 2017, the agency estimates assisting an average of 5,439 families, including 10,203 children at an average monthly cost of \$338.

The **Governor** recommends increasing the reimbursement rate for child care services, effective January 1, 2016. The recommendation is an increase of \$1.1 million in FY 2016 and \$4.2 million for FY 2017 above the agency's revised estimate. In addition, the Governor recommends removing Children's Initiatives Fund moneys and replacing the funding with State General Fund moneys.

The Kansas Early Head Start program – provides early intervention services including: weekly home visits, physical and mental health education, nutrition education, social services, parental involvement and education, services for children with disabilities, job seeking and retention support, and child care for parents who are working or are in school. Kansas Early Head Start grants are awarded to twelve early learning programs in 44 counties.

The **agency** estimates providing services to an average of 865 children in FY 2016 and FY 2017 at an average cost of \$10,209.

The **Governor** concurs with the agency's estimate for FY 2016. The Governor's recommendation for FY 2017 is an increase of \$4.7 million. The Governor's recommendation also include the reduction of \$6.8 million in funding from the federal Child Care and Development Block Grant and an addition of the same amount from federal Temporary Assistance for Needy Families Fund.

Rehabilitation Services

The Rehabilitation Services program is responsible for seeing that comprehensive vocational rehabilitation (VR) services are available to help people with disabilities become gainfully employed. Within the VR program is the Kansas Commission for the Deaf and Hard of Hearing.

The Rehabilitation Services for the Blind program – provides a broad array of programs for people who are blind or visually impaired including core vocational rehabilitation to help consumers become gainfully employed. In addition, the program administers the Kansas Seniors Achieving Independent Living program; administers the Rehabilitation Teaching program; operates the Business Enterprise Program; and operates the Office Experience Project. Services for the Blind also administers several independent living and specialized employment programs.

Disability Determination Services – makes disability and blindness determinations for the U.S. Social Security Administration on the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) claims filed or reviewed in Kansas. The workload consists of claims for adults and children filing for initial, reconsideration, and hearings level decisions. Continuing disability reviews are also conducted for Kansans already receiving disability benefits.

Rehabilitation Services Case Services – assist persons with physical or mental disabilities to obtain employment and live more independently. To be eligible to receive services, a person must have a physical or mental impairment that presents a substantial impairment to employment. In addition, Rehabilitation Services Independent Living develops and provides services to individuals in partnership with the Statewide Independent Living Council.

Prevention and Protection Services

Prevention and Protection Services has a mission to protect children; promote permanent, nurturing families; and strengthen community partnerships to serve children. Prevention and Protection Services delivers services to the target population through six programs: Administration, Protection Reporting Center, Child Protective Services/Family Support, Reintegration/Foster Care, and Adoption/Alternate Permanency. The division also provides investigative, and intervention services for adults directed towards safeguarding the well-being and welfare of adults in need of protection such as aged and disabled individuals.

**PREVENTION AND PROTECTION SERVICES
SUMMARY OF EXPENDITURES FY 2016 – FY 2017**

Item	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
Administration	\$ 3,565,155	\$ 4,169,157	\$ 3,251,913	\$ 3,643,845
Protection Report Center	3,788,872	3,788,872	3,875,465	3,875,465
Prevention Services	3,234,428	13,498,501	3,234,428	13,498,501
Reintegration/Foster Care*	95,400,000	151,320,000	91,005,000	154,426,000
Permanent Guardianship	811,346	811,346	793,013	793,013
Adoption Support	20,629,883	36,928,044	21,337,206	37,916,846
Other Grants and Contracts	763,214	1,570,572	788,202	1,612,854
TOTAL	\$ 128,192,898	\$ 212,086,492	\$ 124,285,227	\$ 215,766,524
	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds
Administration	\$ 3,565,155	\$ 4,169,157	\$ 3,251,913	\$ 3,643,845
Protection Report Center	3,788,872	3,788,872	3,875,465	3,875,465
Prevention Services	3,234,428	13,498,501	5,388,785	13,498,501
Reintegration/Foster Care*	89,720,000	155,584,668	97,234,000	161,159,784
Permanent Guardianship	811,346	811,346	793,013	793,013
Adoption Support	20,629,883	36,928,044	21,337,206	37,916,846
Other Grants and Contracts	763,214	1,570,572	788,202	1,612,854
TOTAL	\$ 122,512,898	\$ 216,351,160	\$ 132,668,584	\$ 222,500,308

*This program is subject to the consensus caseload process for entitlement programs.

The Protection Report Center (PRC) – provides a 24 hours-a-day, seven-days-a-week hotline to take reports from callers statewide regarding alleged abuse or neglect. The PRC screens the reports and sends the reports needing investigation to the local DCF area office if warranted. If reports received at the PRC after hours are determined to meet the criteria for a same day response, PRC staff will notify the local law enforcement agency.

The Child Protective Services and Family Support program – responds to reports alleging a child is in need of care (CINC). Social workers in local DCF offices are responsible for determining if a child abuse report is valid and whether there is a need for further action. If the report alleges abuse or neglect, the response involves assessing the immediate safety of the child, evaluating the family's ability to protect the child, and determining the services required to support the family in safely caring for their child.

Adult Protective Services – are activities directed towards safeguarding the well-being and welfare of adults in need of protection. Social workers investigate reports of abuse or neglect and arrange for provision of services to those individuals. For FY 2016, the agency

estimates providing services to 9,235 individuals at a cost of \$354,700, all from the State General Fund. For FY 2017, the agency estimates providing services to 9,235 individuals at a cost of \$354,700, all from the State General Fund.

Community Services – establishes local collaborative efforts to provide services to children and their families to prevent unnecessary placements of children into Foster Care (included in other grants and contracts in the summary table). These efforts are primarily directed at children who are safe from abuse or neglect, or both, by their care givers but who need preventive services, either because of their own behaviors or the parents' need for support. These could be children with behavioral problems, truants, or children with serious medical or mental health needs.

The **agency** estimates providing services to 357 families in both FY 2016 and FY 2017 at an annual cost of \$4,082 per family.

The **Governor** concurs with the agency's estimate for FY 2016 and FY 2017.

Family Preservation Services – are intensive services offered to families, through a contract with a private vendor, who are at risk of having a child come into the custody of the Department and removed from their home unless the family can make the changes necessary to provide adequate care and safety. The DCF social worker is responsible for monitoring service delivery to achieve established outcomes.

The **agency** estimates referring 2,551 families for these services in FY 2016, and FY 2017 at a cost of \$4,003 per referral.

The **Governor** concurs with the agency's estimate for FY 2016 and FY 2017.

Reintegration/Foster Care Services – have been provided through private contract agencies since 1997. Services provided by the child welfare case management providers include case planning, placement, service delivery, and collaboration with communities. The DCF workers are responsible for monitoring service delivery to achieve established outcomes. Services are provided to children and families when the court has found the child to be a "child in need of care" (CINC) and requiring out-of-home placement to meet their safety needs.

The **agency** estimates serving approximately 6,045 children in the reintegration program in FY 2016 and 6,187 children in FY 2017. The estimated monthly cost is \$2,086 per child in FY 2016 and \$2,080 in FY 2017. This does not include any adjustments made by the consensus caseload estimating process to which this program is subject.

The **Governor's** recommendation for FY 2016 include an addition of \$4.3 million, and a reduction of \$5.7 million from the State General Fund. The Governor's recommendation for FY 2017 include an addition of \$6.7 million, including \$6.2 million from the State General Fund. The Governor's recommendation fully funds the fall human services consensus caseload estimate.

Adoption Services – are designed to benefit children whose parents' parental rights have been terminated or relinquished by providing the children with a permanent family. Examples of services include:

- Adoption support payments are available to assist adoptive families in meeting the special needs of the children they adopt;

- Permanent guardianship is an alternative permanent placement when the courts have determined that children cannot return home but for whom adoption is not an option; and
- Life Skills and Independent Living Services are provided to older children to prepare them for adulthood once they leave state custody.

For FY 2016 in adoption support, the agency estimates providing support for an average of 8,710 children per month at a cost of \$353.31 per child. For FY 2017 in adoption support, the agency estimates providing support for an average of 8,923 children per month at a cost of \$354.11 per child.

Independent Living – is a service available to individuals in the custody of the state between the ages of 15 and 21 and in out-of-home placement. Services provided, secondary and post-secondary education, independent living subsidies, and life skills training to assist in a transition to self-sufficiency as an independent adult.

For FY 2016 and FY 2017 the **agency** estimates serving 923 children per year at an average annual cost of \$2,080 per child.

The **Governor** concurs with the agency's estimate for FY 2016 and FY 2017.

Permanent Guardianship – is a permanency option when reintegration and adoption are not a preferred option for the child. When a guardianship is established a subsidy may be provided to assist the families until the child reaches 18 years of age.

For FY 2016 the **agency** estimates serving an average of 234 children per month at an average monthly cost of \$289 per child. For FY 2017 the agency estimates serving an average of 229 children per month at an average monthly cost of \$289 per child.

The **Governor** concurs with the agency's estimate for FY 2016 and FY 2017.

C. Supported Business Areas

This program includes support programs not under the direct control of the Secretary. These programs include Information Technology, Human Resources, the Children's Cabinet, and the Kansas Council on Developmental Disabilities.

Information Technology Services – is responsible for managing new information technology systems projects, maintaining information systems that support the agency's business, coordinating access to and protection of the agency's data resources, and providing information technology infrastructure management and user support.

Human Resources – is responsible for providing personnel support to the regional offices and the central office. These activities include recruitment, retention, and staff employment as well as succession planning for all positions.

The Kansas Children's Cabinet – is charged with assisting the Governor in developing and implementing a coordinated delivery system to improve the health and well being of families and children in Kansas. The Children's Cabinet evaluates programs funded with Children's

Initiatives Fund moneys. The Children's Cabinet is connected to the Department for budget and administrative purposes only.

The Kansas Council on Developmental Disabilities – responsibilities include monitoring, and evaluating developmental disabilities program and services to ensure increased independence, productivity and integration into the community.

SUPPORTED BUSINESS AREAS SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 10,291,417	\$ 10,833,332	\$ 10,833,332	\$ 9,027,322	\$ 8,745,660
Contractual Services	19,044,362	29,022,427	29,022,427	25,826,124	24,716,825
Commodities	103,151	98,069	98,069	97,077	92,806
Capital Outlay	679,387	523,481	523,481	521,481	521,481
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 30,118,317</i>	<i>\$ 40,477,309</i>	<i>\$ 40,477,309</i>	<i>\$ 35,472,004</i>	<i>\$ 34,076,772</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	19,696,414	23,079,634	14,079,634	18,995,690	398,976
TOTAL	\$ 49,814,731	\$ 63,556,943	\$ 54,556,943	\$ 54,467,694	\$ 34,475,748
Financing:					
State General Fund	\$ 12,359,620	\$ 12,212,092	\$ 12,212,092	\$ 14,692,657	\$ 14,692,657
All Other Funds	37,455,111	51,344,851	42,344,851	39,775,037	19,783,091
TOTAL	\$ 49,814,731	\$ 63,556,943	\$ 54,556,943	\$ 54,467,694	\$ 34,475,748
FTE Positions	167.8	127.2	127.2	119.2	119.2
Non-FTE Uncl. Perm. Pos.	35.0	46.0	46.0	23.0	20.0
TOTAL	202.8	173.2	173.2	142.2	139.2

The **agency** submits a revised estimate for FY 2017 totaling \$54.5 million, including \$14.7 million from the State General Fund. The revised estimate is a decrease of \$1.6 million, including \$825,919 from the State General Fund, below the amount approved by the 2015 Legislature. The majority of the decrease is attributable to anticipated reductions in mainframe expenditures.

The **Governor** recommends FY 2017 expenditures totaling \$34.5 million, including \$14.7 million from the State General Fund. The recommendation is a reduction of \$20.0 million, or 38.5 percent, below the agency's revised estimate. The reduction is attributable to a recommendation to move the Children's Cabinet from the Department for Children and Families to the Department of Education.

D. Regional Offices

Operations staff are employed throughout Kansas and deliver the bulk of all DCF benefits and many direct services in the four regional management areas (East, Kansas City,

West, and Wichita). The staff in these four regions perform a variety of functions including: determining eligibility for DCF programs and medical programs administered by the Kansas Department of Health and Environment, Division of Health Care Finance (thru January 2016); investigating alleged abuse, neglect, and fiduciary abuse of adults, and help providing protective services; investigating alleged abuse and neglect of children, and coordinating with and overseeing all foster care, adoption, and family preservation contractors; coordinating all DCF programs and services; and conducting quality assurance and monitoring for children and adults receiving services.

REGIONAL OFFICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 89,807,125	\$ 90,359,187	\$ 90,359,187	\$ 90,998,143	\$ 89,295,339
Contractual Services	17,188,760	17,987,825	17,987,825	18,062,724	17,812,724
Commodities	793,917	801,039	801,039	813,494	813,494
Capital Outlay	141,721	191,924	191,924	72,924	72,924
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 107,931,523	\$ 109,339,975	\$ 109,339,975	\$ 109,947,285	\$ 107,994,481
Aid to Local Units	0	0	0	0	0
Other Assistance	79,867	0	0	0	0
TOTAL	\$ 108,011,390	\$ 109,339,975	\$ 109,339,975	\$ 109,947,285	\$ 107,994,481
Financing:					
State General Fund	\$ 63,286,515	\$ 63,822,404	\$ 63,822,404	\$ 63,595,488	\$ 61,965,288
All Other Funds	44,724,875	45,517,571	45,517,571	46,351,797	46,029,193
TOTAL	\$ 108,011,390	\$ 109,339,975	\$ 109,339,975	\$ 109,947,285	\$ 107,994,481
FTE Positions	1,726.4	1,683.4	1,683.4	1,548.4	1,548.4
Non-FTE Uncl. Perm. Pos.	167.0	238.0	238.0	238.0	238.0
TOTAL	1,893.4	1,921.4	1,921.4	1,786.4	1,786.4

The **agency** submits a revised estimate of \$110.0 million, including \$63.6 million from the State General Fund. The revised estimate is a decrease of \$424,235, or 0.4 percent, below the amount approved by the 2015 Legislature. The revised estimate is an increase of \$371,288, or 0.6 percent, above the State General Fund amount approved by the 2015 Legislature. The revised estimate includes the agency's supplemental funding request totaling \$2.0 million, including \$1.6 million from the State General Fund, for the recruitment and retention of social workers. The revised estimate also includes savings associated with the transfer of Medicaid eligibility determination to the Department of Health and Environment associated with ERO No. 43. Also included are increases in operating expenditures associated with social workers, including travel, and increased data services expenditures. These increases are partially offset by building rental costs.

The **Governor** recommends FY 2017 expenditures totaling \$108.0 million, including \$62.0 million from the State General Fund. The recommendation is a decrease of \$2.0 million, or 1.8 percent, below the agency's revised estimate. The reduction is attributable to the Governor's not recommending the agency's supplemental funding request.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Child Support Enforcement				
Support collections to cost ratio	\$5.50:\$1	\$5.50:\$1	\$5.50:\$1	\$5.50:\$1
Percent of cases paying on support arrears	64.0%	64.0%	64.0%	64.0%
Temporary Assistance to Families				
Percent of families leaving TANF who retain employment in the second quarter	41.0%	41.0%	42.0%	43.0%
Rehabilitation Services				
Percent of rehabilitated clients gaining competitive employment	72.6%	72.6%	72.6%	72.6%
Number of clients rehabilitated	1,800	1,800	1,800	1,800
Child Care and Early Childhood Development				
Percent of children in Early Head Start demonstrating developmental growth	85.0%	85.0%	90.0%	90.0%
Percent of Kansas Early Head Start child care providers who have a Child Development Associate of higher in education	94.0%	94.0%	94.0%	94.0%
Reintegration/Foster Care Contract				
Average number of children in foster care each month	5,830	5,840	6,214	6,509

KANSAS DEPARTMENT FOR AGING AND DISABILITY SERVICES

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 622,246,143	\$ 669,312,344	\$ 628,444,371	\$ 663,263,265	\$ 629,549,116
Other Funds	885,228,986	904,116,399	854,355,262	844,981,794	797,024,467
TOTAL	\$ 1,507,475,129	\$ 1,573,428,743	\$ 1,482,799,633	\$ 1,508,245,059	\$ 1,426,573,583
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	7,637,501	11,491,033	11,491,033	7,720,000	7,720,000
TOTAL	\$ 7,637,501	\$ 11,491,033	\$ 11,491,033	\$ 7,720,000	\$ 7,720,000
GRAND TOTAL	\$ 1,515,112,630	\$ 1,584,919,776	\$ 1,494,290,666	\$ 1,515,965,059	\$ 1,434,293,583
Percentage Change:					
Operating Expenditures					
State General Fund	10.7 %	7.6 %	1.0 %	(0.9) %	0.2 %
All Funds	8.5	4.4	(1.6)	(4.1)	(3.8)
FTE Positions	195.0	167.5	167.5	167.5	167.5
Non-FTE Perm.Uncl.Pos.	80.0	117.0	117.0	117.0	117.0
TOTAL	275.0	284.5	284.5	284.5	284.5

AGENCY OVERVIEW

The Kansas Department for Aging and Disability Services (KDADS) was established by statute in 1977 as a cabinet-level agency headed by a secretary appointed by the Governor, subject to confirmation by the Senate. The agency goals are to promote security, dignity, and independence of older adults and persons with disabilities. KDADS is responsible for the distribution for Medicaid long-term care payments, survey and certification for adult care homes, behavioral health programs, home and community based services for older adults and person with disabilities, and the management and oversight of the five state hospitals. The Department is mandated under the federal Older Americans Act to serve as an advocate for seniors and to administer programs funded by Older Americans Act appropriations.

The Department is organized into the major program areas of Administration, Commission on Aging and Aging Grants, Survey, Certification and Credentialing Commission, Medical and Community Services, and Behavioral Health.

Administration includes the Office of the Secretary, Financial and Information Services, and the KanCare Ombudsman. Medical and Community Services includes Medicaid medical services including nursing facilities, behavioral health services and Home and Community Based Services Waivers.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** passed Senate Sub. for Senate Sub. for Sub. for HB 2320 which established a provider assessment up to \$1,950 on each licensed bed within skilled nursing care facilities which includes nursing facilities for mental health and hospital long-term care units. The Kansas Soldiers' Home and the Kansas Veteran's Home were excluded from the assessment. A provider assessment is a mechanism used to maximize the amount of federal funding for the state by generating new state funds. After collection, the additional funds are used to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid eligible services in licensed nursing facilities. The 2004 Legislature had implemented a provider assessment for hospitals. The nursing facility assessment sunsets in four years and after the first three years, the assessment amount will be adjusted to be no more than 60.0 percent of the assessment collected in previous years. As of December 2011, there were 342 skilled nursing facilities in Kansas. The assessment, in the form passed by the 2010 Legislature, received approval from the federal Centers for Medicare and Medicaid Services on February 11, 2011.

In addition, the **2010 Legislature** added \$1,262,863, including \$311,835 from the State General Fund, to fund telehealth services for 500 individuals to the Home and Community Based Services-Frail Elderly waiver program for FY 2011. However, the agency delayed implementation of the telehealth program because of shortfalls in the appropriations for existing Home and Community Based Services waiver programs. The agency stated that it did not appear prudent to implement a new service when doing so could create a strong possibility of needing to reduce existing services levels or start waiting lists and never used the appropriated funds for implementation during FY 2011. The program was implemented October 1, 2011.

For FY 2011, the Legislature deleted \$2.0 million, including \$1.7 million from the State General Fund, including:

- \$300,000 from the State General Fund for the Nutrition program, resulting in a reduction of 53,286 meals or 240 fewer seniors receiving services. However, the agency determined that it could absorb this reduction within the agency operations portion of the budget and this reduction did not occur.
- \$1.3 million from the State General Fund for Senior Care Act direct services, case management, assessments and administration, which would have eliminated services for approximately 1,140 seniors and increased the waiting list. The agency indicated that it would absorb this reduction with the agency operations instead.
- \$345,180, including \$102,304 from the State General Fund, for agency operations. The agency indicated that they would reduce expenditures through layoffs, furloughs, leaving positions vacant and other administrative reductions.

The **2011 Legislature** also deleted \$3.0 million, including \$1.2 million from the State General Fund, and 20.0 FTE (filled and unfilled) positions for agency operations for FY 2012 and funding was used for increased caseloads in the Home Care Based Services for the Frail Elderly waiver. The 2011 Legislature also deleted 30.0 vacant FTE position for FY 2012. The agency's FY 2012 FTE position limitation was 164.0 FTE positions.

The **2012 Legislature** acknowledged the enactment of Executive Reorganization Order No. 41, which became effective on July 1, 2012. Specifically, the Reorganization Order transferred programs from the Department of Social and Rehabilitation Services to the Department on Aging, which was renamed the Kansas Department for Aging and Disability Services (KDADS), including the following items:

- Mental health and substance abuse, serious emotionally disturbed, developmental disability, physical disability, traumatic brain injury, autism, technology assistance, and money-follows-the-person Medicaid waivers and programs.
- Licensure and regulation of community mental health centers.
- Regulation of community developmental disability organizations.
- Licensure of private psychiatric hospitals.
- Licensure and regulation of facilities and providers of residential services.
- Licensure of providers of addiction and prevention services.
- Any other programs and related grants administered by the Disability and Behavioral Health Services Section.

Further, some areas were transferred from the Kansas Department of Health and Environment (KDHE) to KDADS. The following areas of the Health Occupations Credentialing program of the KDHE were transferred and will be administered by KDADS:

- Licensure of adult care home administrators.
- Licensure of dietitians.
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides.
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility licensure program was also transferred to KDADS.

The **2012 Legislature** added \$1.2 million, including \$532,343 from the State General Fund, to fund an additional 60 individuals on the HCBS/PD waiver for FY 2013 to meet the maintenance of effort requirement for the federal Affordable Care Act.

The **2012 Legislature** added \$1,164,790, all from the Children's Initiative Fund (CIF), and deleted the same amount from the State General Fund, for the Children's Mental Health Initiative for FY 2013 and added \$4.75 million, all from the Children's Initiative Fund, for the Family Centered System of Care for FY 2013.

The **2012 Legislature** added \$1.8 million, all from the State General Fund, for reimbursement of non-Medicaid psychiatric inpatient screening for FY 2013.

The **2012 Legislature** added \$881,920, all from the State General Fund, to fully fund the Senior Care Act program for FY 2013, thereby eliminating the waiting list of 340 Kansas seniors.

The **2012 Legislature** added \$4,148,421, including \$1,800,000, from the State General Fund, to fund approximately 97 persons on the waiver for the developmentally disabled and added \$4,148,421, including \$1,800,000, from the State General Fund, to fund approximately 201 persons on the waiver for the physically disabled.

The **2012 Legislature** added \$5.0 million, all from the State General Fund, for mental health grants for FY 2013.

The Governor vetoed the addition of funds in FY 2012 to increase the Financial Management System (FMS) reimbursement rate for service costs to payroll agents from \$115 to \$125 from November 2011 through June 2012.

The **2013 Legislature** deleted \$659,760, including \$338,310 from the State General Fund, in FY 2013 and \$673,297, including \$336,497 for FY 2014 for salaries and wages; \$7,490,205, including \$3,250,000 from the State General Fund, in both FY 2013 and FY 2014 for the Home and Community Based Waiver for the Frail Elderly for savings achieved through efficiencies the agency implemented. The Legislature also added \$19,161,842 including \$8,276,000 from the State General Fund to fund Home and Community Based Services Waivers for individuals with Developmental Disabilities and Physical Disabilities for FY 2014 and \$19,235,036 including \$8,276,000 from the State General Fund for FY 2015. This additional funding will serve approximately 437 people waiting for Physical Disabilities Waiver Services and 233 people waiting for Developmental Disabilities Waiver Services in FY 2014 and continues funding for these same people in FY 2015.

The Legislature made a series of modifications to the Problem Gambling and Addictions Grant Fund including: transferred \$550,000 from the Problem Gambling and Addictions Grant Fund to the Domestic Violence Grants Fund of the Office of the Governor for FY 2014 and FY 2015; transferred \$150,000 from the Problem Gambling and Addictions Grant Fund to the Child Advocacy Centers Grants Fund of the Office of the Governor for FY 2014 and FY 2015; added language requiring continued funding for an FTE position for the Problem Gambling Services Coordinator position for FY 2014 and FY 2015; added language requiring that at least 10.0 percent of the amount allocated to the Problem Gambling Services program for FY 2014 and FY 2015 shall be spent on public awareness campaigns for possible problems related to gambling addictions and for services to address gambling and other addictions.

In addition, the Legislature deleted \$3.75 million from the Children's Initiative Fund and \$6.0 million the State General Fund in FY 2014 and FY 2015 for mental health grants; added \$9.75 million for mental health grants for at-risk individuals from the Children's Health Insurance Program Fund for FY 2014 and from the Mental Health Grant - State Highway Fund for FY 2015; added \$355,000, all from the State General Fund, for Community Mental Health Center (CMHC) grants for the Crisis Screening program for FY 2014 and FY 2015.

The **2014 Legislature** appropriated \$4.0 million, all from the State General Fund, in both FY 2014 and FY 2015, for the Home and Community Based Services Waiver for individuals with developmental disabilities, to replace funding lapsed on January 1, 2014. In addition, the 2014 Legislature added language directing that expenditures be made to continue providing services

to individuals removed from the Home and Community Based Services Waiver for individuals with developmental disabilities and the Home and Community Based Services Waiver for individuals with physical disabilities waiting lists and provide services in FY 2014 and FY 2015 and added language directing any unbudgeted amounts by the Secretary from the Home and Community Based Services Waiver for individuals with physical disabilities appropriation of \$4.0 million made during the 2013 Legislative Session be expended for the Home and Community Based Services Waiver for individuals with developmental disabilities underserved waiting list in FY 2014 and FY 2015.

The **2014 Legislature** also added language allowing funding transferred from State General Fund accounts of the Kansas Neurological Institute to be expended for Home and Community Based Services Waiver for individuals with developmental disabilities in FY 2014 and FY 2015. The Legislature also added \$16.3 million, including \$7.1 million from DADS Social Welfare Fund, to provide additional services to individuals on underserved waiting list for the Home and Community Based Services Waiver for individuals with developmental disabilities for FY 2015 and added \$10.2 million, including \$5.0 million from the State General Fund, to add funding for Home and Community Based Services Waivers for individuals with physical disabilities and developmental disabilities, mental health grants and substance use disorder treatment for FY 2015.

The Legislature transferred \$2.5 million from the Problem Gambling and Addictions Grant Fund to the State General Fund, in FY 2014 and added language specifying no one who seeks treatment for problem gambling shall be refused treatment and add language transferring up to \$1.0 million from the DADS Social Welfare Fund to the Problem Gambling and Addictions Grant Fund if needed for FY 2015.

The **2014 Legislature** added \$3.7 million, all from the State General Fund, associated with the closure of Rainbow Mental Health Facility and contract for services with Rainbow Mental Health Inc. for FY 2015. The Legislature also deleted \$54.1 million, including \$32.9 million from the State General Fund, for Human Services consensus caseload estimates in FY 2014 and deleted \$136.5 million, including \$60.9 million from the State General Fund, for FY 2015.

The **2015 Legislature** deleted \$382,000, all from the Problem Gambling and Addictions Grant Fund, for FY 2016 and FY 2017, and transferred \$94,993 to the State General Fund and \$287,007 to the DADS Social Welfare Fund. In addition, the Legislature added language to transfer the remaining balances in the Problem Gambling and Addictions Grant Fund to the State General Fund at the end of FY 2016 and FY 2017.

The **2015 Legislature** added \$3.5 million, all from the State General Fund, for FY 2016 for additional community resources needed while building improvements are being completed at Osawatomie State Hospital.

In addition, the **2015 Legislature** shifted savings totaling \$1.5 million from the Kansas Neurological Institute (KNI) to the KDADS budget for FY 2016 and FY 2017 to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. Also increased expenditures by \$1.9 million in additional federal Medicaid funds for FY 2016 and FY 2017 as a result of the additional State General Fund expenditures.

The **2015 Legislature** deleted \$1,198,469, for a 4.0 percent operating reduction for FY 2016 and FY 2017 and deleted \$57.0 million, including \$25.0 million from the State General Fund, for FY 2016 and \$56.8 million, including \$25.0 million from the State General Fund, for FY 2017, associated with the implementation of KanCare policy changes.

Additionally, the **2015 Legislature** added \$1.0 million, all from the State General Fund, for mental health services for FY 2016 and FY 2017 to provide behavioral health access for transitional and intermediate levels of care; added \$6.8 million, including \$3.0 million from the State General Fund, for FY 2016 and FY 2017 to reduce the waiting list for services on the Home and Community Based Services Waiver for Individuals with Developmental Disabilities; and added \$2.3 million, including \$1.0 million from the State General Fund, for FY 2016 and FY 2017 to reduce the waiting list for services on the Home and Community Based Services Waiver for Individuals with Developmental Disabilities.

The **2015 Legislature** also deleted \$14.8 million, including \$6.5 million from the State General Fund, for FY 2017 associated with a reduction of the state's payment error rate measurement. The reduction is anticipated with the Executive Reorganization Order No. 43 which transfers the responsibility for Medicaid eligibility to the Kansas Department of Health and Environment beginning January 1, 2016.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised FY 2016 estimate totaling \$1.6 billion, including \$669.3 million from the State General Fund. The revised estimate includes capital improvement expenditures totaling \$11.5 million, all from the State Institutions Building Fund and \$1.6 billion, including \$669.3 million from the State General Fund, for operating expenditures. The revised estimate is an increase of \$31.8 million, or 2.0 percent, above the approved amount.

The revised estimate includes supplemental requests totaling \$7.5 million, including \$3.3 million from the State General Fund. The agency's revised estimate includes the addition of \$232,935, all from the State General Fund, to be transferred from the Department for Children and Families for information technology expenditures. Additionally, the revised estimate includes the addition of \$268,529, all from the State General Fund, which was offset by total reduction of the same amount at the State Hospitals. The revised estimate also includes the addition of \$3.0 million, all from federal funds, for a new grant from the federal Centers for Medicare and Medicaid Services, to develop a fully automated system designed to utilize fingerprints to provide state and national criminal records checks. The estimate also includes the addition of \$1.3 million, all from federal funds, for a grant to treat homeless individuals with mental illness and substance use disorders.

The capital improvements estimate includes a reappropriation of \$2.6 million for rehabilitation and repair projects not expended in FY 2015. In addition, the estimate includes the addition of \$1.4 million transferred from the Rainbow Mental Health Hospital account that had not been expended. The revised estimate includes 167.5 FTE positions and 117.0 non-FTE positions. The revised estimate is a reduction of 27.5 FTE positions and an increase of 37.0 non-FTE positions from the number approved by the 2015 Legislature.

The **Governor** recommends FY 2016 expenditures totaling \$1.5 billion, including \$628.4 million from the State General Fund. The recommendation includes capital improvement expenditures totaling \$11.5 million, all from the State Institutions Building Fund, the same as the agency's revised estimate. The Governor's recommendation for operating expenditures totals \$1.5 billion, including \$628.4 million from the State General Fund. The recommendation is a decrease of \$90.6 million, including \$40.9 million from the State General Fund, below the agency's revised estimate.

The decrease is attributable to the Governor not recommending the agency's supplemental request for funding and instead recommending that the funding source to

implement the federal Department of Labor Final Rule utilize existing funding the Home and Community Based Services Waiver for Individuals with Intellectual and Developmental Disabilities waiting list. In addition, the Governor's recommendation makes reductions of \$48.4 million, including \$24.2 million from the State General Fund, associated with the fall Human Services Consensus Caseload estimate. The Governor's recommendation also contains a reduction of \$24.1 million, all from federal funds, associated with the allotment reduction to the shift of funding between caseload and non-caseload KanCare programs.

FY 2017 – Budget Year. The **agency** requests a revised FY 2017 estimate totaling \$1.5 billion, including \$663.3 million from the State General Fund. The revised estimate is an increase of \$6.7 million, or 0.4 percent, and a State General Fund increase of \$606,606, or less than 0.1 percent, above the amount approved by the 2015 Legislature. The revised estimate includes \$7.7 million, all from the State Institutions Building Fund, for capital improvements and \$1.5 billion, including \$663.3 million from the State General Fund, for operating expenditures.

The agency's revised estimate includes the addition of \$232,935, all from the State General Fund, to be transferred from the Department for Children and Families for information technology expenditures. Additionally, the revised estimate includes the addition of \$104,987, all from the State General Fund, transferred from the State Hospitals associated with the consolidated food service contracts. Additionally, the revised estimate includes the addition \$268,529, all from the State General Fund, in other operating reductions at the State Hospitals.

The revised estimate also includes the addition of \$3.0 million, all from federal funds, for a new grant from the federal Centers for Medicare and Medicaid Services, to develop a fully automated system designed to utilize fingerprints to provide state and national criminal records checks. The estimate also includes the addition of \$1.7 million, all from federal funds, for a grant to treat homeless individuals with mental illness and substance use disorders. Additionally, the agency's revised estimate includes the addition of \$1.4 million, all from special revenue funds for other increases.

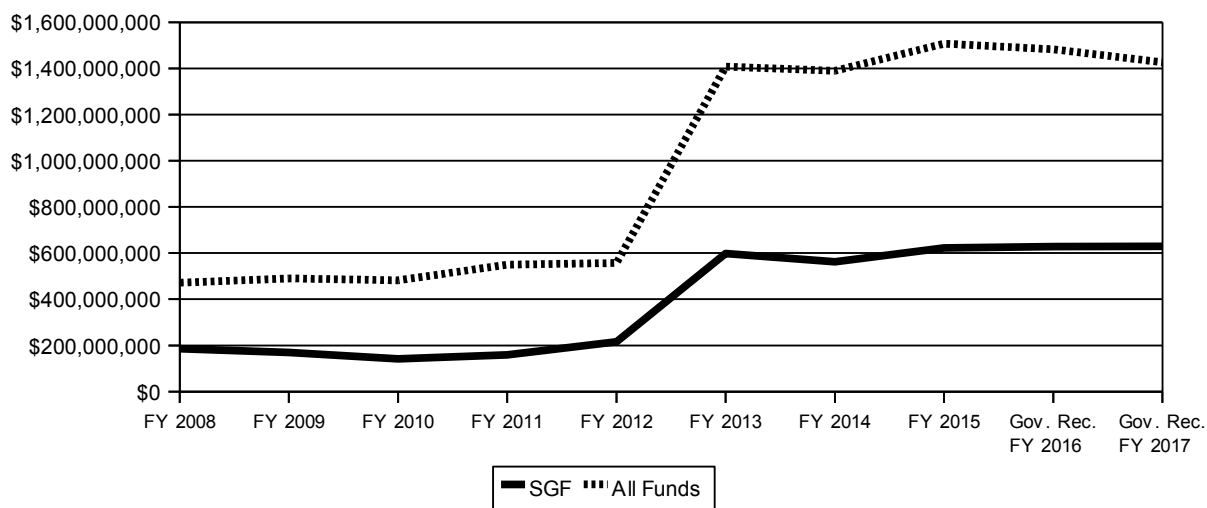
The revised estimate includes 167.5 FTE positions and 117.0 non-FTE positions. The revised estimate is a reduction of 27.5 FTE positions and an increase of 37.0 non-FTE positions from the number approved by the 2015 Legislature.

The **Governor** recommends FY 2017 expenditures totaling \$1.4 billion, including \$629.5 million from the State General Fund. The recommendation includes capital improvement expenditures totaling \$7.7 million, all from the State Institutions Building Fund, the same as the agency's revised estimate. The Governor's recommendation for operating expenditures totals \$1.4 billion, including \$629.5 million from the State General Fund. The recommendation is a decrease of \$81.7 million, including \$33.7 million from the State General Fund, below the agency's revised estimate.

The decrease is attributable to reductions of \$67.6 million, including \$33.5 million from the State General Fund, associated with the fall Human Services Consensus Caseload estimate. Also included in the Governor's recommendation are reductions totaling \$11.7 million, including \$3.0 million from the State General Fund, to shift funding between caseload and non-caseload KanCare programs to reflect refinements made in the allocation based upon additional experience and actual data on the type of medical services needed by consumers in each population. Additionally, the Governor's recommendation includes the replacement of \$3.8 million from the Children's Initiatives Fund with State General Fund moneys for the children's mental health initiatives. The Governor's recommendation also includes the reduction of \$2.3 million, including \$1.0 million from the State General Fund, for the Home and Community Based Services waiver for individuals with physical disabilities.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 185,788,960	5.8 %	\$ 471,448,748	3.9 %	209.0
2009	169,663,202	(8.7)	490,284,401	4.0	214.0
2010	142,148,326	(16.2)	481,929,197	(1.7)	214.0
2011	159,321,200	12.1	549,667,931	14.1	214.0
2012	215,234,227	35.1	556,918,219	1.3	164.0
2013	597,859,761	177.8	1,407,782,256	152.8	247.5
2014	561,860,405	(6.0)	1,389,821,712	(1.3)	195.0
2015	622,246,143	10.7	1,507,475,129	8.5	195.0
2016 Gov. Rec.	628,444,371	1.0	1,482,799,633	(1.6)	167.5
2017 Gov. Rec.	629,549,116	0.2	1,426,573,583	(3.8)	167.5
Ten-Year Change					
Dollars/Percent	\$ 443,760,156	238.9 %	\$ 955,124,835	202.6 %	(41.5)

Staff Note: The large increase in funds in FY 2013 is due to Executive Reorganization Order No. 41 which became effective on July 1, 2012. Specifically, the Reorganization Order transferred programs from the Department of Social and Rehabilitation Services to the Department on Aging, which was renamed the Kansas Department for Aging and Disability Services (KDADS). Additionally, part of the Health Occupations Credentialing program was transferred from the Kansas Department of Health and Environment (KDHE) to KDADS.

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Administration	\$	9,967,811	\$ 11,561,958	\$ 11,069,108	\$ (492,850)	(4.3) %	\$ 11,561,958	\$ 11,069,108	\$ (492,850)	(4.3)%
Aging & Aging Grants		27,466,481	27,276,424	27,192,892	(83,532)	(0.3)	27,276,424	27,192,892	(83,532)	(0.3)
Medical & Com Services		1,356,655,345	1,413,061,685	1,352,465,409	(60,596,276)	(4.3)	1,322,432,575	1,270,793,933	(51,638,642)	(3.9)
Behavioral Health - Operations & Grants		87,293,575	92,996,118	88,967,544	(4,028,574)	(4.3)	92,996,118	88,967,544	(4,028,574)	(4.3)
Community Services Administration		16,648,940	17,735,595	17,733,597	(1,998)	(0.0)	17,735,595	17,733,597	(1,998)	(0.0)
Survey, Certification & Credentialing		9,442,977	10,796,963	10,816,509	19,546	0.2	10,796,963	10,816,509	19,546	0.2
TOTAL	\$	1,507,475,129	1,573,428,743	1,508,245,059	\$ (65,183,684)	(4.1) %	1,482,799,633	1,426,573,583	\$ (56,226,050)	(3.8)%
By Major Object of Expenditure:										
Salaries and Wages	\$	16,764,233	\$ 17,605,516	\$ 17,603,853	\$ (1,663)	(0.0) %	\$ 17,605,516	\$ 17,603,853	\$ (1,663)	(0.0)%
Contractual Services		44,301,264	52,739,987	48,045,259	(4,694,728)	(8.9)	52,739,987	48,045,259	(4,694,728)	(8.9)
Commodities		189,954	341,778	341,778	0	0.0	341,778	341,778	0	0.0
Capital Outlay		518,575	1,143,923	1,039,607	(104,316)	(9.1)	1,143,923	1,039,607	(104,316)	(9.1)
Debt Service		2,035,088	1,906,931	1,720,313	(186,618)	(9.8)	1,906,931	1,720,313	(186,618)	(9.8)
Subtotal - Operations	\$	63,809,114	\$ 73,738,135	\$ 68,750,810	\$ (4,987,325)	(6.8) %	\$ 73,738,135	\$ 68,750,810	\$ (4,987,325)	(6.8)%
Aid to Local Units		52,195,169	51,494,572	51,894,572	400,000	0.8	51,494,572	51,894,572	400,000	0.8
Other Assistance		1,391,470,846	1,448,196,036	1,387,599,677	(60,596,359)	(4.2)	1,357,566,926	1,305,928,201	(51,638,725)	(3.8)
TOTAL	\$	1,507,475,129	1,573,428,743	1,508,245,059	\$ (65,183,684)	(4.1) %	1,482,799,633	1,426,573,583	\$ (56,226,050)	(3.8)%
Financing:										
State General Fund	\$	622,246,143	\$ 669,312,344	\$ 663,263,265	\$ (6,049,079)	(0.9) %	\$ 628,444,371	\$ 629,549,116	\$ 1,104,745	0.2 %
Children's Initiatives Fd		3,800,000	3,800,000	3,800,000	0	0.0	3,800,000	0	(3,800,000)	(100.0)
Problem Gambling and Addictions Grant		6,082,729	5,920,102	5,920,057	(45)	(0.0)	5,920,102	5,920,057	(45)	(0.0)
Quality Care Serv Fund		23,820,044	23,181,627	0	(23,181,627)	(100.0)	23,181,627	0	(23,181,627)	(100.0)
Title XIX Federal		773,937,760	792,143,512	756,954,425	(35,189,087)	(4.4)	741,382,375	712,797,098	(28,585,277)	(3.9)
Prevention Treat Subst Abuse Block Grant		12,263,157	12,176,521	12,168,804	(7,717)	(0.1)	12,176,521	12,168,804	(7,717)	(0.1)
All Other Funds		65,325,296	66,894,637	66,138,508	(756,129)	(1.1)	67,894,637	66,138,508	(1,756,129)	(2.6)
TOTAL	\$	1,507,475,129	1,573,428,743	1,508,245,059	\$ (65,183,684)	(4.1) %	1,482,799,633	1,426,573,583	\$ (56,226,050)	(3.8)%

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$666,348,244 for the Department for Aging and Disability Services in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$730,487, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016;
- An increase of \$104,987, all from the State General Fund, which was transferred from Larned State Hospital and Osawatimie State Hospital, associated with a consolidated food service contracts;
- A reduction of \$1,730,487, on July 30th as the result of the authority given under 2015 Senate Sub. for HB 2135. The Governor's July allotment also transferred \$1.0 million from the Social Welfare Fund to the State General Fund; and
- A reduction of \$13,340,443, as the result of the Governor's November 6, 2015 State General Fund allotment and authority given under 2015 Senate Sub. for HB 2135.

These adjustments change the FY 2016 approved State General Fund to \$652,112,788. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 652,112,788	\$ 669,312,344	\$ 17,199,556	\$ 628,444,371	\$ (23,668,417)
All Other Funds	901,008,634	915,607,432	14,598,798	865,846,295	(35,162,339)
TOTAL	\$ 1,553,121,422	\$ 1,584,919,776	\$ 31,798,354	\$ 1,494,290,666	\$ (58,830,756)
FTE Positions	195.0	167.5	(27.5)	167.5	(27.5)

The **agency** submits a revised FY 2016 estimate totaling \$1.6 billion, including \$669.3 million from the State General Fund. The revised estimate includes capital improvement

expenditures totaling \$11.5 million, all from the State Institutions Building Fund and \$1.5 billion, including \$669.3 million from the State General Fund, for operating expenditures. The revised estimate is an increase of \$31.7 million, or 2.0 percent, above the approved amount.

The revised estimate includes supplemental requests totaling \$7.5 million, including \$3.3 million from the State General Fund. The agency's revised estimate includes the addition of \$232,935, all from the State General Fund, to be transferred from the Department for Children and Families for information technology expenditures. Of this amount, \$177,090 is for additional information technology staff and \$55,845 is for the Cisco SmartNet Agreement. Additionally, the revised estimate includes the addition \$268,529, all from the State General Fund, in reductions at the State Hospitals. These transfers include \$124,769, from Larned State Hospital, to transfer legal and support positions; \$26,692, from Larned State Hospital, to transfer the Chief Forensic Psychologist; and \$117,068 from Parson State Hospital and Training Center also for the Chief Forensic Psychologist position.

The revised estimate also includes the addition of \$3.0 million, all from federal funds, for a new grant from the federal Centers for Medicare and Medicaid Services, to develop a fully automated system designed to utilize fingerprints to provide state and national criminal records checks. The estimate also includes the addition of \$1.3 million, all from federal funds, for a grant to treat homeless individuals with mental illness and substance use disorders. Additionally, the agency's revised estimate includes the addition of \$2.0 million, all from special revenue funds for other increases.

The capital improvements estimate includes a reappropriation of \$2.6 million for rehabilitation and repair projects not expended in FY 2015. In addition, the estimate includes the addition of \$1.4 million transferred from the Rainbow Mental Health Hospital account that had not been expended. The revised estimate includes 167.5 FTE positions and 117.0 non-FTE positions. The revised estimate is a reduction of 27.5 FTE positions and an increase of 37.0 non-FTE positions from the number approved by the 2015 Legislature.

The **Governor** recommends FY 2016 expenditures totaling \$1.5 billion, including \$628.4 million from the State General Fund. The recommendation includes capital improvement expenditures totaling \$11.5 million, all from the State Institutions Building Fund, the same as the agency's revised estimate. The Governor's recommendation for operating expenditures totals \$1.5 billion, including \$628.4 million from the State General Fund. The recommendation is a decrease of \$90.6 million, including \$40.9 million from the State General Fund, below the agency's revised estimate.

The decrease is attributable to the Governor not recommending the agency's supplemental request for funding and instead recommending that the funding source to implement the federal Department of Labor Final Rule utilize existing funding from the Home and Community Based Services Waiver for Individuals with Intellectual and Developmental Disabilities waiting list. In addition, the Governor's recommendation makes reductions of \$48.4 million, including \$24.2 million from the State General Fund, associated with the fall Human Services Consensus Caseload estimate. The Governor's recommendation also contains a reduction of \$24.1 million, all from federal funds, associated with the allotment reduction to the shift of funding between caseload and non-caseload KanCare programs.

The Governor recommends the creation of a new no limit special revenue fund and language permitting the Secretary to transfer between this fund and other special revenue funds. In addition, the Governor's recommendation also includes removing the designation of no limit for the Problem Gambling and Addictions Grant Fund.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Add LTC Programs to Consensus Caseload	\$ 0	\$ 0	0.0	\$ 0	\$ 0	0.0
Language to allow spec revenue fund transfers	0	0	0.0	0	0	0.0
PGAGF proviso adjust	0	0	0.0	0	0	0.0
DOL Rule	3,290,250	7,500,000	0.0	0	0	0.0
TOTAL	\$ 3,290,250	\$ 7,500,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests the addition of long-term care program to the human services consensus caseload estimating process. The request includes adding all the home and community based services waivers and the money follows the person program and clarifying that the Program of All Inclusive Care for the Elderly be included. The addition to the process does not include a current year funding change.

The **Governor** was silent upon the agency's request.

The **agency** requests proviso language be added to the appropriations bill permitting the agency to transfer funds between its special revenue funds with the approval of the Director of the Budget.

The **Governor** recommends the creation of a new no limit special revenue fund and language permitting the Secretary to transfer between this fund and other special revenue funds.

The **agency** requests revisions to the current transfer language for the Problem Gambling and Addictions Grant Fund for FY 2016 and FY 2017. The agency indicated that transferring the balance in the fund at the end of the fiscal year created cash flow issues due to other transfers scheduled on July 1st and payroll obligations that occur each payroll period. The agency requests to modify the transfers to the Governor's office and the Department of Corrections from an annual basis to a quarterly basis and limit the year end transfer to leave sufficient balances to make the first quarterly transfer and cover payroll expenses.

The **Governor** does not recommend any changes to the Problem Gambling and Addictions Grant Fund transfer language.

The **agency** requests the addition of \$7.5 million, including \$3.3 million from the State General Fund, to fund additional costs associated with direct services workers providing sleep cycle support provided under the Home and Community Based Services Waivers. The increase is required due to implementation of recent federal Department of Labor rule. The increased rates are planned to be implemented January 1, 2016.

The **Governor** recommends funding the request through funding currently appropriated to address the waiting list for the Home and Community Based Services Waiver for Individuals with intellectual/developmental disabilities.

Governor's Allotments

The 2015 Legislature, through the enactment of Sen. Sub for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Sen. Sub for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
HCBS/PD Waiver	\$ (1,000,000)	\$ (1,000,000)	0.0
Lapse Reappropriation	(730,487)	(730,487)	0.0
Transfer from the Social Welfare Fund	0	0	0.0
November Allotment			
Funding Shift	\$ (1,000,000)	\$ 0	0.0
Caseload shifts	(12,340,443)	(12,340,443)	0.0
TOTAL	<u>\$ (150,070,930)</u>	<u>\$ (140,070,930)</u>	<u>0.0</u>

July Special Allotment. The Governor's July 30, 2015 State General Fund special allotment included a reduction of \$1.0 million from the State General Fund. The lapse is

associated with the Medicaid Home and Community Based Services Waiver for Individuals with Physical Disabilities waiting list. The Governor's allotment also included the lapse of \$730,487 of moneys not expended in FY 2015 which reappropriated into FY 2016. In addition, the Governor's special allotment transferred \$1.0 million from the Social Welfare Fund to the State General Fund.

November Allotment. The Governor's November State General Fund allotment included a funding shift of \$1.0 million from the State General Fund to the Social Welfare Fund. Also included in the Governor's November allotment were reductions of \$12.5 million from the State General Fund, to shift funding between caseload and non-caseload KanCare programs to reflect refinements made in the allocation based upon additional experience and actual data on the type of medical services needed by consumers in each population.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$662,656,659 for the Department for Aging and Disability Services in FY 2017.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 662,656,659	\$ 663,263,265	\$ 606,606	\$ 629,549,116	\$ (33,107,543)
All Other Funds	846,636,195	852,701,794	6,065,599	804,744,467	(41,891,728)
TOTAL	\$ 1,509,292,854	\$ 1,515,965,059	\$ 6,672,205	\$ 1,434,293,583	\$ (74,999,271)
FTE Positions	195.0	167.5	(27.5)	167.5	(27.5)

The **agency** submits a revised FY 2017 estimate totaling \$1.5 billion, including \$663.3 million from the State General Fund. The revised estimate is an increase of \$6.7 million, or 0.4 percent, and a State General Fund increase of \$606,606, or less than 0.1 percent, above the amount approved by the 2015 Legislature. The revised estimate includes \$7.7 million, all from the State Institutions Building Fund, for capital improvements and \$1.5 billion, including \$663.3 million from the State General Fund, for operating expenditures.

The agency's revised estimate includes the addition of \$232,935, all from the State General Fund, to be transferred from the Department for Children and Families. Of this amount, \$177,090 is for additional information technology staff and \$55,845 is for the Cisco SmartNet Agreement. Additionally, the revised estimate includes the addition of \$104,987, all from the State General Fund, transferred from the State Hospitals associated with a consolidated food service contracts. Additionally, the revised estimate includes the addition \$268,529, all from the State General Fund, in reductions at the State Hospitals. These transfers include \$124,769, from Larned State Hospital, to transfer legal and support positions, \$26,692, from Larned State Hospital, to transfer the Chief Forensic Psychologist; and \$117,068 from Parson State Hospital and Training Center also for the Chief Forensic Psychologist position.

The revised estimate also includes the addition of \$3.0 million, all from federal funds, for a new grant from the federal Centers for Medicare and Medicaid Services, to develop a fully automated system designed to utilize fingerprints to provide state and national criminal records checks. The estimate also includes the addition of \$1.7 million, all from federal funds, for a grant to treat homeless individuals with mental illness and substance use disorders. Additionally, the agency's revised estimate includes the addition of \$1.4 million, all from special revenue funds for other increases.

The revised estimate includes 167.5 FTE positions and 117.0 non-FTE positions. The revised estimate is a reduction of 27.5 FTE positions and an increase of 37.0 non-FTE positions from the number approved by the 2015 Legislature.

The **Governor** recommends FY 2017 expenditures totaling \$1.4 billion, including \$629.5 million from the State General Fund. The recommendation includes capital improvement expenditures totaling \$7.7 million, all from the State Institutions Building Fund, the same as the agency's revised estimate. The Governor's recommendation for operating expenditures totals \$1.4 billion, including \$629.5 million from the State General Fund. The recommendation is a decrease of \$81.7 million, including \$33.7 million from the State General Fund, below the agency's revised estimate.

The decrease is attributable to reductions of \$67.6 million, including \$33.5 million from the State General Fund, associated with the fall Human Services Consensus Caseload estimate. Also included in the Governor's recommendation are reductions totaling \$11.7 million, including \$3.0 million from the State General Fund, to shift funding between caseload and non-caseload KanCare programs to reflect refinements made in the allocation based upon additional experience and actual data on the type of medical services needed by consumers in each population. Additionally, the Governor's recommendation includes the replacement of \$3.8 million from the Children's Initiatives Fund with State General Fund moneys for the children's mental health initiatives. The Governor's recommendation also includes the reduction of \$2.3 million, including \$1.0 million from the State General Fund, for the Home and Community Based Services waiver for individuals with physical disabilities.

The Governor recommends the creation of a new no limit special revenue fund and language permitting the Secretary to transfer between this fund and other special revenue funds. In addition, the Governor's recommendation also includes removing the designation of no limit for the Problem Gambling and Addictions Grant Fund.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Add LTC Programs to Consensus Caseload	\$ 0	\$ 0	0.0	\$ 0	\$ 0	0.0
Language to allow spec revenue fund transfers	0	0	0.0	0	0	0.0
PGAGF proviso adjust	0	0	0.0	0	0	0.0
TOTAL	\$ 0	\$ 0	0.0	\$ 0	\$ 0	0.0

The **agency** requests the addition of long-term care program to the human services consensus caseload estimating process. The request includes adding all the home and

community based services waivers and the money follows the person program and clarifying that the Program of All Inclusive Care for the Elderly be included. The addition to the process does not include a current year funding change.

The **Governor** was silent upon the agency's request.

The **agency** requests proviso language be added to the appropriations bill permitting the agency to transfer funds between its special revenue funds with the approval of the Director of the Budget.

The **Governor** recommends the creation of a new no limit special revenue fund and language permitting the Secretary to transfer between this fund and other special revenue funds.

The **agency** requests revisions to transfer language for the Problem Gambling and Addictions Grant Fund for FY 2016 and FY 2017. The agency indicated that transferring the balance in the fund at the end of the fiscal year created cash flow issues due to other transfers scheduled on July 1st and payroll obligations that occur each payroll period. The agency requested to modify the transfers to the Governor's office and the Department of Corrections from an annual basis to a quarterly basis and limit the year end transfer to leave sufficient balances to make the first quarterly transfer and cover payroll expenses.

The **Governor** does not recommend any changes to the Problem Gambling and Addictions Grant Fund transfer language.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	44.0 %	44.1 %
Problem Gambling & Addictions Grant Fund	0.4	0.4
Quality Care Services Fund	0.0	0.0
Title XIX Fund	50.2	50.0
Prevention Treat Subst Abuse Block Grant	0.8	0.9
All Other Funds	4.6	4.6
TOTAL	100.0 %	100.0 %

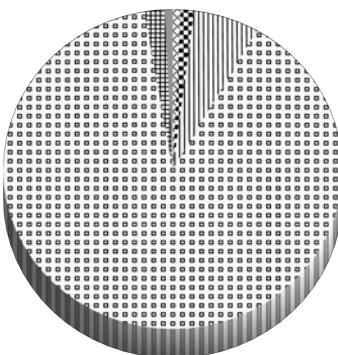
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

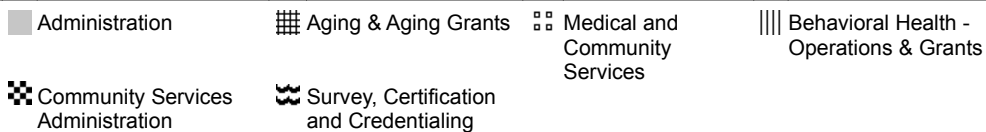
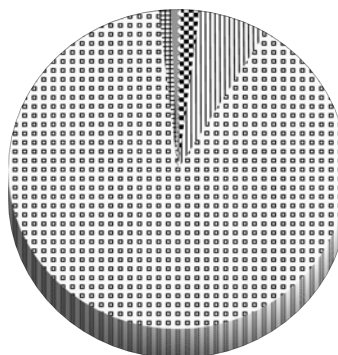
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 11,069,108	0.8 %	\$ 4,138,818	0.7 %
Aging and Aging Grants	27,192,892	1.9	7,172,150	1.1
Medical and Community Services	1,270,793,933	89.1	563,977,778	89.6
Behavioral Health - Operations and Grants	88,967,544	6.2	41,405,559	6.6
Community Services Administration	17,733,597	1.2	10,943,435	1.7
Survey, Certification and Credentialing	10,816,509	0.8	1,911,376	0.3
TOTAL	\$ 1,426,573,583	100.0 %	\$ 629,549,116	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	40.0	32.0	32.0	32.0	32.0
Aging and Aging Grants	7.0	6.0	6.0	6.0	6.0
Medical & Com Services	0.0	0.0	0.0	0.0	0.0
Behavioral Health - Operations & Grants	59.0	26.0	26.0	26.0	26.0
Community Services Administration	0.0	23.0	23.0	23.0	23.0
Survey, Certification & Credentialing	89.0	80.5	80.5	80.5	80.5
TOTAL	195.0	167.5	167.5	167.5	167.5

A. Administration

The Administration program includes all administrative functions of the department. The Secretary of Aging has organized the program into the Office of the Secretary and the Financial and Information Services Commission. The Office of the Secretary provides general administrative functions of the department. The Financial and Information Services Commission is responsible for all fiscal information and technology services for the agency.

Office of the Secretary

The Department for Aging and Disability Services is a cabinet-level agency administered by a Secretary who is appointed by, and serves at the pleasure of the Governor. The Secretary serves as the chief executive officer, overseeing all aspects of agency operations. The Secretary has the authority to sign all documents, letters, contracts, and grants related to state and federal aging programs.

State Advisory Council. The State Advisory Council on Aging was established (KSA 75-5911) to advise the Governor and the Secretary about the needs of older Kansans and to advocate on their behalf. The Council is composed of 15 members, 11 of whom are appointed by the Governor and the remaining four are appointed, one each, by the majority and minority leaders of the Kansas House of Representatives and the Kansas Senate. Legislative members serve at the pleasure of the appointing authority while gubernatorial appointments are for a three-year period.

Legal Division. The Legal Division consists of three attorneys and is a section of the Office of the Secretary. Specific duties include legal research, oral and written legal opinions, representation of the agency in administrative hearings and before State and Federal Courts, contracts, adoption of rules and regulations, policy review, and legislation. The division also enforces state and federal laws and regulations pertaining to the licensure and certification of adult care homes.

Human Resources Division. The goal of the Human Resources Division is to provide easily accessible, prompt, accurate, and efficient information and services on human resource

issues, and Equal Employment Opportunity/Diversity. The division oversees all aspects of employee recruitment, benefits management, on-going timekeeping and payroll, employment termination and employee relations. The division is responsible for ensuring that the agency is in compliance with all state and federal rules, regulations, and statutes related to Equal Opportunity Employment. Areas of compliance include, but are not limited to, the Fair Labor Standards Act, the Americans with Disabilities Act, the Equal Employment Opportunity Act, and COBRA (the Consolidated Omnibus Budget Reconciliation Act).

Communications Division. The Communications Division is responsible for public perception of the agency, which includes the Legislature, constituents, members of the public, service providers, stakeholders and the media. The division is also responsible for all Freedom of Information and Kansas Open Records Act requests.

KanCare Ombudsman. The KanCare Ombudsman assists KanCare participants with concerns regarding services, coverage, access and rights, as well as assisting with the State Fair Hearing process.

Financial and Information Services Commission

The Financial and Information Services Commission is led by the Chief Financial Officer. The goal of the Commission is to manage and maintain all fiscal information and technology services for the agency. The Commission is broken down into four parts: Budget Division, Accounting and Financial Management Division, Fiscal and Program Analysis Division, and Information Services Division.

Budget Division. The goal of the Budget Division is to provide helpful, timely, and accurate budgetary information to all agency personnel. The division provides program and budget analysis and budgetary recommendations to the Secretary and prepares the agency's annual budget submission. This division is also responsible for preparing the annual federal application for Medicare and Medicaid funds for the Survey and Certification Commission.

Accounting and Financial Management Division. The Accounting and Financial Management Division has the responsibility for payment of the weekly Medicaid claims. Close coordination between the division, Kansas Department of Health and Environment, the state Medicaid agency; the Department of Administration; and HP, the Medicaid fiscal agent who manages the Medicaid Management Information System, is required to ensure claims are paid in a timely manner. The division also initiates and processes Medicaid off-system payments upon receipt of inquiries and requests regarding suspended, rejected or late payments. The division prepares Medicaid expenditure reports for submission to the State Medicaid Agency.

The Fiscal Unit allocates federal Older American Act and Senior Care Act funds using intrastate funding formulas. It has responsibility for all federal financial status reports including quarterly and annual financial reports to the federal Centers for Medicare and Medicaid Services for the survey and certification of adult long term care and quarterly Medicaid estimates reports. The Unit also performs the financial management function for grants and contracts to Area Agencies on Aging and other service providers, including special project grants and contracts.

This division also develops, implements, and maintains a system for allocating the Department's administrative costs, for interpreting and applying federal and state policies governing purchasing, cost principles and grants management. The division also ensure that its internal processes and systems are in compliance with appropriate state and federal mandates and that appropriate internal controls exist.

Fiscal and Program Analysis Division. The Fiscal and Program Analysis Division supports the agency through collection, analysis, and reporting of data at all levels: statewide, county, city, planning and service area, case management entities, survey and certification regions, federal Centers for Medicare and Medicaid Services regions, and nationwide. The purpose of the analysis activity is to provide information on current status and provide advance notice of trends to program administrators at the state level and to local administrators of aging programs. The division is responsible for the completion and submission of the Older Americans Act annual program report and Centers for Medicare and Medicaid Services 372 reports and also compiles and publishes the Home and Community Based Services-Frail Elderly waiver quality assurance reports; annual Older American Act and Senior Care Act quality review reports, and federal Centers for Medicare and Medicaid Services quarterly reports. Additional responsibilities include monitoring and projecting caseloads for all Medicaid programs.

The division also manages the Medicaid Nursing Facility program. Staff members are responsible for collecting and reviewing Medicaid cost reports, conducting financial audits, setting nursing facility payment rates, and assisting providers with Medicaid financing matters.

Audit Services performs the following tasks: determine that reported nursing facility costs and resident days used to set reimbursement rates for Medicaid residents are in compliance with state and federal regulations and policies; review and analyze all Area Agencies on Aging single audit reports and identify issues that require management attention; visit audit firms that provide audit services to Area Agencies on Aging and review audit work papers as necessary; perform audits of Resident Personal Needs Fund accounts at nursing facilities as requested by the Survey and Certification Commission or the state ombudsman; desk audit nursing facility request for asset rebases as received during the year.

	FY 14 Actual	FY 15 Actual	FY 16 Est.	FY 17 Est.
Percentage of nursing facility desk reviews completed	100%	100%	100%	100%
Percentage of nursing facilities field audited annually	3%	3%	3%	3%
Amount of reimbursable costs reported that were reduced as a result of desk review adjustments due to non compliance	\$13,442,817	\$7,000,000	\$7,000,000	\$9,973,225

Promoting Excellent Alternative in Kansas Nursing Homes (PEAK). The Department began this initiative in 2002 to promote innovation in long term care. In the first 10 years, 51 different nursing homes were recognized for their achievements in pursuing cultural change. During FY 2013, the agency began to transition PEAK from an education and recognition program to a multi-step quality improvement process. A team of stakeholders including representatives from the Department, the nursing homes trade association and other advocacy groups was assembled in July of 2011, to begin the recreation of PEAK. The program will provide incentives for homes that have made significant achievements with regard to culture change but will also begin to identify homes that have achieved or maintained competency in person-centered care. The goals of the new PEAK will be to move more nursing homes to pursue culture change and adopt person-centered care.

Information Services Division

The Division's primary function is to maintain, enhance, and secure all technological systems such as the Kansas Aging Management Information System (KAMIS); data communication systems; the voice communication systems; and the data storage systems. These systems enhance the agency's ability to track customers and services provided by Area Agencies on Aging and other service providers; prevent attacks and breaches of the agency's network; support the email system; and maintain a high level of security. Staff manages databases, applications, performs custom data extractions and monitors data integrity.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,491,655	\$ 5,750,968	\$ 5,750,968	\$ 5,749,053	\$ 5,749,053
Contractual Services	1,805,992	3,106,234	3,106,234	2,906,233	2,906,233
Commodities	86,921	178,902	178,902	178,902	178,902
Capital Outlay	510,402	618,923	618,923	514,607	514,607
Debt Service	2,035,088	1,906,931	1,906,931	1,720,313	1,720,313
<i>Subtotal - Operations</i>	<i>\$ 9,930,058</i>	<i>\$ 11,561,958</i>	<i>\$ 11,561,958</i>	<i>\$ 11,069,108</i>	<i>\$ 11,069,108</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	37,753	0	0	0	0
TOTAL	\$ 9,967,811	\$ 11,561,958	\$ 11,561,958	\$ 11,069,108	\$ 11,069,108
Financing:					
State General Fund	\$ 3,170,730	\$ 4,450,558	\$ 4,450,558	\$ 4,138,818	\$ 4,138,818
All Other Funds	6,797,081	7,111,400	7,111,400	6,930,290	6,930,290
TOTAL	\$ 9,967,811	\$ 11,561,958	\$ 11,561,958	\$ 11,069,108	\$ 11,069,108
FTE Positions	40.0	32.0	32.0	32.0	32.0
Non-FTE Uncl. Perm. Pos.	41.0	55.5	55.5	55.5	55.5
TOTAL	81.0	87.5	87.5	87.5	87.5

The **agency** submits a revised estimate for FY 2017 totaling \$11.1 million, including \$4.1 million from the State General Fund. The revised estimate is an increase of \$667,221, or 4.4 percent, above the amount approved by the 2015 Legislature. The revised estimate includes an increase in salaries and wages and contractual services, mainly attributed to contacts related to information technology projects. These increases were partially offset by reductions in capital outlay expenditures associated with computer purchases.

The **Governor** recommends FY 2017 expenditures totaling \$11.1 million, including \$4.1 million from the State General Fund. The recommendation is the same as the agency's revised estimate.

B. Commission on Aging and Aging Grants

The Commission on Aging and Aging Grants includes four divisions: (1) Community Based Services; (2) Transitional Services and Client Assessment, Referral, and Evaluation (CARE); (3) Information & Community Resources; and (4) Quality Review. The Commission on Aging is responsible for providing services to Kansas seniors through a privatized network of providers.

The goal of this Commission is to improve the quality and performance of community programs for Kansas seniors, and to re-balance nursing home and community care systems to prevent premature placement in nursing homes through an effective and supportive community aging network.

Community Based Services Division

The Community Based Services Division provides day-to-day management, training and provision of technical assistance to providers funded by the Senior Care Act, Older Americans Act, Medicaid and State General Funds and Nutrition Grants. The Area Agencies on Aging (AAA) function as the point of entry for seniors seeking services. The Area Agencies on Aging, along with Case Management Entities, provide Targeted Case Management services.

Older Americans Act (OAA) Programs. The Older Americans Act (OAA) was established by Congress in 1965 to provide services to seniors age 60 or older. In the 1972 revisions to the OAA, the Area Agencies on Aging (AAAs) were created to deliver services in communities.

The U.S. Department of Health and Human Services' Administration on Aging annually determines the level of federal funding allotted to Kansas. Program funding is allocated to each State Unit on Aging (KDADS), based on the number of older persons in the State, to plan, develop, and coordinate systems of supportive in-home and community based services. KDADS then distributes those funds by formula to the Area Agencies on Aging, AAAs, contract with public or private groups to provide services.

Title III-B Supportive Services (Information and Referral). This part of the OAA program provides Kansans with objective, accessible and useful information to promote healthy aging, financial security and long term care choices to assist them in making informed decisions. It also promotes accessibility of information sources to all Kansans.

Title III-D Disease Prevention and Health Promotion. This portion of the Older Americans Act program promotes disease prevention and health promotion services. These services enable seniors to make informed choices about their lifestyle changes and health. This funding can be used to support any of 15 health-related services.

Title III-E Caregiver Support. The National Family Caregiver Support program is designed to be as flexible as possible to support the needs of family caregivers. There are five categories of service available: Information; Assistance; Counseling; Support Groups; Caregivers Training; Respite; and Supplemental Services. The program targets family caregivers providing in-home or community care to an older adult, caregivers who provide care for individuals with Alzheimer's disease, grandparents or relatives aged 55 or older who are relative caregivers for children younger than 19 years of age, and a grandparent or relative aged 55 or older providing care to a disabled adult aged 19 to 59. It also directs states to give priority to services for older individuals with the greatest social and economic need, with particular

attention to low-income older individuals and grandparent or relatives providing care and support to persons with mental retardation and related developmental disabilities.

Senior Care Act (SCA) Programs. The SCA provides a critical early intervention component to the Kansas long term care network. The SCA program provides services in the customer's home, such as homemaker, chore, attendant care, and case management services. The services are designed to prevent premature nursing home placement for persons who have not exhausted their financial resources, unlike the HCBS/FE program. The program is targeted at those who are 60 years of age or older. Participants contribute a significantly higher proportion of the cost of SCA services than participants in the HCBS/FE program. Participant contributions are determined by a sliding fee scale based upon self-reported income and liquid assets for individuals served by the program. The program is funded by a Social Services Block Grant, which is passed through DCF to KDADS, and amounts to \$4.5 million per year.

The Kansas Department for Aging and Disability Services funds SCA services through the AAAs. Funds are allocated to AAAs based upon a variation of the Older Americans Act formula.

The program provided two dollars from the State General Fund for one dollar of local matching money. The local match was, in part, composed of the fees collected from the people served. The 2002 Legislature changed the local match requirements and established the following requirements for allocating funds appropriated under the Act. The Secretary of Aging shall 1) establish a base funding formula to allocate a portion of the funds, 2) determine the portion of the funds to be allocated those area agencies on aging that had continued to provide local matching funds from local units of government; and 3) determine the portion, if any, of the appropriation that may be allocated to area agencies on aging that receive amounts of matching *ad valorem* property tax levy funds from local units of government or its designee that administers the tax levy fund.

Nutrition Grants. The Department for Aging and Disability Services has one nutrition grant program, the Older Americans Act Grant program. A second program used to exist called the Senior Farmers Market Nutrition program but it ceased operations in FY 2009 due to lack of state funding.

Older Americans Act Nutrition program. Title III-C of the federal Older Americans Act of 1965, as amended, authorizes nutrition services for persons age 60 or over and their spouses and, in certain conditions, persons with disabilities under the age of 60. Meals are provided to eligible participants on a contribution basis in a congregate setting (Title III-C(1)), or within a homebound individual's place of residence (Title III-C(2)).

	Actual FFY 2014	Actual FFY 2015	Est. FFY 2016	Est. FFY 2017
Home Delivered (number of unduplicated persons)	11,300	11,300	11,300	11,300
Traditional congregate (number of unduplicated persons)	23,585	24,000	24,000	24,000
Total Meals Served	3,023,421	3,023,500	3,023,500	3,023,500
Cost Per Meal	\$5.75	\$6.00	\$6.00	\$6.00

Transition Services and Client Assessment, Referral, and Evaluation (CARE) Division

This Division works with the Client Assessment, Referral and Evaluation Program, Lifelong Communities Initiative, Lifespan Respite, and Vulnerable Elder Rights Protection, providing state and federal pass through grants to local units of government and other qualified organizations. Grants provide services to Kansans aged 60 or older in their homes or within the community.

Client Assessment, Referral and Evaluation (CARE). The Client Assessment, Referral and Evaluation program is responsible for diverting seniors from the nursing home and into the community. The Client Assessment, Referral and Evaluation program has the responsibility for managing the statewide screening of applicants for nursing home services and providing information and referral for other optional community based services. The Client Assessment, Referral and Evaluation program meets the federal requirements for the Pre-Admission Screening and Resident Review.

Lifelong Communities Initiative. The Lifelong Communities Initiative is a grassroots project through the Kansas Department for Aging and Disability Services which assists Kansas communities in planning better services for seniors. The initiative is to help Kansas communities become better places to live and to improve the quality of life for seniors through collaboration of local leaders, businesses, organizations, and government agencies. Participating communities complete a community self-assessment tool and develop an action plan in the six Lifelong categories: Community Service, Business, Government, Transportation, Housing, and Health Care. Community projects are evaluated by an agency Community Evaluation Team. Once projects are certified, the community is named a “Lifelong Community” by the KDADS and is provided a highway sign with the designation. A Lifelong Tool Kit was developed to help Kansas communities become familiar with how to participate in the initiative. There is no funding in the Department’s budget as funding is driven by the community action plan.

Lifespan Respite. The Kansas Department for Aging and Disability Services, along with the Kansas Lifespan Coalition are partnering on the Lifespan Respite Care grant. The grant has four primary objectives which include: expanding coordination, participation and dissemination of respite resources, developing a statewide respite network, increasing family caregiver access to respite services and ease in securing respite providers, and increasing the availability of qualified respite providers and skilled caregivers.

Chronic Disease Self-Management Program. The program helps people with a variety of chronic diseases (arthritis, heart disease, asthma, diabetes, and lung disease) learn the skills necessary to self-manage their disease. The workshops are interactive and are facilitated by two trained leaders. Subjects covered include: 1) techniques to deal with frustration, pain and fatigue, 2) how to exercise safely, 3) medications, 4) communication techniques for family and medical team members, 5) nutrition, and 6) making informed treatment decisions.

Vulnerable Elder Rights Protection Activities. The program promotes Elder Rights Activities which provides persons 60 and older access to the system of justice. Legal service providers (attorneys) act as advocates and offer advice and representation. Activities also include programs for the prevention and awareness of elder abuse, neglect, and exploitation of older individuals.

Information and Community Resources Division

The Information and Community Resources Division provides information and assistance in accessing services through the administration of grant programs. The Senior Health Insurance Counseling for Kansas (SHICK) grant supports a statewide network of trained counselors who provide information, assistance and counseling to people with questions about Medicare and other health insurance programs. The Senior Medicare Patrol grant funds a statewide network of volunteers and partners who educate Kansans about recognizing and reporting health care fraud and abuse. The Aging and Disability Resource Center grant creates single-point access to program information, application processes and eligibility determination. The Hospital Discharge Model grant is developing a person-centered planning model that focuses on discharging patients home with community based services. Community Transition Opportunities is a federal grant the agency received to help people who have indicated in a nursing home that they would like to go back to the community. This program coordinates those residents with the appropriate community services and supports.

Senior Health Insurance Counseling for Kansas (SHICK). The federal Centers for Medicare and Medicaid Services funds a nationwide network of State Health Insurance Assistance Programs and in Kansas it is known as the Senior Health Insurance Counseling for Kansas. This counseling program helps seniors navigate their way through the health insurance and Medicare systems and helps them access privately administered Prescription Assistance programs. The Senior Health Insurance Counseling for Kansas program is free and provides a reliable, confidential, and an unbiased source of information.

The Senior Health Insurance Counseling for Kansas uses a statewide network of sponsoring organizations, call centers and trained volunteers to provide information, assistance and counseling to Medicare beneficiaries in their communities. The Senior Health Insurance Counseling for Kansas team has also established partnerships with many community based organizations and other agencies that provide services to people with Medicare and Medicaid in Kansas. In addition to helping beneficiaries understand their options and select plans of their choice, the Senior Health Insurance Counseling for Kansas staff has taken a lead role in helping beneficiaries resolve problems with their Medicare Part D coverage. They also continue to provide education and counseling about Part D; the new preventive benefits available under Medicare; the Low Income Subsidy that can help beneficiaries with prescription costs; and long-term care insurance options.

Kansas Senior Medicare Patrol Program. The Kansas Senior Medicare Patrol program project educates Kansas Medicare and Medicaid beneficiaries about health care error, fraud and abuse. It is one of the projects funded by the federal Administration on Aging. The Department collaborates with community based organizations across the state to recruit retired professionals and train them as volunteer educators. Together with partner organizations, these volunteers create a statewide network of fraud experts who educate beneficiaries about identifying and reporting health care errors, fraud and abuse.

Aging and Disability Resource Center (ARDC). Aging and Disability Resource Center grants are jointly funded by the federal Administration on Aging and the Centers for Medicare and Medicaid Services to improve access to federal, state and local services. The focus of the ARDC is to serve as a primary entry to services, a one-stop shop approach to accessing home and community based long term care services and institutional care. The ARDC is to ensure all individuals have access to information, assistance and referral, assessment and options counseling services.

In preparation for the transition to KanCare, KDADS established a statewide contract for the ADRC and provides standardized training for staff. The ADRC works collaboratively with community agencies and organizations including KanCare and PACE providers to significantly improve access to long-term services and supports through streamlined collaborative process for service delivery including the following items.

- Common intake and assessment tools;
- Referral protocols;
- Integrated information systems; and
- Options counseling and decision support.

Community Transition Opportunities Grant. The Community Transition Opportunities grant is funded by the Centers for Medicare and Medicaid Services to develop an online web-based referral process for nursing facilities to use when a resident has expressed an interest in returning to the community upon completion of the Minimum Data Set assessment. This referral process allows the Local Contact Agencies (Area Agencies on Aging and Centers for Independent Living) to make face-to-face contact with the resident to explore community options and talk about transitions.

Hospital Discharge Model Grant. The Department for Aging and Disability Services was awarded a grant from the Centers for Medicare & Medicaid Services to develop a Person-Centered Hospital Discharge Planning Model. The Department will partner with state agencies, Area Agencies on Aging, local hospital networks and community organizations to create a discharge model that puts patients at the center of the discharge planning process, focuses on discharging patients to their home with community based services, and reduces the number of default discharges to nursing facilities.

In response to the growing number of older people and their diverse needs, the Older Americans Act of 1965, as amended, calls for a range of programs that offer services and opportunities for older Americans, especially those at risk of losing their independence. The Act established the Administration on Aging, an agency of the U.S. Department of Health and Human Services. Several titles of the Act provide for supportive in-home and community based services. For example, Title III supports a range of services including nutrition, transportation, senior center, health promotion, and homemaker services. Title VII places emphasis on elder rights programs, including the nursing home ombudsman program, legal services, outreach, public benefit and insurance counseling, and elder abuse prevention efforts.

Program funding is allocated to each state agency on aging, based on the number of older persons in the State, to plan, develop, and coordinate systems of supportive in-home and community based services. Nationwide, some 600 (eleven in Kansas) Area Agencies on Aging receive funds from their respective state agency to plan, develop, coordinate, and arrange for services in their respective geographic area. In rural areas, an Area Agency on Aging may serve the needs of elderly people living in a number of counties, while other Area Agencies on Aging may serve the elderly living in a single city.

Quality Review – Commission on Aging

The Quality Review Division is responsible for collecting data relative to policy compliance of the Area Agencies on Aging. Each quarter, the Division's staff reviews a statistically significant number of customer case files for the Older Americans Act and Senior Care Act programs to ensure policies and regulations are being followed and that care is being

delivered in line with the customers' Plan of Care. Additionally, the Division's staff interviews the same customers to determine customer satisfaction. The information is then forwarded to the Fiscal and Program Analysis Division for aggregation, analysis and dissemination among KDADS' stakeholders in report format.

COMMISSION ON AGING AND AGING GRANTS SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 935,456	\$ 944,139	\$ 944,139	\$ 946,552	\$ 946,552
Contractual Services	2,047,663	1,599,440	1,599,440	1,513,721	1,513,721
Commodities	6,289	11,200	11,200	11,200	11,200
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,989,408</i>	<i>\$ 2,554,779</i>	<i>\$ 2,554,779</i>	<i>\$ 2,471,473</i>	<i>\$ 2,471,473</i>
Aid to Local Units	8,968,326	9,203,854	9,203,854	9,203,854	9,203,854
Other Assistance	15,508,747	15,517,791	15,517,791	15,517,565	15,517,565
TOTAL	<u>\$27,466,481</u>	<u>\$ 27,276,424</u>	<u>\$ 27,276,424</u>	<u>\$ 27,192,892</u>	<u>\$ 27,192,892</u>
Financing:					
State General Fund	\$ 7,681,173	\$ 7,256,862	\$ 7,256,862	\$ 7,172,150	\$ 7,172,150
All Other Funds	19,785,308	20,019,562	20,019,562	20,020,742	20,020,742
TOTAL	<u>\$27,466,481</u>	<u>\$ 27,276,424</u>	<u>\$ 27,276,424</u>	<u>\$ 27,192,892</u>	<u>\$ 27,192,892</u>
FTE Positions	7.0	6.0	6.0	6.0	6.0
Non-FTE Uncl. Perm. Pos.	11.0	11.0	11.0	11.0	11.0
TOTAL	<u>18.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>

The **agency** submits a revised estimate for FY 2017 totaling \$27.2 million, including \$7.2 million from the State General Fund. The revised estimate is a decrease of \$676,833, or 2.4 percent, below the amount approved by the 2015 Legislature. The majority of the decrease is attributable to a decrease in other professional fees.

The **Governor** recommends FY 2017 expenditures totaling \$27.2 million, including \$7.2 million from the State General Fund. The recommendation is the same amount as the agency's revised estimate.

C. Medical and Community Services

The Medical and Community Services program includes all of the medical services programs administered by the Department, the majority of which are included in KanCare. Services include: Home and Community Based Services waivers, Medicaid mental health services, Medicaid substance abuse disorder services, psychiatric residential treatment facilities, nursing facilities, nursing facilities for mental health, the Program of All-Inclusive Care for the Elderly, Head Injury Rehabilitation Services, targeted case management services, and Intermediate Care Facilities for Person with Intellectual Disabilities.

Home and Community Based Services (HCBS) Waivers

HCBS Waiver Services provides services for more than 19,500 individuals with disabilities throughout the state through six different waiver programs: Developmental Disability (DD) Waiver, Physical Disability (PD) Waiver, Traumatic Brain Injury (TBI) Waiver, Technical Assisted (TA) Waiver, Autism Waiver, and Frail Elderly Waiver. In addition to these waiver programs Community Services and Programs work through the Money Follows the Persons Grant to assist with the transitions from institutional settings to services based in the community. The goal of Waiver Services is to provide individuals with disabilities services within their own communities to improve quality of life outcomes. Supports and services provided include day and residential, family support services, and personal care services which assist people with daily living tasks. Individuals have the opportunity to self-direct their services including the hiring, training, scheduling, supervising, and releasing of attendants. Services also include assistive services such as home modifications, technology devices, transitional living services such as teaching independent living skills, and rehabilitation services such as physical, occupational, speech, behavioral, and cognitive therapies. Services are coordinated by case managers or independent living counselors.

These services are provided through community providers such as Community Developmental Disability Organizations, Centers for Independent Living and home health agencies. Financing is provided by Medicaid Home and Community Based Services waivers, grants to Community Developmental Disability Organizations and through the regular medical portion of the Medicaid program.

To be served by a Home and Community Based Service waiver, a person must be determined both financially and functionally eligible. Once eligible, the person may receive both waiver services and regular medical services such as doctors visits and pharmaceuticals. The waivers are summarized in the following table:

Money Follows the Person. KDADS participates in the federal Money Follows the Person (MFP) program which is a demonstration grant that has been extended to 2016. The grant permits the qualified institutional setting funding to “follow the person” to the most appropriate Medicaid Home and Community Based waiver. Kansans making long term care decisions are provided complete information, given the opportunity to discuss their choices, and learn how they can be served in the community. This program helps shift Medicaid’s traditional emphasis on institutional care to a system offering greater choices that include HCBS and helps eliminate barriers that prevent residents from transitioning back into the community. The grant is administered through Kansas Department for Aging and Disability Services and Kansas Department of Health and Environment.

The MFP program not only allows for the resident to receive HCBS in the community, but to also receive enhanced services called Transition Services, which allow for payment of utility deposits and other expenses to re-establish a residence. MFP enhanced services make it possible for the resident to return to the community. Customers can receive up to 365 days of MFP funding before their case is transitioned to the appropriate HCBS waiver. Four target populations will be served by this grant: the Frail Elderly (FE), the Physically Disabled (PD), the Traumatic Brain Injured (TBI), and the Developmentally Disabled (DD). KDADS is responsible for administering MFP program.

To be eligible for this program:

- A current resident of a qualified institutional setting for 90 days;
- Medicaid eligible prior to receiving MFP services;

- Meets the functional eligibility for waived services; and
- Have an interest in moving back to the community.

State funds have been transferred from the grant to the FE, PD, TBI and DD waivers to money follow the persons.

Waiting Lists. Some programs that CSP funds are not entitlements. If more people apply for and need these programs than the available funds can support, a waiting list for the program is established.

ID/DD Waiver. As of August 2015, there were 3,332 persons on the ID/DD waiting list who currently do not receive any HCBS services.

PD Waiver. As of August 2015, there were 1,769 persons on the waiting list.

FE Waiver. The FE waiver does not have a waiting list as of August 2015.

Autism Waiver. As of August 2015, there were 241 children on the “proposed waiver recipient” waiting list who currently do not receive any HCBS Autism waiver services.

TA Waiver. In order to continue the no waiting list status and control cost of the program, the program modified its community and hospital referral process for program access. In addition, the program has instituted a system where waiver recipients graduate from a high level of care to lower level of care when individuals become medically stable. The cost of the program is also maintained due to the program’s emphasis on parent/legal guardian’s participation in the caregiving and as part of the informal support system.

TBI Waiver. The TBI Waiver currently has no waiting list. To help control growth and related costs, the program maintains the eligibility criterion that recipients make progress in rehabilitation and independent living skills training. As such, the average length of time spent receiving TBI Waiver services is three years.

Overview of Medicaid Home and Community Based Services Waivers						
Waiver	Physically Disabled (PD)	Intellectual/ Developmental Disabilities (I/DD)	Technology Assisted (TA)	Traumatic Brain Injury (TBI)	Autism	Frail Elderly (FE)
Institutional Equivalent	Nursing Facility	Intermediate Care Facility for Persons with Intellectual Disabilities (ICF/ID)	Acute Care Hospital	Rehabilitation Facility	State Mental Health Hospital Services	Nursing Facility
Eligibility	- Age 16-64 - Disabled by Social Security Admin	- Age 5 or over - Meet the definition of mental retardation or developmental disability	- Children under 18 - Medically fragile dependent on intensive technology	- Age 16-55 - Have traumatic non-degenerative brain injury resulting in residual deficits and disabilities	- Time of diagnosis through 5 years of age - Diagnosis of autism spectrum disorder or PDD-NOS	- Age 65 or older - Choose HCBS - Functionally eligible for nursing care
Point of Entry	Aging and Disability Resource Center	Community Developmental Disability Organizations	Private Agencies	Aging and Disability Resource Center	Application sent to Autism Program Manager	Aging and Disability Resource Center
Financial Eligibility Rules	- Only the individual's personal income and resources are considered - For individuals under age 18 parents' income and resources are not counted - Income over \$727 per month must be contributed towards the cost of care	- Only the individual's personal income and resources are considered - For individuals under age 18 parents' income and resources are not counted - Income over \$727 per month must be contributed towards the cost of care	- Only the individual's personal income and resources are considered** - For individuals under age 18 parents' income and resources are not counted - Income over \$727 per month must be contributed towards the cost of care	- Only the individual's personal income and resources are considered - For individuals under age 18 parents' income and resources are not counted - Income over \$727 per month must be contributed towards the cost of care	- Only the individual's personal income and resources are considered - Parents' income and resources are not counted - Income over \$727 per month must be contributed towards the cost of care	- Only the individual's personal income and resources are considered - Income over \$727 per month must be contributed towards the cost of care
Services/Supports	- Independent Living Counseling - Personal Services - Assistive Services - Sleep Cycle Support	- Residential Services - Day Services - Medical Alert - Wellness Monitoring - Family/Indiv. Supports - Environ./Adaptive Equip.	- Respite Care - Medical Equip.& Supplies - Case Management - Home Modification Services	- Personal Services - Assistive Services - Rehabilitation Services - Trans. Living Skills - Home Delivered Meal Services - Medication Reminder Services	- Consultative clinical and therapeutic services - Intensive individual supports - Parent support/training - Family Adjustment counseling - Respite services	- Adult Day Care - Assistive Technology * - Attendant Care - Comprehensive Support * - Financial Management - Medication Reminder - Nursing Evaluation Visit - Oral Health * - Personal Emergency Response - Sleep Cycle Support * - Wellness Monitoring * denotes suspended service; must meet crisis exception

** Note: The parents' personal income and resources are not counted for eligibility but are counted for the purpose of determining a family participation fee.

Program of All-Inclusive Care for the Elderly (PACE). The Program of All-Inclusive Care for the Elderly Program is a form of managed care in that the provider accepts a capitated rate in the form of a monthly “premium.” Most participants are eligible for both Medicare and Medicaid benefits. The Program of All-Inclusive Care for the Elderly Program Medicaid rate is negotiated at a minimum of a federally required 5.0 percent cost savings of the calculated upper payment limit, based on past fee for service costs for Medicaid beneficiaries age 55 and over for each unique service coverage area. For this capitated payment, the provider assumes the full risk for their participant's long term care needs. The monthly capitated payment is a fixed amount which extends over the life of the participant regardless of changes in the participant's health status or service needs. Participants may be required to pay a portion of the capitated payment depending on their income.

PACE organizations must have a center that is approved by Centers for Medicare and Medicaid Services and the state, to provide adult day care services, clinical services, therapies, meals, social services, assistance with activities of daily living and medication management. In addition, the sites are required to have a primary care physician who is part of the team of professionals that help the participants manage their care. Each participant has access to all specialty services covered under either Medicare or Medicaid, or both. The first Program of All-Inclusive Care for the Elderly Program site, called HOPE, was opened in 2002, by Via Christi Health Services in Wichita. HOPE serves up to 275 participants in Sedgwick County. The Midland Care Connection PACE site, located in Topeka, opened in 2007, and serves up to 105 participants in Shawnee County and the six surrounding counties. To be eligible to enroll an individual must meet the following requirements:

- Be 55 years of age or older;
- Be determined to meet the nursing facility level of care threshold;
- Reside in the service area of the PACE organization; and
- Be able to live in a community setting without jeopardizing his or her health or safety.

Financial Management Service System. In FY 2012, the federally mandated Financial Management Services (FMS) system began paying a flat monthly administrative rate to an FMS provider, formerly referred to as a payroll agent, and an average hourly rate for all attendants. The FMS rate was established at \$115.00 per customer, per month.

**MEDICAL AND COMMUNITY SERVICES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 238,284	\$ 225,245	\$ 225,245	\$ 225,102	\$ 225,102
Contractual Services	822,636	217,972	217,972	217,972	217,972
Commodities	108	108	108	108	108
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,061,028	\$ 443,325	\$ 443,325	\$ 443,182	\$ 443,182
Aid to Local Units	0	0	0	0	0
Other Assistance	1,355,594,317	1,412,618,360	1,321,989,250	1,352,022,227	1,270,350,751
TOTAL	<u>\$ 1,356,655,345</u>	<u>\$ 1,413,061,685</u>	<u>\$ 1,322,432,575</u>	<u>\$ 1,352,465,409</u>	<u>\$ 1,270,793,933</u>
Financing:					
State General Fund	\$ 558,512,621	\$ 599,929,300	\$ 560,061,327	\$ 597,691,927	\$ 563,977,778
All Other Funds	798,142,724	813,132,385	762,371,248	754,773,482	706,816,155
TOTAL	<u>\$ 1,356,655,345</u>	<u>\$ 1,413,061,685</u>	<u>\$ 1,322,432,575</u>	<u>\$ 1,352,465,409</u>	<u>\$ 1,270,793,933</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	4.0	4.0	4.0	4.0
TOTAL	<u>0.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>

The **agency** submits revised expenditures for FY 2017 totaling \$1.4 billion, including \$597.7 million from the State General Fund. The revised request is an increase of \$2.0 million, or 0.1 percent, above the amount approved by 2015 Legislature. The majority of the increase is attributable to increases in other assistance payments due to increased expenditures for the for the mental health community transitions services and increases in the Money Follows the Person estimate.

The **Governor** recommends FY 2017 expenditures totaling \$1.3 billion, including \$564.0 million from the State General Fund. The recommendation is a reduction of \$81.7 million, or 6.0 percent, below the agency's revised estimate. The recommendation is a State General Fund reduction of \$33.7 million, or 5.6 percent, below the agency's revised estimate. The Governor's recommendation includes a reduction of \$67.6 million, including \$33.5 million from the State General Fund, associated with the fall Human Services Consensus Caseload estimate. Also included in the Governor's recommendation are reductions totaling \$11.7 million, including \$3.0 million from the State General Fund, to shift funding between caseload and non-caseload KanCare programs to reflect refinements made in the allocation based upon additional experience and actual data on the type of medical services needed by consumers in each population. Additionally, the Governor's recommendation includes the replacement of \$3.8 million from the Children's Initiatives Fund with State General Fund moneys for the children's mental health initiatives. The Governor's recommendation also includes the reduction of \$2.3 million, including \$1.0 million, all from the State General Fund, for the Home and Community Based Services waiver for individuals with physical disabilities.

D. Behavioral Health - Operations and Grants

Behavioral Health - Operations and Grants includes behavioral health services including mental health services and substance use disorders.

Behavioral Health Mental Health

The foundation for all community mental health services is the Mental Health Reform Act KSA 39-1601 *et seq.* The Treatment Act for Mentally Ill Persons, KSA 59-2901, *et seq.*, states how patients shall be provided psychiatric treatment on both a voluntary and involuntary basis. KSA 65-4403 describes the procedures for providing state aid to Community Mental Health Centers. KSA 75-3307b authorizes the agency to enforce the laws relating to the hospitalization of mentally ill persons in mental health hospitals and community treatment facilities.

Mental illness, especially severe mental illness, can be devastating to persons who are affected. Untreated mental illness results in people experiencing unnecessary disability, unemployment, substance abuse, homelessness, needless incarceration, children taken into custody, failure in school, and wasted lives. Mental illness not only affects the person with the mental illness, but it has a profound impact on their families and friends, their community, and the state at large.

Behavioral Health Mental Health Services administers, manages, and oversees publicly funded community, residential, and inpatient psychiatric services and supports for those who do not have the means to pay, especially adults with a severe and persistent mental illness (SPMI) and children with a serious emotional disturbance (SED). Organizations providing these psychiatric services and supports include the following items:

- Community Mental Health Centers (CMHCs);
- State Mental Health Hospitals;
- Private practitioners;
- Nursing Facilities for Mental Health;
- Psychiatric Residential Treatment Facilities;
- Private Community Hospital Psychiatric Programs funded by Kansas Department of Health and Environment Health Care Finance;
- Residential Care Facilities (RCF);
- Consumer Run Organizations and Other Support Groups;
- Housing Programs; and
- Pharmacy Benefit Manager.

Behavioral Health Substance Use Disorders

Behavioral Health Substance Use Disorders (SUD) provides and monitors a system of care for the treatment of SUD that is customer/community focused, outcome driven and consists of a network of providers who are focused on best practices. Additionally, SUD promotes

prevention and recovery in Kansas communities through the mobilization of community coalitions and partnerships. Behavioral Health SUD supports communities in understanding the extent and cause of substance abuse problems and helps citizens take action to reduce and prevent them. Since the passage of SB 66 in 2007, which designated 2.0 percent of the state proceeds from expanded gaming activities to be made available to treat problem gambling and other addictions, Behavioral Health SUD has worked to heighten awareness of and treatment services to problem gamblers in Kansas.

Treatment services provided by Behavioral Health SUD providers include the following items:

- Acute Detoxification Treatment;
- Alcohol and Drug Assessment and Referral Programs;
- Alcohol and Drug Safety Action Programs;
- Case Management Services;
- Crisis Intervention;
- Early Intervention/Interim Treatment;
- Inpatient Treatment;
- Intensive Outpatient Treatment;
- Intermediate Treatment;
- Medication Assisted Treatment;
- Opioid Maintenance Outpatient Treatment;
- Outpatient Treatment;
- Peer Mentoring;
- Person Centered Case Management;
- Reintegration Treatment;
- Social Detoxification;
- Therapeutic Community Treatment; and
- Problem Gambling Treatment.

Hospital Administration

This program provides services to the state hospitals programs. Services include medical liability insurance for physicians, dietary services for the mental health hospitals and preparation of cost reports.

**BEHAVIORAL HEALTH - OPERATIONS AND GRANTS
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,623,489	\$ 2,726,712	\$ 2,726,712	\$ 2,727,959	\$ 2,727,959
Contractual Services	26,103,787	32,632,940	32,632,940	28,203,119	28,203,119
Commodities	17,067	20,375	20,375	20,375	20,375
Capital Outlay	640	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 28,744,983</i>	<i>\$ 35,380,027</i>	<i>\$ 35,380,027</i>	<i>\$ 30,951,453</i>	<i>\$ 30,951,453</i>
Aid to Local Units	38,218,563	37,556,206	37,556,206	37,956,206	37,956,206
Other Assistance	20,330,029	20,059,885	20,059,885	20,059,885	20,059,885
TOTAL	\$ 87,293,575	\$ 92,996,118	\$ 92,996,118	\$ 88,967,544	\$ 88,967,544
Financing:					
State General Fund	\$ 40,116,003	\$ 44,864,771	\$ 43,864,771	\$ 41,405,559	\$ 41,405,559
All Other Funds	47,177,572	48,131,347	49,131,347	47,561,985	47,561,985
TOTAL	\$ 87,293,575	\$ 92,996,118	\$ 92,996,118	\$ 88,967,544	\$ 88,967,544
FTE Positions	59.0	26.0	26.0	26.0	26.0
Non-FTE Uncl. Perm. Pos.	22.0	16.5	16.5	16.5	16.5
TOTAL	81.0	42.5	42.5	42.5	42.5

The **agency** submits a revised estimate for FY 2017 expenditures totaling \$89.0 million, including \$41.4 million from the State General Fund. The revised estimate is an increase of \$2.8 million, or 3.3 percent, above the amount approved by the 2015 Legislature. The revised estimate includes an increase of \$2.1 million in other assistance, the majority is attributable to the addition of federal funds for a grant to treat homeless individuals with mental illness and substance use disorders. The majority of the remaining increase is attributable to increases in other contractual services.

The **Governor** recommends expenditures totaling \$89.0 million, including \$41.4 million from the State General Fund. The recommendation is the same as the agency's revised estimate.

E. Community Services Administration

Community Services Administration provides oversight of the purchasing of community based supports and services, including staff who manage and administer the Medicaid Home and Community Based Services Waivers. Additionally, this program administers grant funds to Community Developmental Disability Organizations.

Community Services mission is to support Kansans in living self-determined, meaningful lives by ensuring access to quality person centered services. Community Services Administration ensures the supports and services purchased allow persons to live successfully in their home and community; persons are treated with dignity and respect, have opportunities for independence, and are free from abuse, neglect, and exploitation.

COMMUNITY SERVICES ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,185,018	\$ 2,263,636	\$ 2,263,636	\$ 2,261,638	\$ 2,261,638
Contractual Services	9,438,048	10,716,257	10,716,257	10,716,257	10,716,257
Commodities	10,702	21,190	21,190	21,190	21,190
Capital Outlay	6,892	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,640,660</i>	<i>\$ 13,001,083</i>	<i>\$ 13,001,083</i>	<i>\$ 12,999,085</i>	<i>\$ 12,999,085</i>
Aid to Local Units	5,008,280	4,734,512	4,734,512	4,734,512	4,734,512
Other Assistance	0	0	0	0	0
TOTAL	\$ 16,648,940	\$ 17,735,595	\$ 17,735,595	\$ 17,733,597	\$ 17,733,597
Financing:					
State General Fund	\$ 11,148,681	\$ 10,946,007	\$ 10,946,007	\$ 10,943,435	\$ 10,943,435
All Other Funds	5,500,259	6,789,588	6,789,588	6,790,162	6,790,162
TOTAL	\$ 16,648,940	\$ 17,735,595	\$ 17,735,595	\$ 17,733,597	\$ 17,733,597
FTE Positions	0.0	23.0	23.0	23.0	23.0
Non-FTE Uncl. Perm. Pos.	0.0	14.0	14.0	14.0	14.0
TOTAL	0.0	37.0	37.0	37.0	37.0

The **agency** submits a revised FY 2017 estimate totaling \$17.7 million, including \$10.9 million from the State General Fund. The revised estimate is a reduction of \$557,258, or 3.0 percent, below the amount approved by the 2015 Legislature. The majority of the reduction is attributable to reduction in other assistance grants for community developmental disability services.

The **Governor** recommends FY 2017 expenditures totaling \$17.7 million, including \$10.9 million from the State General Fund. The recommendation is the same as the agency's revised estimate.

F. Survey, Certification, and Credentialing

The primary purpose of the Survey, Certification, and Credentialing Commission is to protect public health through the inspection and licensing of adult care homes, as defined by KSA 39-923, in Kansas. The Commission develops and enforces regulations related to adult care homes. Field staff document compliance with state regulations and federal certification standards through on-site surveys. Investigations of alleged abuse, neglect, or exploitation are also conducted. In rare cases, the commission may assume temporary management of a nursing home facility pursuant to a court order. The Commission is comprised of three divisions: Long Term Care Consulting, Survey and Certification, and Health Occupations Credentialing.

Long Term Care Consulting Division

The Long Term Care Division assures the quality of care and quality of life of residents in adult care homes through several efforts. These initiatives include the development of policies, regulations, and educational offerings, as well as developing and maintaining effective liaison with officials in the federal Centers for Medicare and Medicaid Services (CMS), other state agencies, professional organizations, and the public. This division provides assistance to long term care providers through consultation on nursing, administration, nutrition, construction, remodeling, and data issues. The division continues to focus much of its efforts on culture change, or resident centered care, in nursing home settings. This approach values smaller, more home-like settings and individualized care planning that includes emphasis on quality of life concerns.

Survey and Certification Division

The Survey and Certification Division evaluates facilities and providers for state licensure and federal certification purposes. These responsibilities are accomplished through the administrative review of initial qualifications and on-going surveys conducted by teams comprised primarily of registered nurses and a life safety code inspector. Generally speaking, the Survey and Certification Division activities are divided between nursing facilities/long-term care units of hospitals, intermediate care facilities, assisted living facilities, and other “state licensed only” facilities.

The Survey and Certification Division is also responsible for surveyor training and orientation, survey quality improvement efforts, policy and procedure development, and survey management. Beginning in fiscal year 2006, the Commission became a “pilot state” in implementing CMS’ Quality Indicator Survey (QIS) process for Medicare/Medicaid certified nursing facilities. Full implementation of the QIS process across the state occurred in FY 2011.

Other functions the Commission performs are enforcement and implementation of a Complaint Program. The Enforcement Coordinator assures that corrective actions are imposed accurately and in a timely way when facilities fail to meet conditions of participation and licensure and certification standards. The Complaint Program performs complaint intake activities through the complaint hotline, triages complaints and assures that on-site investigations are coordinated for complaint intakes according to state and federal requirements. These programs report directly to the Commissioner.

Health Occupations Credentialing

Health Occupations Credentialing administers the Health Occupations Credentialing Act (KSA 65-5001 *et seq.*), a review process whereby health professions seeking credentialing apply for a credentialing review. The program also issues licenses to dietitians, speech-language pathologists, audiologists, and adult care home administrators. Certification programs administered by the program include nurse aides, home health aides, and medication aides. Related to the certification program is administration of the Kansas Nurse Aide Registry, which is a federally mandated program to ensure that facilities hire nurse aides and home health aides with no abuse, neglect, or exploitation on their records. Other related professions or para-professions administered through this section include operators of residential care facilities or assisted living facilities, activities directors, social service designees, and paid nutrition assistants for adult care homes in Kansas.

**SURVEY, CERTIFICATION AND CREDENTIALING
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,290,331	\$ 5,694,816	\$ 5,694,816	\$ 5,693,549	\$ 5,693,549
Contractual Services	4,083,138	4,467,144	4,467,144	4,487,957	4,487,957
Commodities	68,867	110,003	110,003	110,003	110,003
Capital Outlay	641	525,000	525,000	525,000	525,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 9,442,977</i>	<i>\$ 10,796,963</i>	<i>\$ 10,796,963</i>	<i>\$ 10,816,509</i>	<i>\$ 10,816,509</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 9,442,977</u>	<u>\$ 10,796,963</u>	<u>\$ 10,796,963</u>	<u>\$ 10,816,509</u>	<u>\$ 10,816,509</u>
Financing:					
State General Fund	\$ 1,616,935	\$ 1,864,846	\$ 1,864,846	\$ 1,911,376	\$ 1,911,376
All Other Funds	7,826,042	8,932,117	8,932,117	8,905,133	8,905,133
TOTAL	<u>\$ 9,442,977</u>	<u>\$ 10,796,963</u>	<u>\$ 10,796,963</u>	<u>\$ 10,816,509</u>	<u>\$ 10,816,509</u>
FTE Positions	89.0	80.5	80.5	80.5	80.5
Non-FTE Uncl. Perm. Pos.	6.0	16.0	16.0	16.0	16.0
TOTAL	<u>95.0</u>	<u>96.5</u>	<u>96.5</u>	<u>96.5</u>	<u>96.5</u>

The **agency** submitted a revised estimate for FY 2017 totaling \$10.8 million, including \$1.9 million from the State General Fund. The revised estimate is an increase of \$2.4 million, or 28.7 percent, above the amount approved by the 2015 Legislature. The increase is mainly attributable increased expenditures in professional services. The increased expenditures were generally associated with a grant from the federal Centers for Medicare and Medicaid Services to develop a Kansas National Criminal Information System, to develop a fully automated system designed to utilize fingerprints to provide state and national criminal record checks. Expenditures for this grant began in FY 2016.

The **Governor** recommends FY 2017 expenditures totaling \$10.8 million, including \$1.9 million from the State General Fund. The recommendation is the same as the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 6,961,033	\$ 6,961,033	\$ 3,000,000	\$ 3,000,000
Debt Service Principal	4,530,000	4,530,000	4,720,000	4,720,000
TOTAL	\$ 11,491,033	\$ 11,491,033	\$ 7,720,000	\$ 7,720,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	11,491,033	11,491,033	7,720,000	7,720,000
TOTAL	\$ 11,491,033	\$ 11,491,033	\$ 7,720,000	\$ 7,720,000

FY 2016 – Current Year. The agency submits a revised estimate for capital improvement expenditures of \$11.5 million, all from special revenue funds, in FY 2016. The request includes \$7.0 million for rehabilitation and repair projects and \$4.5 million for debt service principal payments. The revised estimate includes a reappropriation of \$2.6 million for rehabilitation and repair projects not expended in FY 2015. In addition, the estimate includes the addition of \$1.4 million transferred from the Rainbow Mental Health Hospital account that had not been expended. Rehabilitation and repair funding includes projects at the four state hospitals. Projects include re-roofing buildings, replacing steam piping systems, replacing work out water lines, replacing plumbing lines and fixtures, renovating buildings to comply with current safety codes, and a variety of other key equipment repair and replacements.

The **Governor** recommends capital improvement expenditures of \$11.5 million, all from special revenue funds, in FY 2016. This is the same amount as the agency's revised estimate.

FY 2017 – Budget Year. The agency submits a revised estimate for capital improvement expenditures of \$7.7 million, all from special revenue funds, for FY 2017. The revised estimate includes \$3.0 million for rehabilitation and repair projects and \$4.7 million for debt service principal payments. The rehabilitation and repair funding includes projects at the four state hospitals.

The **Governor** recommends capital improvement expenditures of \$7.7 million, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Aging Grants				
Number of meals served	3,073,340	3,023,500	3,023,500	3,023,500
Cost per meal	\$6.00	\$6.00	\$6.00	\$6.00
Number of customers receiving support services	250,000	250,000	250,000	250,000
Number of area agencies and case management entities found to be in compliance with federal and state requirements for providing services to seniors	20	20	20	20
Behavioral Health - Operations and Grants				
Number of persons with severe and persistent mental illness receiving state-funded inpatient or outpatient services	11,750	11,500	11,750	11,750
Number of target and/or developmental communities engaged in implementing the Kansas Strategic Prevention Framework (K-SPF)	50	45	50	50
Number of individuals receiving problem gambling treatment	217	132	145	160
Number of individuals receiving community based alcohol and drug treatment services	12,956	11,838	13,000	13,000

KANSAS NEUROLOGICAL INSTITUTE

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 10,654,029	\$ 9,406,046	\$ 9,406,046	\$ 10,251,771	\$ 10,251,771
Other Funds	15,334,168	15,654,243	15,654,243	15,513,559	15,513,559
TOTAL	\$ 25,988,197	\$ 25,060,289	\$ 25,060,289	\$ 25,765,330	\$ 25,765,330
Capital Improvements:					
State General Fund	\$ 339,472	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	69,437	170,469	170,469	170,469	170,469
TOTAL	\$ 408,909	\$ 170,469	\$ 170,469	\$ 170,469	\$ 170,469
GRAND TOTAL	\$ 26,397,106	\$ 25,230,758	\$ 25,230,758	\$ 25,935,799	\$ 25,935,799
Percentage Change:					
Operating Expenditures					
State General Fund	15.0 %	(11.7) %	(11.7) %	9.0 %	9.0 %
All Funds	(3.0)	(3.6)	(3.6)	2.8	2.8
FTE Positions	461.7	451.7	451.7	437.7	437.7
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	461.7	451.7	451.7	437.7	437.7

AGENCY OVERVIEW

The Kansas Neurological Institute (KNI) provides treatment for adults with intellectual and developmental disabilities. Individuals with intellectual and developmental disabilities have conditions that originate early in life, most often before birth. The Kansas Neurological Institute (KNI) was established in 1959 on 183 acres formerly occupied by the Winter Veterans Hospital. Developmental disabilities often require some level of ongoing support throughout a lifetime. As a result, those living in state developmental disability hospitals tend to remain at the facility for much longer than patients at the state mental health hospitals. Therefore, the state developmental disability hospitals are both treatment centers and homes for those individuals who are not served in the community. The agency's mission is "to support each person who lives at KNI to have a meaningful life," which is accomplished by ensuring well-being, providing opportunities for choice, promoting personal relationships, encouraging participation in the community, and recognizing individuality. The agency has developed a person-centered approach to patient treatment, which focuses on the desires of the resident and not just on the assessments of the various professional disciplines. Many KNI residents require intensive physical and medical supports, most are unable to speak, about two-thirds have seizure disorders, and about one-third are unable to eat by mouth and receive their nutrition through feeding tubes. The people who live at KNI are growing older and, due to the aging process, face increasingly complex medical, physical, and behavioral support challenges. Patients at KNI live in 20 homes in four residential lodges. In addition, KNI provides dental services to persons with developmental disabilities living in the community.

MAJOR ISSUES FROM PRIOR YEARS

In FY 2008, the Department of Social and Rehabilitation Services was unsuccessful in litigation with the federal government regarding a \$13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation.

During the **2009 Legislative Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas State School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature. The Commission recommended that the Department of Social and Rehabilitation Services (SRS) review the residents at Kansas Neurological Institute who meet the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that Kansas Neurological Institute be closed. The Commission also recommended the remaining residents at Parsons State Hospital and Training Center be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepares his Executive Reorganization Order to carry out the recommendations concerning the closure of Kansas Neurological Institute and downsizing of Parsons State Hospital and Training Center, that the ERO be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled Waiver.

The Governor chose not to accept the Commission's recommendation for Kansas Neurological Institute and Parsons State Hospital and Training Center. However, the Governor agreed that serving individuals in the community can lead to a better quality of life and encouraged SRS to consolidate resources on the developmental disability hospital campuses and identify individuals who can be better served in the community. As a result, Kansas Neurological Institute consolidated one home on its campus in FY 2009, another in FY 2010, and another in FY 2014.

The Governor recommended the closure of the Kansas Neurological Institute for FY 2012. The Governor estimated it would take the agency 23 months to close the facility if the agency achieved a goal of moving seven residents a month to community placements. The deletion of \$658,832 from all funds, including \$277,039 from the State General Fund, represented the savings the Governor estimated as a result of a recommendation to begin the closure of the agency for FY 2012. The 2011 Legislature restored the funding. This addition by the 2011 Legislature fully funded the operation of the agency for FY 2012 and eliminated the Governor's plan to close the KNI facility.

The Senate Ways and Means Committee recommended the Department on Social and Rehabilitation Services reject closure or downsizing plans for Kansas Neurological Institute and to continue operations at the facility. Further, the Committee requested an audit independent of SRS that would investigate and identify: 1) management and service efficiencies that could be implemented for KNI and Parsons State Hospital and Training Facility which would create cost-savings at the facilities while maintaining current operations and care, and 2) additional programs and resources that the two developmental disability facilities can implement to assist the entire developmental disabilities community and help reduce Home and Community Based Services for Individuals with Developmental Disabilities waiver expenditures. The Committee directed the Department to fund the independent audit and report the audit findings to the

Senate Ways and Means chair on September 1, 2011. The audit, conducted by Legislative Post Audit, was presented to the Legislative Post Audit Committee on December 13, 2011.

The **2013 Legislature** deleted \$753,000, including \$301,000 from the State General Fund, and 12.0 FTE positions as part of the consolidation of a cottage on the Kansas Neurological Institute campus for FY 2014 and FY 2015.

The **2015 Legislature** implemented the agency's reduced resource option to delete 11.5 FTE positions in FY 2015, 10.0 FTE positions for FY 2016, and 14.0 FTE positions for FY 2017 and transfer the savings under statutory authority to the Kansas Department for Aging and Disability Services Home and Community Based Services Waiver for Individuals with Developmental Disabilities in the amount of \$800,000 in FY 2015 and \$1.5 million for FY 2016 and FY 2017.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity for Kansas Neurological Institute.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	160	160	160	144	144

AVERAGE DAILY CENSUS

Average Daily Census (ADC) represents the average number of patients in a hospital over a fiscal year for Kansas Neurological Institute.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	145	144	143	144	144

ADMISSIONS

The chart below shows admissions for Kansas Neurological Institute. This does not include transfers in from other KDADS Institutions.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	1	4	4	2	2

SEPARATIONS

The chart below shows separations due to discharge and death for Kansas Neurological Institute.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	7	5	5	2	2

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$25.2 million, including \$9.4 million from the State General Fund, for operational expenditures and capital improvements in FY 2016. Of this amount, the agency requests \$25.1 million, including \$9.4 million from the State General Fund, for operational expenditures in FY 2016. This is an all funds increase of \$40,652, or 0.2 percent, and the State General Fund total is the same amount approved by the 2015 Legislature. The all Funds increase is primarily attributable to an increase in contractual services, commodities, and capital outlay expenditures, partially offset by a decrease in salaries and wages, debt service interest expenditures, and other assistance expenditures. The agency requests 451.7 FTE positions, which is a decrease of 9.5 FTE positions below the number approved by the 2015 Legislature. The decrease in positions is primarily attributable to the agency decreasing positions as a reduced resource option approved by the 2015 Legislature, as positions come open. The agency requests a revised estimate of \$170,469, all from the State Institutions Building Fund, for capital improvements in FY 2016. This is a decrease of \$39,652, or 18.9 percent, below the amount approved by the 2015 Legislature.

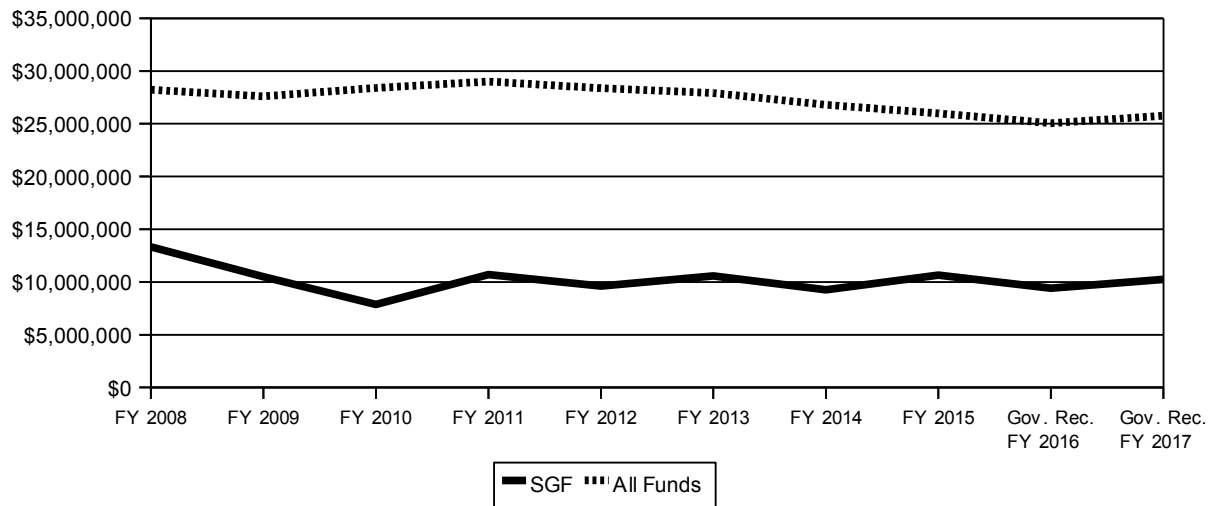
The **Governor** recommends expenditures of \$25.2 million, including \$9.4 million from the State General Fund, for operating expenditures and capital improvements in FY 2016. Of this amount, the Governor recommends operating expenditures of \$25.1 million, including \$9.4 million from the State General Fund, in FY 2016. This is the same amount as the agency's revised estimate. The Governor recommends capital improvement expenditures of \$170,469, all from special revenue funds, in FY 2016. This is the same amount as the agency's revised estimate.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$25.9 million, including \$10.3 million from the State General Fund, for operational expenditures and capital improvements for FY 2017. Of this amount, the agency requests a revised estimate of \$25.8 million, including \$10.3 million from the State General Fund, for operational expenditures for FY 2017. This is an all funds increase of \$40,652, or 0.2 percent, and the State General Fund total is the same amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in contractual services, commodities, and capital outlay expenditures, partially offset by a decrease in salaries and wages, debt service interest expenditures, and other assistance expenditures. The agency requests 437.7 FTE positions, which is a decrease of 19.5 FTE positions below the number approved by the 2015 Legislature. The decrease in positions is primarily attributable to the agency decreasing positions as a reduced resource option approved by the 2015 Legislature, as positions come open. The agency requests \$170,469, all from the State Institutions Building Fund, for capital improvements for FY 2017. This is a decrease of \$39,652, or 18.9 percent, below the amount approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$25.9 million, including \$10.3 million from the State General Fund, for operating expenditures and capital improvements for FY 2017. Of this amount, the Governor recommends operating expenditures of \$25.8 million, including \$10.3 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate. The Governor recommends capital improvement expenditures of \$170,469, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 13,322,979	51.8 %	\$ 28,445,701	23.0 %	570.0
2009	10,503,632	(21.2)	27,598,217	(3.0)	570.0
2010	7,876,610	(25.0)	28,394,478	2.9	570.0
2011	10,709,270	36.0	29,004,350	2.1	546.7
2012	9,605,217	(10.3)	28,375,878	(2.2)	491.7
2013	10,567,612	10.0	27,918,672	(1.6)	491.7
2014	9,261,525	(12.4)	26,795,791	(4.0)	473.2
2015	10,654,029	15.0	25,988,197	(3.0)	461.7
2016 Gov. Rec.	9,406,046	(11.7)	25,060,289	(3.6)	451.7
2017 Gov. Rec.	10,251,771	9.0	25,765,330	2.8	437.7
Ten-Year Change Dollars/Percent	\$ (3,071,208)	(23.1)%	\$ (2,680,371)	(9.4)%	(132.3)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 1,427,528	\$ 1,498,215	\$ 1,531,447	\$ 33,232	2.2 %	\$ 1,498,215	\$ 1,531,447	\$ 33,232	2.2 %		
Staff Edu & Research	472,655	453,500	467,380	13,880	3.1	453,500	467,380	13,880	3.1		
Program & Supp Living	13,844,310	13,361,199	13,793,220	432,021	3.2	13,361,199	13,793,220	432,021	3.2		
Ancillary Services	2,479,809	2,417,682	2,477,675	59,993	2.5	2,417,682	2,477,675	59,993	2.5		
Med & Surgical Srvs	3,103,503	2,903,607	2,994,328	90,721	3.1	2,903,607	2,994,328	90,721	3.1		
Phys Plant/Ctrl Srvs	4,660,392	4,426,086	4,501,280	75,194	1.7	4,426,086	4,501,280	75,194	1.7		
TOTAL	<u>\$ 25,988,197</u>	<u>\$ 25,060,289</u>	<u>\$ 25,765,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>	<u>\$ 25,060,289</u>	<u>\$ 25,765,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 21,349,037	\$ 20,717,942	\$ 21,422,983	\$ 705,041	3.4 %	\$ 20,717,942	\$ 21,422,983	\$ 705,041	3.4 %		
Contractual Services	2,183,722	2,182,141	2,182,141	0	0.0	2,182,141	2,182,141	0	0.0		
Commodities	1,969,427	1,876,100	1,876,100	0	0.0	1,876,100	1,876,100	0	0.0		
Capital Outlay	325,135	152,575	152,575	0	0.0	152,575	152,575	0	0.0		
Debt Service	28,749	21,531	21,531	0	0.0	21,531	21,531	0	0.0		
Subtotal - Operations	<u>\$ 25,856,070</u>	<u>\$ 24,950,289</u>	<u>\$ 25,655,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>	<u>\$ 24,950,289</u>	<u>\$ 25,655,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	132,127	110,000	110,000	0	0.0	110,000	110,000	0	0.0		
TOTAL	<u>\$ 25,988,197</u>	<u>\$ 25,060,289</u>	<u>\$ 25,765,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>	<u>\$ 25,060,289</u>	<u>\$ 25,765,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>		
Financing:											
State General Fund	\$ 10,654,029	\$ 9,406,046	\$ 10,251,771	\$ 845,725	9.0 %	\$ 9,406,046	\$ 10,251,771	\$ 845,725	9.0 %		
KNI Fee Fund	937,298	1,317,402	1,302,962	(14,440)	(1.1)	1,317,402	1,302,962	(14,440)	(1.1)		
Title XIX Fund	13,942,037	13,835,364	13,710,500	(124,864)	(0.9)	13,835,364	13,710,500	(124,864)	(0.9)		
All Other Funds	454,833	501,477	500,097	(1,380)	(0.3)	501,477	500,097	(1,380)	(0.3)		
TOTAL	<u>\$ 25,988,197</u>	<u>\$ 25,060,289</u>	<u>\$ 25,765,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>	<u>\$ 25,060,289</u>	<u>\$ 25,765,330</u>	<u>\$ 705,041</u>	<u>2.8 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 9,406,046	\$ 9,406,046	\$ 0	\$ 9,406,046	\$ 0
All Other Funds	15,823,712	15,824,712	1,000	15,824,712	1,000
TOTAL	\$ 25,229,758	\$ 25,230,758	\$ 1,000	\$ 25,230,758	\$ 1,000
FTE Positions	461.2	451.7	(9.5)	451.7	(9.5)

The **agency** requests a revised estimate of \$25.2 million, including \$9.4 million from the State General Fund, for operational expenditures and capital improvements in FY 2016. Of this amount, the agency requests \$25.1 million, including \$9.4 million from the State General Fund, for operational expenditures in FY 2016. This is an all funds increase of \$40,652, or 0.2 percent, and the State General Fund total is the same amount approved by the 2015 Legislature. The all Funds increase is primarily attributable to an increase in contractual services, commodities, and capital outlay expenditures, partially offset by a decrease in salaries and wages, debt service, and other assistance expenditures. The increase in operating expenditures is partially offset by a decrease in capital improvement expenditures. The agency requests 451.7 FTE positions, which is a decrease of 9.5 FTE positions below the number approved by the 2015 Legislature. The decrease in positions is primarily attributable to the agency decreasing positions as a reduced resource option approved by the 2015 Legislature, as positions come open.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$20.7 million, including \$9.4 million from the State General Fund, for salaries and wages in FY 2016. This is an all funds decrease of \$53,054, or 0.3 percent, and a State General Fund increase of \$1.5 million, or 19.0 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefit expenditures in the Staff Education and Research program and the Ancillary Services program, partially offset by an increase in salaries and wages and associated fringe benefit expenditures in the Physical Plant/Central Services Program and a decrease in salary shrinkage;
- **Contractual Services.** The agency requests \$2.2 million, all from special revenue funds, for contractual services in FY 2016. This is an increase of \$90,095, or 4.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer services expenditures, electricity, equipment and furniture repairs, and insurance

expenditures, partially offset by a decrease in building repairs, facility vehicle repairs, natural gas, travel expenditures, and other repairs;

- **Commodities.** The agency requests \$1.9 million, including \$150 from the State General Fund, for commodities in FY 2016. This is an increase of \$31,668, or 1.7 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in supplies for patient treatment, household supplies, patient food, and drugs and pharmaceuticals expenditures, partially offset by a decrease in equipment materials parts, gasohol and parts for repairs to facility vehicles, small tools, and agricultural supplies and materials;
- **Capital Outlay.** The agency requests \$152,575, all from special revenue funds, for capital outlay in FY 2016. This is an increase of \$19,294, or 14.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer equipment and patient rehabilitation equipment, partially offset by a decrease in furniture fixtures;
- **Debt Service Interest.** The agency requests \$21,531, all from special revenue funds, for debt service interest expenditures in FY 2016. This is a decrease of \$7,218, or 25.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in debt service interest expenditures; and
- **Other Assistance.** The agency requests \$110,000, all from special revenue funds, for other assistance expenditures in FY 2016. This is a decrease of \$40,133, or 26.7 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$25.2 million, including \$9.4 million from the State General Fund, for operating expenditures and capital improvements in FY 2016. Of this amount, the Governor recommends operating expenditures of \$25.1 million, including \$9.4 million from the State General Fund, in FY 2016. This is the same amount as the agency's revised estimate.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 10,251,771	\$ 10,251,771	\$ 0	\$ 10,251,771	\$ 0
All Other Funds	15,683,028	15,684,028	1,000	15,684,028	1,000
TOTAL	\$ 25,934,799	\$ 25,935,799	\$ 1,000	\$ 25,935,799	\$ 1,000
FTE Positions	457.2	437.7	(19.5)	437.7	(19.5)

The **agency** requests a revised estimate of \$25.9 million, including \$10.3 million from the State General Fund, for operational expenditures and capital improvements for FY 2017. Of this amount, the agency requests a revised estimate of \$25.8 million, including \$10.3 million from the State General Fund, for operational expenditures for FY 2017. This is an all funds increase of \$40,652, or 0.2 percent, and the State General Fund total is the same amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in contractual services, commodities, and capital outlay expenditures, partially offset by a decrease in salaries and wages, debt service, and other assistance expenditures. The increase in operating expenditures is partially offset by a decrease in capital improvement expenditures. The agency requests 437.7 FTE positions, which is a decrease of 19.5 FTE positions below the number approved by the 2015 Legislature. The decrease in positions is primarily attributable to the agency decreasing positions as a reduced resource option approved by the 2015 Legislature, as positions come open.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$21.4 million, including \$10.3 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds decrease of \$53,054, or 0.2 percent, and a State General Fund increase of \$1.5 million, or 17.1 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefit expenditures in the Staff Education and Research program and the Ancillary Services program, partially offset by an increase in salaries and wages and associated fringe benefit expenditures in the Physical Plant/Central Services Program and an overall decrease in salary shrinkage;
- **Contractual Services.** The agency requests \$2.2 million, all from special revenue funds, for contractual services for FY 2017. This is an increase of \$90,095, or 4.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer services expenditures, electricity, equipment and furniture repairs, and insurance expenditures, partially offset by a decrease in building repairs, facility vehicle repairs, natural gas, travel expenditures, and other repairs;
- **Commodities.** The agency requests \$1.9 million, including \$150 from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$31,668, or 1.7 percent, and a State General Fund decrease of \$460,779, or more than 99.9 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in supplies for patient care, household supplies, patient food, and drug and pharmaceutical expenditures, partially offset by a decrease in gasoline and repairs for facility vehicles, agricultural supplies, and small tool expenditures;
- **Capital Outlay.** The agency requests \$152,575, all from special revenue funds, for capital outlay for FY 2017. This is an increase of \$19,294, or 14.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer equipment and patient rehabilitation equipment, partially offset by a decrease in furniture fixture expenditures;
- **Debt Service Interest.** The agency requests \$21,531, all from special revenue funds, for debt service interest for FY 2017. This is a decrease of \$7,218, or 25.1

percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in debt service interest expenditures; and

- **Other Assistance.** The agency requests \$110,000, all from special revenue funds, for other assistance for FY 2017. This is a decrease of \$40,133, or 26.7 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$25.9 million, including \$10.3 million from the State General Fund, for operating expenditures and capital improvements for FY 2017. Of this amount, the Governor recommends operating expenditures of \$25.8 million, including \$10.3 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

Funding Sources

Federal Title XIX funding (Medicaid) comprises approximately one-third of all funding for state hospitals. Currently, all federal Medicaid payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates are charged to Medicaid for each day a person covered by Medicaid lives in the facility. The Kansas Neurological Institute is a developmental disability hospital.

The state mental health hospitals establish *per diem* rates in much the same way as the state developmental disability hospitals but are classified as institutions for mental disease. The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for federal Medicaid payments through the Disproportionate Share Hospital program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of Disproportionate Share Hospital funding available to the hospitals has decreased which decreases receipts into the central fund.

KNI is primarily funded through four sources. The first is the State General Fund, which consists of funds collected through various statewide taxes. The second is the KNI Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. The third source is Medicaid (Title XIX Funding), which is earned by the developmental disability institutions as Medicaid reimbursements for services provided based on a daily room rate. The Title XIX funding is transferred to the Department for Aging and Disability Services central pool and is then redistributed among the five state hospitals in amounts equal to its approved appropriations. The fourth major source of funding is through the Foster Grandparent program, which is funded by various federal grants.

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	39.5 %	39.5 %
KNI Fee Fund	5.0	5.0
Title XIX Fund	52.9	52.9
All Other Funds	2.6	2.6
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Kansas Neurological Institute Fee Fund Analysis

KSA 76-11c01a provides that the superintendent of the Kansas Neurological Institute shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Kansas Neurological Institute Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

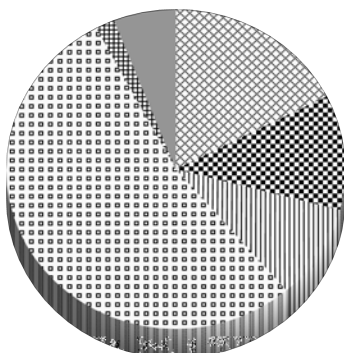
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 562,810	\$ 858,245	\$ 858,245	\$ 875,735	\$ 875,735
Revenue	1,339,170	1,334,892	1,334,892	1,334,892	1,334,892
Transfers in	0	0	0	0	0
Total Funds Available	\$ 1,901,980	\$ 2,193,137	\$ 2,193,137	\$ 2,210,627	\$ 2,210,627
Less: Expenditures	1,006,735	1,317,402	1,317,402	1,302,962	1,302,962
Transfers Out	0	0	0	0	0
Off Budget Expenditures	37,000	0	0	0	0
Ending Balance	<u>\$ 858,245</u>	<u>\$ 875,735</u>	<u>\$ 875,735</u>	<u>\$ 907,665</u>	<u>\$ 907,665</u>
Ending Balance as Percent of Expenditures	85.3%	66.5%	66.5%	69.7%	69.7%
Month Highest Ending Balance	May <u>\$ 1,632,576</u>	July <u>\$ 1,237,200</u>	July <u>\$ 1,237,200</u>	May <u>\$ 1,040,876</u>	May <u>\$ 1,040,876</u>
Month Lowest Ending Balance	July <u>\$ 662,744</u>	June <u>\$ 793,803</u>	June <u>\$ 793,803</u>	June <u>\$ 567,476</u>	June <u>\$ 567,476</u>

PROGRAM DETAIL

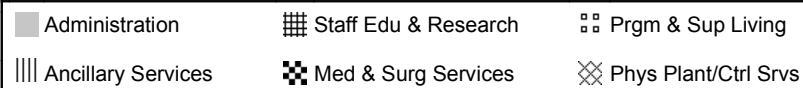
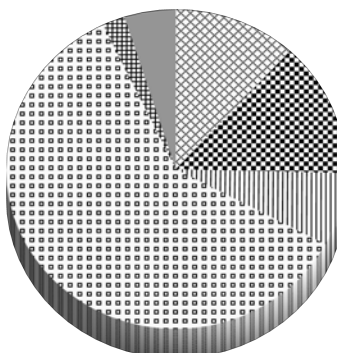
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 1,531,447	5.9 %	\$ 502,014	4.9 %
Staff Edu & Research	467,380	1.8	221,471	2.2
Program & Supp Living	13,793,220	53.5	6,167,489	60.2
Ancillary Services	2,477,675	9.6	759,238	7.4
Med & Surgical Srvs	2,994,328	11.6	1,396,737	13.6
Phys Plant/Ctrl Srvs	4,501,280	17.5	1,204,822	11.8
TOTAL	\$ 25,765,330	100.0 %	\$ 10,251,771	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	17.0	16.0	16.0	16.0	16.0
Staff Edu & Research	13.0	9.0	9.0	9.0	9.0
Program & Supp Living	310.5	310.0	310.0	298.0	298.0
Ancillary Services	26.2	23.7	23.7	22.7	22.7
Med & Surgical Srvs	42.0	40.0	40.0	40.0	40.0
Phys Plant/Ctrl Srvs	53.0	53.0	53.0	52.0	52.0
TOTAL	461.7	451.7	451.7	437.7	437.7

A. Administration

The General Administration program provides overall management activities such as budgeting, planning, and staffing designed to ensure that the residents' basic needs are met and that proper care and treatment are received. This program ensures the effective and efficient provision of supports and services for people with developmental disabilities who live at KNI and ensures that KNI meets the requirements of rules, regulations, policies, and standards of relevant state and federal agencies. This program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 876,217	\$ 936,593	\$ 936,593	\$ 969,825	\$ 969,825
Contractual Services	375,448	432,672	432,672	432,672	432,672
Commodities	17,841	13,950	13,950	13,950	13,950
Capital Outlay	26,502	5,000	5,000	5,000	5,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,296,008	\$ 1,388,215	\$ 1,388,215	\$ 1,421,447	\$ 1,421,447
Aid to Local Units	0	0	0	0	0
Other Assistance	131,520	110,000	110,000	110,000	110,000
TOTAL	\$ 1,427,528	\$ 1,498,215	\$ 1,498,215	\$ 1,531,447	\$ 1,531,447
Financing:					
State General Fund	\$ 736,265	\$ 459,541	\$ 459,541	\$ 502,014	\$ 502,014
All Other Funds	691,263	1,038,674	1,038,674	1,029,433	1,029,433
TOTAL	\$ 1,427,528	\$ 1,498,215	\$ 1,498,215	\$ 1,531,447	\$ 1,531,447
FTE Positions	17.0	16.0	16.0	16.0	16.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	17.0	16.0	16.0	16.0	16.0

The **agency** requests a revised estimate of \$1.5 million, including \$502,014 from the State General Fund, for the Administration program for FY 2017. This is an all funds increase of \$174,574, or 10.3 percent, and a State General Fund increase of \$89,192, or 21.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages and contractual services, partially offset by a decrease in commodities, capital outlay, and other assistance expenditures. The program includes 16.0 FTE positions, which is a decrease of 1.0 FTE position below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$969,825, including \$501,864 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$64,934, or 7.2 percent, and a State General Fund increase of \$89,900, or 21.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a decrease in salary shrinkage, partially offset by a decrease in salaries and wages expenditures and associated fringe benefits;
- **Contractual Services.** The agency requests \$432,672, all from special revenue funds, for contractual services for FY 2017. This is an increase of \$120,823, or 38.7 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer and telephone services expenditures;
- **Commodities.** The agency requests \$13,950, including \$150 from the State General Fund, for commodities for FY 2017. This is an all funds decrease of \$1,550, or 10.0 percent, and the State General Fund total is the same amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in data processing supplies;
- **Capital Outlay.** The agency requests \$5,000, all from special revenue funds, for capital outlay for FY 2017. This is an all funds decrease of \$1,500, or 23.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in office furniture expenditures; and
- **Other Assistance.** The agency requests \$110,000, all from special revenue funds, for other assistance expenditures for FY 2017. This is a decrease of \$40,133, or 26.7 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$1.5 million, including \$502,014 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

B. Staff Education and Research

The Staff Education and Research program provides, facilitates, and coordinates all training for current and new employees as well as specialized training for staff working in community developmental disability facilities to ensure they develop and maintain the skills necessary to provide high quality person-centered services. In addition, field placements for college students seeking developmental disability experience and training of job training participants are provided by this program.

STAFF EDUCATION AND RESEARCH SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 427,327	\$ 414,100	\$ 414,100	\$ 427,980	\$ 427,980
Contractual Services	42,759	38,000	38,000	38,000	38,000
Commodities	335	400	400	400	400
Capital Outlay	2,234	1,000	1,000	1,000	1,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 472,655</i>	<i>\$ 453,500</i>	<i>\$ 453,500</i>	<i>\$ 467,380</i>	<i>\$ 467,380</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 472,655	\$ 453,500	\$ 453,500	\$ 467,380	\$ 467,380
Financing:					
State General Fund	\$ 127,479	\$ 203,112	\$ 203,112	\$ 221,471	\$ 221,471
All Other Funds	345,176	250,388	250,388	245,909	245,909
TOTAL	\$ 472,655	\$ 453,500	\$ 453,500	\$ 467,380	\$ 467,380
FTE Positions	13.0	9.0	9.0	9.0	9.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	13.0	9.0	9.0	9.0	9.0

The **agency** requests \$467,380, including \$221,471 from the State General Fund, for the Staff Education and Research program for FY 2017. This is an all funds decrease of \$132,031, or 22.0 percent, and a State General Fund decrease of \$101,877, or 31.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages, commodities, and capital outlay expenditures, partially offset by an increase in contractual services. The program includes 9.0 FTE positions, which is a decrease of 4.0 FTE positions below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$427,980, including \$221,471 from the State General Fund, for salaries and wages for FY 2017. This is an all funds decrease of \$134,431, or 23.9 percent, and a State General Fund decrease of \$101,877, or 31.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefit expenditures, partially offset by a decrease in salary shrinkage;
- **Contractual Services.** The agency requests \$38,000, all from special revenue funds, for contractual services, for FY 2017. This is an increase of \$3,000, or 8.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in job related training expenditures;
- **Commodities.** The agency requests \$400, all from special revenue funds, for commodities for FY 2017. This is a decrease of \$300, or 42.9 percent, below the

amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in food for patient consumption;

- **Capital Outlay.** The agency requests \$1,000, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$300, or 23.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in patient bed and lifts equipment expenditures; and
- **Other Assistance.** The agency did not request other assistance expenditures for FY 2017.

The **Governor** recommends expenditures of \$467,380, including \$221,471 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

C. Program & Supported Living

The goal of KNI is to support each resident so that each person has a meaningful life. This is accomplished by providing opportunities for choice, promoting personal relationships, and encouraging community involvement for KNI residents. The Personalized Lifestyle Designs maps the services, supports, and training which are appropriate, given the person's needs and wants. Living units provide a more home-like environment and each resident can experience normal responsibilities such as cooking meals and doing laundry. According to the agency, this model of responsibility, choice, and independence provides a better match to the community placement where each person will move when they have completed their residential treatment. The Program and Supported Living program includes the Habilitation and Treatment and the Program and Supported Living sub-programs.

PROGRAM AND SUPPORTED LIVING SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 13,390,899	\$ 12,966,746	\$ 12,966,746	\$ 13,398,767	\$ 13,398,767
Contractual Services	15,785	14,753	14,753	14,753	14,753
Commodities	347,494	349,700	349,700	349,700	349,700
Capital Outlay	89,525	30,000	30,000	30,000	30,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 13,843,703</i>	<i>\$ 13,361,199</i>	<i>\$ 13,361,199</i>	<i>\$ 13,793,220</i>	<i>\$ 13,793,220</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	607	0	0	0	0
TOTAL	\$ 13,844,310	\$ 13,361,199	\$ 13,361,199	\$ 13,793,220	\$ 13,793,220
Financing:					
State General Fund	\$ 4,098,123	\$ 5,664,627	\$ 5,664,627	\$ 6,167,489	\$ 6,167,489
All Other Funds	9,746,187	7,696,572	7,696,572	7,625,731	7,625,731
TOTAL	\$ 13,844,310	\$ 13,361,199	\$ 13,361,199	\$ 13,793,220	\$ 13,793,220
FTE Positions	310.5	310.0	310.0	298.0	298.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	310.5	310.0	310.0	298.0	298.0

The **agency** requests \$13.8 million, including \$6.2 million from the State General Fund, for the program and supported living program for FY 2017. This is an all funds decrease of \$290,684, or 2.1 percent, and a State General Fund increase of \$272,016, or 4.6 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salaries and wages, contractual services, and commodities, partially offset by an increase in capital outlay expenditures. The program includes 298.0 FTE positions, which is a decrease of 10.0 FTE positions below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$13.4 million, including \$6.2 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds decrease of \$281,704, or 2.1 percent, and a State General Fund increase of \$272,016, or 4.6 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefit expenditures, partially offset by a decrease in salary shrinkage;
- **Contractual Services.** The agency requests \$14,753, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$6,722, or 31.3 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in patient recreational services by hospital staff and travel expenditures;
- **Commodities.** The agency requests \$349,700, all from special revenue funds, for commodities for FY 2017. This is a decrease of \$10,958, or 3.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in household supplies and patient food expenditures;
- **Capital Outlay.** The agency requests \$30,000, all from special revenue funds, for capital outlay for FY 2017. This is an increase of \$8,700, or 40.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in household equipment and furniture expenditures; and
- **Other Assistance.** The agency did not request other assistance expenditures for FY 2017.

The **Governor** recommends expenditures of \$13.8 million, including \$6.2 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

D. Ancillary Services

The Ancillary Services program is composed of three sub-programs: Activity Therapies, Supported Employment Services, and Allied Clinical Services. The sub-programs operate in conjunction with the self-directed work teams, where the teams participate in the resident evaluation process and, with other team members, in planning the personalized lifestyle design. Activity Therapies provide an expanded array of individualized social, leisure and spiritual

opportunities for those living at KNI including activities with their foster grandparents. The Supported Employment sub-program provides support for the people who live at KNI in all aspects of finding, securing, and retaining individualized and meaningful employment either in the community or in one of the entrepreneurial businesses operated at KNI. Allied Clinical Services provides the specialized services required by medical and program needs identified for all residents such as radiology, dental, psychological, speech and hearing, and chaplaincy services.

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,606,198	\$ 1,539,029	\$ 1,539,029	\$ 1,599,022	\$ 1,599,022
Contractual Services	386,295	412,153	412,153	412,153	412,153
Commodities	408,318	395,500	395,500	395,500	395,500
Capital Outlay	78,998	71,000	71,000	71,000	71,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,479,809</i>	<i>\$ 2,417,682</i>	<i>\$ 2,417,682</i>	<i>\$ 2,477,675</i>	<i>\$ 2,477,675</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,479,809	\$ 2,417,682	\$ 2,417,682	\$ 2,477,675	\$ 2,477,675
Financing:					
State General Fund	\$ 1,071,396	\$ 694,254	\$ 694,254	\$ 759,238	\$ 759,238
All Other Funds	1,408,413	1,723,428	1,723,428	1,718,437	1,718,437
TOTAL	\$ 2,479,809	\$ 2,417,682	\$ 2,417,682	\$ 2,477,675	\$ 2,477,675
FTE Positions	26.2	23.7	23.7	22.7	22.7
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	26.2	23.7	23.7	22.7	22.7

The **agency** requests \$2.5 million, including \$759,238 from the State General Fund, for the Ancillary Services program for FY 2017. This is an all funds decrease of \$67,948, or 2.7 percent, and a State General Fund increase of \$338,416, or 80.4 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salaries and wages and commodities expenditures, partially offset by an increase in contractual services and capital outlay expenditures. The program includes 22.7 FTE positions, which is a decrease of 3.5 FTE positions below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$1.6 million, including \$759,238 from the State General Fund, for salaries and wages for FY 2017. This is an all funds decrease of \$93,850, or 5.5 percent, and a State General Fund increase of \$338,416 or 80.4 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salaries and wages expenditures and associated fringe benefit expenditures, partially offset by a decrease in salary shrinkage;

- **Contractual Services.** The agency requests \$412,153, all from special revenue funds, for contractual services for FY 2017. This is an increase of \$24,378, or 6.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in laundry and labor services, partially offset by a decrease in travel expenditures;
- **Commodities.** The agency requests \$395,500, all from special revenue funds, for commodities for FY 2017. This is a decrease of \$13,795, or 3.4 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in patient medical treatment supplies, partially offset by an increase in drug and pharmaceutical supplies;
- **Capital Outlay.** The agency requests \$71,000, all from special revenue funds, for capital outlay for FY 2017. This is an increase of \$15,319, or 27.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in patient rehabilitation equipment; and
- **Other Assistance.** The agency does not request other assistance expenditures for FY 2017.

The **Governor** recommends expenditures of \$2.5 million, including \$759,238 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

E. Medical and Surgical Services

The Medical and Surgical Services program provides health care for all clients with various types of acute and chronic conditions. It provides intermediate health care twenty-four hours a day, seven days a week. When it is not feasible to serve patients at the facility, the institution provides services through contracts with other medical providers or specialists in the community. Therapeutic modifications of diets and other clinical services are provided by a staff dietitian. The major portion of the cost is covered by Medicaid, Medicare, or other insurance.

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,753,185	\$ 2,608,407	\$ 2,608,407	\$ 2,699,128	\$ 2,699,128
Contractual Services	145,496	121,700	121,700	121,700	121,700
Commodities	164,838	163,500	163,500	163,500	163,500
Capital Outlay	39,984	10,000	10,000	10,000	10,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,103,503</i>	<i>\$ 2,903,607</i>	<i>\$ 2,903,607</i>	<i>\$ 2,994,328</i>	<i>\$ 2,994,328</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 3,103,503</u>	<u>\$ 2,903,607</u>	<u>\$ 2,903,607</u>	<u>\$ 2,994,328</u>	<u>\$ 2,994,328</u>
Financing:					
State General Fund	\$ 1,513,520	\$ 1,279,400	\$ 1,279,400	\$ 1,396,737	\$ 1,396,737
All Other Funds	1,589,983	1,624,207	1,624,207	1,597,591	1,597,591
TOTAL	<u>\$ 3,103,503</u>	<u>\$ 2,903,607</u>	<u>\$ 2,903,607</u>	<u>\$ 2,994,328</u>	<u>\$ 2,994,328</u>
FTE Positions	42.0	40.0	40.0	40.0	40.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>42.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>

The **agency** requests \$3.0 million, including \$1.4 million from the State General Fund, for the Medical and Surgical Services program for FY 2017. This is an all funds increase of \$141,263, or 5.0 percent, and a State General Fund increase of \$838,993, or 150.4 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages, contractual services, and commodities expenditures, partially offset by a decrease in capital outlay. The program includes 40.0 FTE positions, which is a decrease of 2.0 FTE positions below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$2.7 million, including \$1.4 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$98,662, or 3.8 percent, and a State General Fund increase of \$838,993, or 150.4 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a decrease in salary shrinkage and an increase in employer contributions for state employee health insurance, partially offset by a decrease in salary and wages expenditures;
- **Contractual Services.** The agency requests \$121,700, all from special revenue funds, for contractual services for FY 2017. This is an increase of \$2,601, or 2.2 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in job related training, partially offset by a decrease in professional fees for patient care;

- **Commodities.** The agency requests \$163,500, all from special revenue funds, for commodities for FY 2017. This is an increase of \$41,000, or 33.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in patient medical treatment supplies, partially offset by an increase in stationary and office supplies;
- **Capital Outlay.** The agency requests \$10,000, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$1,000, or 9.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in medical equipment and household equipment, partially offset by an increase in software expenditures; and
- **Other Assistance.** The agency does not request other assistance expenditures for FY 2017.

The **Governor** recommends expenditures of \$3.0 million, including \$1.4 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

F. Physical Plant / Central Services

The Physical Plant and Central Services program operates the central heating and cooling plant; maintains the buildings, grounds, and equipment; provides dietary, safety, security, and purchasing services; and receives goods and supplies. The program is composed of three sub-programs: Engineering, Supply Services, and Security and Protection. Engineering and Protection manages the operation of the heating and cooling systems, power plant, water distribution systems, sewage disposal, emergency electrical service, maintenance of 183 acres, parking lots, and roadways as well as performing maintenance on 12 buildings and all types of equipment. Supply Services is responsible for procurement, storage, and issue of all commodities and equipment and for activities including purchasing, warehousing, delivery, clothing fitting, alterations, and clothing repairs. Laundry services are provided through a contract with the Department of Corrections.

PHYSICAL PLANT / CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,295,211	\$ 2,253,067	\$ 2,253,067	\$ 2,328,261	\$ 2,328,261
Contractual Services	1,217,939	1,162,863	1,162,863	1,162,863	1,162,863
Commodities	1,030,601	953,050	953,050	953,050	953,050
Capital Outlay	87,892	35,575	35,575	35,575	35,575
Debt Service	28,749	21,531	21,531	21,531	21,531
<i>Subtotal - Operations</i>	<i>\$ 4,660,392</i>	<i>\$ 4,426,086</i>	<i>\$ 4,426,086</i>	<i>\$ 4,501,280</i>	<i>\$ 4,501,280</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 4,660,392</u>	<u>\$ 4,426,086</u>	<u>\$ 4,426,086</u>	<u>\$ 4,501,280</u>	<u>\$ 4,501,280</u>
Financing:					
State General Fund	\$ 3,107,246	\$ 1,105,112	\$ 1,105,112	\$ 1,204,822	\$ 1,204,822
All Other Funds	1,553,146	3,320,974	3,320,974	3,296,458	3,296,458
TOTAL	<u>\$ 4,660,392</u>	<u>\$ 4,426,086</u>	<u>\$ 4,426,086</u>	<u>\$ 4,501,280</u>	<u>\$ 4,501,280</u>
FTE Positions	53.0	53.0	53.0	52.0	52.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>53.0</u>	<u>53.0</u>	<u>53.0</u>	<u>52.0</u>	<u>52.0</u>

The **agency** requests \$4.5 million, including \$1.2 million from the State General Fund, for the Physical Plant/Central Services program for FY 2017. This is an all funds increase of \$247,478, or 5.8 percent, and a State General Fund decrease of \$1.4 million, or 54.4 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in salaries and wages, partially offset by a decrease in contractual services, commodities, capital outlay, and debt service interest expenditures. The program includes 52.0 FTE positions, which is an increase of 1.0 FTE position above the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$2.3 million, including \$1.2 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$293,335, or 14.4 percent, and a State General Fund increase of \$63,260, or 5.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a decrease in the shrinkage rate, an increase in salaries and wages expenditures, and an increase in employer contributions for state employee health insurance;
- **Contractual Services.** The agency requests \$1.2 million, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$53,985, or 4.4 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in building repairs, facility

vehicle repairs, and natural gas expenditures, partially offset by an increase in electricity expenditures;

- **Commodities.** The agency requests \$953,050, all from special revenue funds, for commodities for FY 2017. This is an increase of \$17,271, or 1.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in construction supplies, household supplies, and food for patients, partially offset by a decrease in gasohol for facility vehicles, equipment material parts, and parts for facility vehicles;
- **Capital Outlay.** The agency requests \$35,575, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$1,925, or 5.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in furniture fixtures and household equipment, partially offset by an increase in construction equipment;
- **Debt Service Interest.** The agency requests \$21,531, all from the State Institutions Building Fund, for debt service interest expenditures for FY 2017. This is a decrease of \$7,218, or 25.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to the agency spending a lower amount on debt service interest, and a higher amount on debt service principal expenditures; and
- **Other Assistance.** The agency did not request other assistance expenditures for FY 2017.

The **Governor** recommends expenditures of \$4.5 million, including \$1.2 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Bond Principal	\$ 170,469	\$ 170,469	\$ 170,469	\$ 170,469
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	170,469	170,469	170,469	170,469
TOTAL	\$ 170,469	\$ 170,469	\$ 170,469	\$ 170,469

FY 2016 – Current Year. The agency requests a revised estimate of \$170,469, all from special revenue funds, for capital improvements in FY 2016. This is a decrease of \$39,652, or 18.9 percent, below the amount approved by the 2015 Legislature. The decrease is partially attributable to the agency decreasing planned expenditures for minor projects at the facility, as the work was finished in FY 2015. The decrease is partially offset by an increase of \$7,848 in bond principal payments, as the agency recalculated the amount of payments for bond principal. Although most capital improvements for KNI are submitted in the KDADS budget revised estimate, these capital improvement expenditures are listed under the Physical Plant/Central Services program, and are used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program. The conservation project was accomplished through a comprehensive energy service performance audit and subsequent contract for improvements to several buildings. The state program was designed to help facilities capture savings in energy costs through improvements such as lighting retrofits, mechanical improvements, and water conservation measures. The debt service is then paid by the savings generated by the improvements and is amortized over 15 years.

The **Governor** recommends expenditures of \$170,469, all from special revenue funds, in FY 2016. This is the same amount as the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised estimate of \$170,469, all from the State Institutions Building Fund, for capital improvements for FY 2017. This is a decrease of \$39,652, or 18.9 percent, below the amount approved by the 2015 Legislature. The decrease is partially attributable to the agency decreasing planned expenditures for minor projects at the facility, as the work was finished in FY 2015. The decrease is partially offset by an increase of \$7,848 in bond principal payments, as the agency recalculated the amount of payments for bond principal. These capital improvement expenditures are listed under the Physical Plant/Central Services program, and are used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program.

The **Governor** recommends expenditures of \$170,469, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of patients participating in supported employment.	115	113	115	115
Percent of patients whose guardians agree the patient is treated with respect and dignity at KNI.	100%	98%	100%	100%
Percent of patients whose guardians agree that KNI provides a comprehensive array of services that meets the patient's overall needs and expectations.	100%	100%	100%	100%

PARSONS STATE HOSPITAL AND TRAINING CENTER

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 11,103,666	\$ 11,264,621	\$ 11,264,621	\$ 12,473,411	\$ 12,473,411
Other Funds	15,120,533	14,692,445	14,692,445	14,571,018	14,571,018
TOTAL	\$ 26,224,199	\$ 25,957,066	\$ 25,957,066	\$ 27,044,429	\$ 27,044,429
Capital Improvements:					
State General Fund	\$ 106,253	\$ 353,500	\$ 353,500	\$ 3,500	\$ 3,500
Other Funds	48,894	157,784	157,784	164,384	164,384
TOTAL	\$ 155,147	\$ 511,284	\$ 511,284	\$ 167,884	\$ 167,884
GRAND TOTAL	\$ 26,379,346	\$ 26,468,350	\$ 26,468,350	\$ 27,212,313	\$ 27,212,313
Percentage Change:					
Operating Expenditures					
State General Fund	1.1 %	1.4 %	1.4 %	10.7 %	10.7 %
All Funds	1.6	(1.0)	(1.0)	4.2	4.2
FTE Positions	467.2	477.2	477.2	477.2	477.2
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	467.2	477.2	477.2	477.2	477.2

AGENCY OVERVIEW

Parsons State Hospital and Training Center is one of two residential treatment, training and care facilities operated by the State of Kansas to serve individuals with intellectual and developmental disabilities whose circumstances require specialized residential service provisions. The Parsons State Hospital was opened in 1903 to treat the epileptic. In 1953, the program was changed to provide residential services for mentally retarded children and the name was changed to the Parsons State Training School and then changed a few years later to the Parsons State Hospital and Training Center (PSH&TC) to more accurately describe the treatment programs. The Center's mission is to serve the habilitation, rehabilitation and residential care needs of each person referred or admitted in ways that fulfill standards of quality and effectiveness and thus enable each person to acquire greater control and additional options for meeting their needs. An individualized treatment plan focusing on clients' needs, wants, and interests is developed for each client in the institution in order to enhance their quality of life. In addition, Parsons State Hospital serves as the statewide resource center for persons with a dual diagnosis of developmental disability and psychiatric impairment, in order to provide more appropriate treatment service for these individuals. The facility has a budgeted bed capacity of 188 patients.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** added \$1.0 million, including \$407,400 from the State General Fund, and 30.0 FTE positions, to reopen the Willow Cottage living unit.

In FY 2008, the Department of Social and Rehabilitation Services was unsuccessful in litigation with the federal government regarding a \$13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation. If the lawsuit had been successful, the expectation was that the five state hospitals might receive \$2.4 million of the \$13.6 million that was in dispute, which is crucial to maintaining a balance in the federal Title XIX account.

During the **2009 Legislative Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature. The Commission recommended that the Department of Social and Rehabilitation Services review the residents at Kansas Neurological Institute (KNI) who meet the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that Kansas Neurological Institute be closed. The Commission also recommended the remaining residents at Parsons State Hospital and Training Center be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepares his Executive Reorganization Order to carry out the recommendations concerning the closure of Kansas Neurological Institute and downsizing of Parsons State Hospital and Training Center that the Order be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled Waiver.

The Governor chose not to accept the Commission's recommendation for Kansas Neurological Institute and Parsons State Hospital and Training Center. However, the Governor agreed that serving individuals in the community can lead to a better quality of life and encouraged the Department of Social and Rehabilitation Services to consolidate resources on the Kansas Neurological Institute and Parsons State Hospital and Training Center campuses and identify individuals who could be better served in the community. As a result, Parsons State Hospital and Training Center consolidated a cottage at the end of December 2009. The residents were moved into other cottages and 19.0 temporary staff were released.

The **2011 Senate Ways and Means Committee** directed the Department of Social and Rehabilitation Services (SRS) to reject closure and downsizing plans for Kansas Neurological Institute and to continue operations at the facility. Further, the Committee requested an audit independent of the Department that would investigate and identify: 1) management and service efficiencies that could be implemented for KNI and PSH&TC which would create cost-savings at the facilities while maintaining current operations and care, and 2) additional programs and resources that the two developmental disability facilities can implement to assist the entire developmental disabilities community and help reduce Home and Community Based Services for individuals with Developmental Disabilities waiver expenditures. The Committee directed the Department to fund the independent audit and report the audit finding to the Senate Ways and Means chair on September 1, 2011. The Legislative Post Audit report was presented in December, 2011.

In 1994, the Sexual Predator Treatment Program (SPTP) was created at Larned State Hospital. In FY 2013, an eight bed transition program for the SPTP population was opened on the grounds of PSH&TC.

The **2015 Legislature** added \$500,000, all from the Title XIX Fund, in FY 2015 for increased operating expenditures by Parsons State Hospital in assisting Osawatomie State Hospital with its plan of correction following the surveys by the federal Centers for Medicare and Medicaid Services (CMS) in the fall of 2014.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Parsons State Hospital and Training Center.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	188	188	188	188	188

AVERAGE DAILY CENSUS

Average Daily Census represents the daily average number of patients in a hospital over a fiscal year.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	176	174	170	170	170

ADMISSIONS

The chart below shows admissions to Parsons State Hospital and Training Center.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
First Admissions	17	9	9	13	11
Re-Admissions and/or Transfers from other KDADS Institutions	3	5	0	1	1
Total	20	14	9	14	12

END OF THE YEAR CENSUS

The chart below shows the census at the end of each fiscal year at Parsons State Hospital and Training Center.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	181	174	169	170	170

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** submits a revised estimate of \$26.5 million, including \$11.6 million from the State General Fund, for operating expenditures and capital improvements in FY 2016. Of this amount, the agency requests \$26.0 million, including \$11.3 million from the State General Fund, for operating expenditures in FY 2016. The operating budget is an all funds decrease of \$120,568, or 0.5 percent, and a State General Fund decrease of \$120,568, or 1.1 percent, below the amount approved by the 2015 Legislature, after adjustments. The decrease is primarily attributable to the transfer of funding for a Forensic Psychologist position totaling \$117,068, all from the State General Fund, to the Kansas Department for Aging and Disability Services. The agency has also shifted \$3,500 in operating funding to the capital improvements budget for an additional project. The revised estimate for operating expenditures includes increased expenditures from the State General Fund from funding transferred from the Larned State Hospital Sexual Predator Treatment Program. The agency will be using funding transferred under statutory authority to renovate, furnish, and operate a second patient transition unit in FY 2016. The approved budget includes 477.2 FTE positions, which is an increase of 10.0 FTE positions above the number approved by the 2015 Legislature. These positions were moved from Larned State Hospital to Parsons State Hospital & Training Center, to be used for the Sexual Predator Treatment Program transitions units. The agency requests a revised estimate of \$511,284, including \$353,500 from the State General Fund, for capital improvements in FY 2016. This is an all funds increase of \$3,500, or 0.7 percent, all from the State General Fund, above the amount approved by the 2015 Legislature. The increase is attributable to the agency shifting funding of \$3,500 from the operating budget to the capital improvements budget to make one residential building more accessible to individuals with disabilities by replacing conventional doors with automated doors.

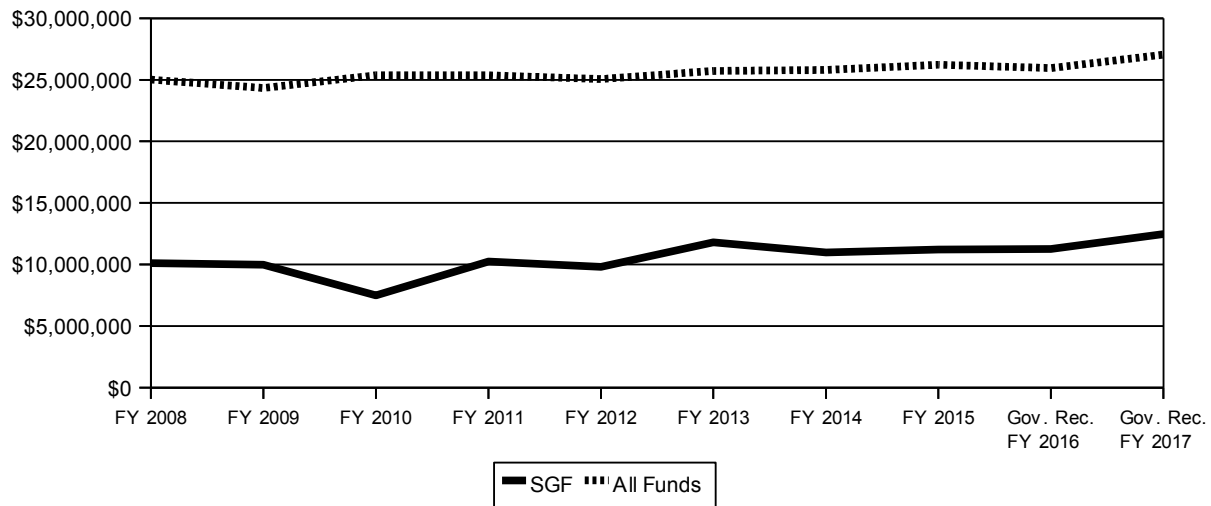
The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The **agency** submitted a revised estimate of \$27.2 million, including \$12.5 million from the State General Fund, for operating expenditures and capital improvements for FY 2017. Of this amount, the agency requests \$27.0 million, including \$12.5 million from the State General Fund, for operating expenditures for FY 2017. The operating budget is an all funds decrease of \$120,568, or 0.4 percent, and a State General Fund decrease of \$120,568, or 1.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to the transfer of funding for a Forensic Psychologist position totaling \$117,068, all from the State General Fund, to the Kansas Department for Aging and Disability Services. Additionally, the agency has shifted \$3,500 in operating funding to the capital improvements budget for an additional project. The revised estimate for operating expenditures includes increased expenditures from the State General Fund from funding transferred from the Larned State Hospital Sexual Predator Treatment Program. The agency will be renovating and furnishing a second patient transition unit in FY 2016 and continuing operations in FY 2017. The approved budget includes 477.2 FTE positions, which is an increase of 10.0 FTE positions above the number approved by the 2015 Legislature. These positions were moved from Larned State Hospital to Parsons State Hospital & Training Center, to be used for the Sexual Predator Treatment Program transitions units. The agency submits a revised estimate of \$167,884, including \$3,500 from the State General Fund, for capital improvements for FY 2017. This is an all funds increase of \$3,500, or 2.1 percent, all from the State General Fund, above the amount approved by the 2015 Legislature. The increase is attributable to the agency shifting funding of \$3,500 from the operating budget to the capital improvements budget to make one residential building more accessible to individuals with disabilities by replacing conventional doors with automated doors.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 10,104,817	15.2 %	\$ 25,015,207	8.1 %	467.2
2009	9,989,642	(1.1)	24,336,850	(2.7)	497.2
2010	7,488,369	(25.0)	25,373,480	4.3	497.2
2011	10,229,912	36.6	25,373,002	(0.0)	459.2
2012	9,805,405	(4.1)	25,059,402	(1.2)	455.2
2013	11,800,503	20.3	25,719,965	2.6	466.2
2014	10,980,787	(6.9)	25,799,495	0.3	467.2
2015	11,103,666	1.1	26,224,199	1.6	467.2
2016 Gov. Rec.	11,264,621	1.4	25,957,066	(1.0)	477.2
2017 Gov. Rec.	12,473,411	10.7	27,044,429	4.2	477.2
Ten-Year Change Dollars/Percent	\$ 2,368,594	23.4 %	\$ 2,029,222	8.1 %	10.0

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 1,223,918	\$ 1,303,022	\$ 1,338,129	\$ 35,107	2.7 %	\$ 1,303,022	\$ 1,338,129	\$ 35,107	2.7 %		
Staff Edu & Research	338,487	319,571	330,564	10,993	3.4	319,571	330,564	10,993	3.4		
SPTP Transition	943,502	1,122,363	1,532,161	409,798	36.5	1,122,363	1,532,161	409,798	36.5		
Habilitation & Trmt	14,075,403	13,859,037	14,229,158	370,121	2.7	13,859,037	14,229,158	370,121	2.7		
Ancillary Services	2,433,349	2,205,320	2,257,589	52,269	2.4	2,205,320	2,257,589	52,269	2.4		
Med & Surg Services	2,112,243	2,107,790	2,175,358	67,568	3.2	2,107,790	2,175,358	67,568	3.2		
Phys Plant/Ctrl Services	5,097,297	5,039,963	5,181,470	141,507	2.8	5,039,963	5,181,470	141,507	2.8		
TOTAL	\$ 26,224,199	\$ 25,957,066	\$ 27,044,429	\$ 1,087,363	4.2 %	\$ 25,957,066	\$ 27,044,429	\$ 1,087,363	4.2 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 22,844,537	\$ 22,404,736	\$ 23,122,130	\$ 717,394	3.2 %	\$ 22,404,736	\$ 23,122,130	\$ 717,394	3.2 %		
Contractual Services	1,856,739	1,911,350	2,338,920	427,570	22.4	1,911,350	2,338,920	427,570	22.4		
Commodities	1,339,248	1,369,908	1,430,380	60,472	4.4	1,369,908	1,430,380	60,472	4.4		
Capital Outlay	73,198	192,100	119,100	(73,000)	(38.0)	192,100	119,100	(73,000)	(38.0)		
Debt Service	36,342	30,007	23,407	(6,600)	(22.0)	30,007	23,407	(6,600)	(22.0)		
Subtotal - Operations	\$ 26,150,064	\$ 25,908,101	\$ 27,033,937	\$ 1,125,836	4.3 %	\$ 25,908,101	\$ 27,033,937	\$ 1,125,836	4.3 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	74,135	48,965	10,492	(38,473)	(78.6)	48,965	10,492	(38,473)	(78.6)		
TOTAL	\$ 26,224,199	\$ 25,957,066	\$ 27,044,429	\$ 1,087,363	4.2 %	\$ 25,957,066	\$ 27,044,429	\$ 1,087,363	4.2 %		
Financing:											
State General Fund	\$ 11,103,666	\$ 11,264,621	\$ 12,473,411	\$ 1,208,790	10.7 %	\$ 11,264,621	\$ 12,473,411	\$ 1,208,790	10.7 %		
PSH&TC Fee Fund	1,372,392	1,372,386	1,372,386	0	0.0	1,372,386	1,372,386	0	0.0		
Title XIX Fund	13,748,141	13,290,052	13,175,225	(114,827)	(0.9)	13,290,052	13,175,225	(114,827)	(0.9)		
All Other Funds	0	30,007	23,407	(6,600)	(22.0)	30,007	23,407	(6,600)	(22.0)		
TOTAL	\$ 26,224,199	\$ 25,957,066	\$ 27,044,429	\$ 1,087,363	4.2 %	\$ 25,957,066	\$ 27,044,429	\$ 1,087,363	4.2 %		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$10,762,189 for Parsons State Hospital in FY 2016. One adjustment has subsequently been made to that amount. The adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$973,000, based on a transfer of funding from Larned State Hospital, for the expansion of the Sexual Predator Treatment Program transition house.

This adjustment changes the FY 2016 approved State General Fund to \$11,735,189. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 11,735,189	\$ 11,618,121	\$ (117,068)	\$ 11,618,121	\$ (117,068)
All Other Funds	14,850,229	14,850,229	0	14,850,229	0
TOTAL	\$ 26,585,418	\$ 26,468,350	\$ (117,068)	\$ 26,468,350	\$ (117,068)
FTE Positions	467.2	477.2	10.0	477.2	10.0

The **agency** submits a revised estimate of \$26.5 million, including \$11.6 million from the State General Fund, for operating expenditures and capital improvements in FY 2016. Of this amount, the agency requests \$26.0 million, including \$11.3 million from the State General Fund, for operating expenditures in FY 2016. The operating budget is an all funds decrease of \$120,568, or 0.5 percent, and a State General Fund decrease of \$120,568, or 1.1 percent, below the amount approved by the 2015 Legislature, after adjustments. The decrease is primarily attributable to the transfer of funding for a Forensic Psychologist position totaling \$117,068, all from the State General Fund, to the Kansas Department for Aging and Disability Services. Additionally, the agency has shifted \$3,500 in operating funding to the capital improvements budget for an additional project. The revised estimate also includes expenditures from the State General Fund from funding transferred from the Larned State Hospital Sexual Predator Treatment Program. The agency will be using funding transferred under statutory authority to renovate, furnish, and operate a second patient transition unit in FY 2016. The approved budget includes 477.2 FTE positions, which is an increase of 10.0 FTE positions above the number approved by the 2015 Legislature. These positions were moved from Larned State Hospital to Parsons State Hospital, to be used for the Sexual Predator Treatment Program transitions units.

The **Governor** recommends expenditures of \$26.5 million, including \$11.6 million from the State General Fund, for operating expenditures and capital improvements in FY 2016. Of this amount, the Governor recommends \$26.0 million, including \$11.3 million from the State General Fund, for operating expenditures in FY 2016. These are the same all funds and State General Fund amounts as the agency's revised estimate.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$11,593,979 for Parsons State Hospital in FY 2017. One adjustment has subsequently been made to that amount. The adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$1,000,000, based on a transfer of funding from Larned State Hospital, for the expansion of the Sexual Predator Treatment Program transition house.

This adjustment changes the FY 2017 approved State General Fund to \$12,593,979. That amount is reflected in the table below as the currently approved FY 2017 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 12,593,979	\$ 12,476,911	\$ (117,068)	\$ 12,476,911	\$ (117,068)
All Other Funds	14,735,402	14,735,402	0	14,735,402	0
TOTAL	\$ 27,329,381	\$ 27,212,313	\$ (117,068)	\$ 27,212,313	\$ (117,068)
FTE Positions	467.2	477.2	10.0	477.2	10.0

The **agency** requests a revised estimate of \$27.2 million, including \$12.5 million from the State General Fund, for operating expenditures and capital improvements for FY 2017. Of this amount, the agency requests \$27.0 million, including \$12.5 million from the State General Fund, for operational expenditures for FY 2017. This is an all funds decrease of \$120,568, or 0.4 percent, and a State General Fund decrease of \$120,568, or 1.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to the transfer of funding for a Forensic Psychologist position totaling \$117,068, all from the State General Fund, to the Kansas Department for Aging and Disability Services. Additionally, the agency has shifted \$3,500 in operating funding to the capital improvements budget for an additional project. The revised estimate for operating expenditures includes increased expenditures from the State General Fund from funding transferred from the Larned State Hospital Sexual Predator Treatment Program. The agency will be renovating and furnishing a second patient transition unit in FY 2016 and continuing operations in FY 2017. The approved budget includes 477.2 FTE positions, which is an increase of 10.0 FTE positions above the number approved by the 2015

Legislature. These positions were moved from Larned State Hospital to Parsons State Hospital, to be used for the Sexual Predator Treatment Program transitions units.

The **Governor** recommends expenditures of \$27.2 million, including \$12.5 million from the State General Fund, for operating expenditures and capital improvements for FY 2017. Of this amount, the Governor recommends \$27.0 million, including \$12.5 million from the State General Fund, for operating expenditures for FY 2017. These are the same all funds and State General Fund amounts as the agency's revised estimate.

Funding Sources

Federal Title XIX funding comprises approximately one third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates which it charges to Medicaid for each day a person covered by Medicaid lives in the facility. Parsons State Hospital and Training Center is a developmental disabilities hospital.

The state mental health (MH) hospitals establish *per diem* rates in much the same way as the state DD hospitals but are classified as institutions for mental disease (IMDs). The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital (DSH) program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of DSH funding available to the hospitals has decreased, which decreases receipts into the central fund.

Parsons State Hospital and Training Center is primarily funded through three basic sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security and insurance. Revenues are based on average resident census of 180 and projected changes in social security, parent pay, and earnings. The third source is federal Title XIX funding, which is earned by the developmental disability institutions through Medicaid reimbursements for services provided based on a daily room rate. The federal Title XIX funding is transferred to the Department for Aging and Disability Services central pool and is then redistributed among the four state hospitals in amounts equal to its approved appropriations.

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	45.9 %	45.9 %
PSH&TC Fee Fund	5.0	5.0
Title XIX Fund	48.4	48.4
State Inst Building Fund	0.7	0.7
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Parsons State Hospital and Training Center Fee Fund Analysis

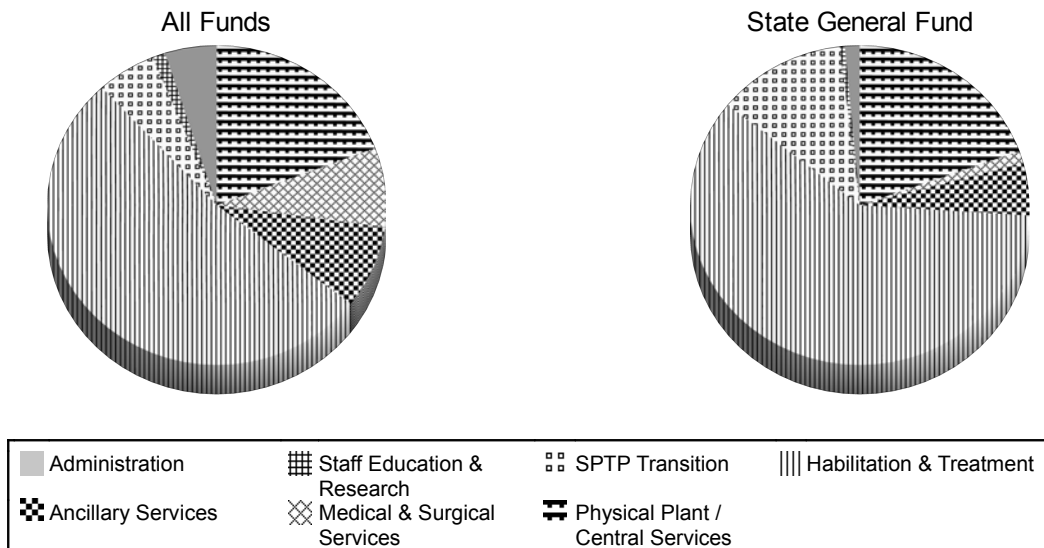
KSA 76-1409a provides that the superintendent of the Parsons State Hospital and Training Center shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Parsons State Hospital and Training Center Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 245,136	\$ 155,710	\$ 155,710	\$ 94,624	\$ 94,624
Revenue	1,282,966	1,311,300	1,311,300	1,302,300	1,302,300
Transfers in	0	0	0	0	0
Total Funds Available	\$ 1,528,102	\$ 1,467,010	\$ 1,467,010	\$ 1,396,924	\$ 1,396,924
Less: Expenditures	1,372,392	1,372,386	1,372,386	1,372,386	1,372,386
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 155,710</u>	<u>\$ 94,624</u>	<u>\$ 94,624</u>	<u>\$ 24,538</u>	<u>\$ 24,538</u>
Ending Balance as Percent of Expenditures	11.3%	6.9%	6.9%	1.8%	1.8%
Month Highest Ending Balance	July <u>\$ 233,089</u>	July <u>\$ 101,104</u>	July <u>\$ 101,104</u>	July <u>\$ 91,438</u>	July <u>\$ 91,438</u>
Month Lowest Ending Balance	May <u>\$ 43,235</u>	May <u>\$ 6,694</u>	May <u>\$ 6,694</u>	May <u>\$ 3,438</u>	May <u>\$ 3,438</u>

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 1,338,129	4.9 %	\$ 176,112	1.4 %
Staff Education & Research	330,564	1.2	60,196	0.5
SPTP Transition	1,532,161	5.7	1,532,161	12.3
Habilitation & Treatment	14,229,158	52.6	7,458,867	59.8
Ancillary Services	2,257,589	8.3	657,834	5.3
Medical & Surgical Services	2,175,358	8.0	154,811	1.2
Physical Plant / Central Services	5,181,470	19.2	2,433,430	19.5
TOTAL	\$ 27,044,429	100.0 %	\$ 12,473,411	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Staff Edu & Research	5.0	5.0	5.0	5.0	5.0
SPTP Transition	11.0	21.0	21.0	21.0	21.0
Habilitation & Treatment	290.0	290.0	290.0	290.0	290.0
Ancillary Services	34.2	34.2	34.2	34.2	34.2
Med & Surgical Services	30.0	30.0	30.0	30.0	30.0
Phys Plant/Central Svcs	81.0	81.0	81.0	81.0	81.0
TOTAL	467.2	477.2	477.2	477.2	477.2

A. Administration

The agency's General Administration program provides an administrative structure for approximately 180 persons residing at PSH&TC. The superintendent and other administrators plan and budget for the institution's needs and manage resources allocated to the institution for the fiscal year. The administrators' account for all expenditures for supplies, equipment, and personnel; collect all money for treatment of residents and for other services; recruit personnel and manage fringe benefit programs; maintain client records and statistics; and provide communication services within and outside the institution.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 984,728	\$ 1,066,422	\$ 1,066,422	\$ 1,102,728	\$ 1,102,728
Contractual Services	197,815	203,600	203,600	203,601	203,601
Commodities	14,767	14,800	14,800	14,800	14,800
Capital Outlay	18,500	17,000	17,000	17,000	17,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,215,810</i>	<i>\$ 1,301,822</i>	<i>\$ 1,301,822</i>	<i>\$ 1,338,129</i>	<i>\$ 1,338,129</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	8,108	1,200	1,200	0	0
TOTAL	\$ 1,223,918	\$ 1,303,022	\$ 1,303,022	\$ 1,338,129	\$ 1,338,129
Financing:					
State General Fund	\$ 833,007	\$ 171,225	\$ 171,225	\$ 176,112	\$ 176,112
All Other Funds	390,911	1,131,797	1,131,797	1,162,017	1,162,017
TOTAL	\$ 1,223,918	\$ 1,303,022	\$ 1,303,022	\$ 1,338,129	\$ 1,338,129
FTE Positions	16.0	16.0	16.0	16.0	16.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	16.0	16.0	16.0	16.0	16.0

The **agency** requests revised estimate of \$1.3 million, including \$176,112 from the State General Fund, for the Administration program for FY 2017. This is an all funds decrease of \$248,314, or 15.7 percent, and a State General Fund decrease of \$149,729, or 46.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a reallocation of salary shrinkage across all programs, a decrease in salaries and wages and associated fringe benefit expenditures to shift 1.0 FTE position to another program. The program includes 16.0 FTE positions, which is a decrease of 1.0 FTE positions below the number approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$1.3 million, including \$176,112 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

B. Staff Education and Research

The Staff Education, Research, and Special Training program provides basic and advanced training for direct care staff as well as new employee orientation and continuing education for all staff. In addition, this program provides technical support and training for community agencies that receive clients from the institution or request such service.

STAFF EDUCATION AND RESEARCH SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 297,870	\$ 279,921	\$ 279,921	\$ 290,914	\$ 290,914
Contractual Services	39,835	38,950	38,950	38,950	38,950
Commodities	398	300	300	300	300
Capital Outlay	384	400	400	400	400
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 338,487</i>	<i>\$ 319,571</i>	<i>\$ 319,571</i>	<i>\$ 330,564</i>	<i>\$ 330,564</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 338,487	\$ 319,571	\$ 319,571	\$ 330,564	\$ 330,564
Financing:					
State General Fund	\$ 234,184	\$ 20,186	\$ 20,186	\$ 60,196	\$ 60,196
All Other Funds	104,303	299,385	299,385	270,368	270,368
TOTAL	\$ 338,487	\$ 319,571	\$ 319,571	\$ 330,564	\$ 330,564
FTE Positions	5.0	5.0	5.0	5.0	5.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	5.0	5.0	5.0	5.0	5.0

The **agency** submits a revised estimate of \$330,564, including \$60,196 from the State General Fund, for the Staff Education and Research program for FY 2017. This is an all funds decrease of \$32,567, or 9.0 percent, and a State General Fund increase of \$56,859, or 1,703.9 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to reallocation of salary shrinkage across all programs, a decrease in professional fees for patient care services, and patient care equipment. The program includes 5.0 FTE positions, which is the same number approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$330,564, including \$60,196 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

C. Sexual Predator Treatment Program — Transition

The Sexual Predator Treatment Program is a transition program at PSH&TC that offers individuals meeting strict, specified objectives a chance to re-enter the public sector. The program provides a variety of supports to each individual such as a monthly stipend, travel to

and from job searches and work settings, and professional counseling. All medical needs, including physician visits, hospital treatment services and prescription medications are also supported by the program utilizing community providers. Up to sixteen individuals may participate in this program and, as prerequisites are met, may be transferred from Larned State Hospital's SPTP Program to the PSH&TC Transition Houses. At the transition houses, clients undergo further treatment and training to help them meet additional structured requirements. Only after all objectives have been met will an individual be evaluated for the opportunity to re-enter a public setting. Prior to July 1, 2015, there was a statutory requirement that no more than eight SPTP transition individuals could reside in one county. However, recent legislation allows counties to surpass that total. In August 2015, PSH&TC planned to open a second Reintegration Facility (Willow House) to support additional clients entering the program. Renovation and furnishing of the second unit is planned for the fall of 2015. Pursuant to the provisions of 2015 SB 112, sections 108(h) and 109(h), the Kansas Department for Aging and Disability Services has transferred funding and 10.0 FTE positions from Larned State Hospital to PSH&TC to assist with construction on the new transition house and to provide staffing to ensure its functionality.

SEXUAL PREDATOR TREATMENT PROGRAM - TRANSITION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 787,325	\$ 806,336	\$ 806,336	\$ 843,542	\$ 843,542
Contractual Services	124,851	141,750	141,750	544,619	544,619
Commodities	22,624	43,277	43,277	86,000	86,000
Capital Outlay	8,702	131,000	131,000	58,000	58,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 943,502</i>	<i>\$ 1,122,363</i>	<i>\$ 1,122,363</i>	<i>\$ 1,532,161</i>	<i>\$ 1,532,161</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 943,502</u>	<u>\$ 1,122,363</u>	<u>\$ 1,122,363</u>	<u>\$ 1,532,161</u>	<u>\$ 1,532,161</u>
Financing:					
State General Fund	\$ 943,502	\$ 1,122,363	\$ 1,122,363	\$ 1,532,161	\$ 1,532,161
All Other Funds	0	0	0	0	0
TOTAL	<u>\$ 943,502</u>	<u>\$ 1,122,363</u>	<u>\$ 1,122,363</u>	<u>\$ 1,532,161</u>	<u>\$ 1,532,161</u>
FTE Positions	11.0	21.0	21.0	21.0	21.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>11.0</u>	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>

The **agency** requests a revised estimate of \$1.5 million, all from the State General Fund, for the Sexual Predator Treatment Program for FY 2017. This is an increase of \$617,818, or 67.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages and associated fringe benefit expenditures by adding 10.0 FTE positions to operate the second Sexual Predator Treatment Program transition unit, an increase in professional fees for patient care, and an increase in utilities, drug and pharmaceutical equipment, and gasoline for patient transportation, partially offset by a reallocation of salary shrinkage across all programs. The agency will be renovating and

furnishing a second patient transition unit in FY 2016 and continuing operations in FY 2017. The program includes 21.0 FTE positions, which is an increase of 10.0 FTE positions above the number approved by the 2015 Legislature. These positions were moved from Larned State Hospital to Parsons State Hospital & Training Center to be used for the Sexual Predator Treatment Program transition houses.

The **Governor** recommends expenditures of \$1.5 million, all from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

D. Habilitation and Treatment

The Habilitation and Treatment program consists of two sub-programs; Developmental Training, and Dual Diagnosis and Training Services. The goal of the Developmental Training sub-program is to enable residents to make choices based on their personal preferences for all aspects of their lives. All clients are enrolled in individual training programs which may include adjunctive therapies, education or special training programs, and are offered additional religious, leisure-time and recreational activities provided during evenings and weekends. Essential Life-style Plans are prepared for all individuals and guardians who request consideration for placement in a community setting. The Dual Diagnosis and Training Services sub-program provides short-term residential treatment for children and adults who have been dually diagnosed with both a developmental disability and a mental illness. The In-patient Services program is a unit at Parsons that serves up to thirteen individuals at one time. In addition, four Outreach Services Teams travel throughout the state to train providers of community services how to serve dually diagnosed individuals. Finally, through a contract with the Kansas Research Center and the Kansas University Center on Developmental Disabilities at Parsons, community service programs are provided throughout the state. Staff from the University of Kansas has been involved in these two programs for over 50 years. Both programs have achieved international recognition for the work conducted by University faculty, in close collaboration with the staff of Parsons State Hospital. The program's objective is to prevent unnecessary or inappropriate institutionalization of persons with developmental disabilities through respite care.

**HABILITATION AND TREATMENT
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 13,419,829	\$ 13,224,956	\$ 13,224,956	\$ 13,616,128	\$ 13,616,128
Contractual Services	174,815	175,250	175,250	175,250	175,250
Commodities	410,136	407,631	407,631	411,680	411,680
Capital Outlay	25,073	24,400	24,400	24,400	24,400
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 14,029,853</i>	<i>\$ 13,832,237</i>	<i>\$ 13,832,237</i>	<i>\$ 14,227,458</i>	<i>\$ 14,227,458</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	45,550	26,800	26,800	1,700	1,700
TOTAL	<u>\$ 14,075,403</u>	<u>\$ 13,859,037</u>	<u>\$ 13,859,037</u>	<u>\$ 14,229,158</u>	<u>\$ 14,229,158</u>
Financing:					
State General Fund	\$ 2,310,357	\$ 6,868,203	\$ 6,868,203	\$ 7,458,867	\$ 7,458,867
All Other Funds	11,765,046	6,990,834	6,990,834	6,770,291	6,770,291
TOTAL	<u>\$ 14,075,403</u>	<u>\$ 13,859,037</u>	<u>\$ 13,859,037</u>	<u>\$ 14,229,158</u>	<u>\$ 14,229,158</u>
FTE Positions	290.0	290.0	290.0	290.0	290.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>290.0</u>	<u>290.0</u>	<u>290.0</u>	<u>290.0</u>	<u>290.0</u>

The **agency** requests a revised estimate of \$14.2 million, including \$7.5 million from the State General Fund, for the Habilitation and Treatment program for FY 2017. This is an all funds increase of \$1.3 million, or 10.0 percent, and a State General Fund decrease of \$141,460, or 1.9 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to a reallocation of salary shrinkage across all agency programs, an increase in furniture and fixtures, in-state travel expenditures, and grounds materials, partially offset by a decrease in salaries and wages and associated fringe benefit expenditures by moving 1.7 FTE positions to other programs.

The **Governor** recommends expenditures of \$14.2 million, including \$7.5 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

E. Ancillary Services

The Ancillary Services program is composed of three sub-programs: Activity Therapy, Special Education, and Allied Clinical Services. These three sub-programs operate to promote client individualized developmental activities and services. The Activity Therapy sub-program enriches the client life-style with religious services, leisure-time activities and work programs. Over half of the resident population is involved in at least one of the programs offered daily. The Allied Clinical Services sub-program provides support services for all clients (*i.e.* radiology, medical laboratory, pharmacy, dental, psychological, social, occupational and rehabilitation, speech and hearing, and chaplaincy). The Special Education sub-program ensures that all school-age children are enrolled in a program accredited by the Kansas Department of

Education. Services for the Special Purpose School are contracted with the Southeast Kansas Education Service Center.

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,847,702	\$ 1,618,055	\$ 1,618,055	\$ 1,675,097	\$ 1,675,097
Contractual Services	391,087	391,450	391,450	391,450	391,450
Commodities	173,388	175,150	175,150	177,350	177,350
Capital Outlay	6,637	6,600	6,600	6,600	6,600
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,418,814</i>	<i>\$ 2,191,255</i>	<i>\$ 2,191,255</i>	<i>\$ 2,250,497</i>	<i>\$ 2,250,497</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	14,535	14,065	14,065	7,092	7,092
TOTAL	\$ 2,433,349	\$ 2,205,320	\$ 2,205,320	\$ 2,257,589	\$ 2,257,589
Financing:					
State General Fund	\$ 1,771,717	\$ 647,014	\$ 647,014	\$ 657,834	\$ 657,834
All Other Funds	661,632	1,558,306	1,558,306	1,599,755	1,599,755
TOTAL	\$ 2,433,349	\$ 2,205,320	\$ 2,205,320	\$ 2,257,589	\$ 2,257,589
FTE Positions	34.2	34.2	34.2	34.2	34.2
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	34.2	34.2	34.2	34.2	34.2

The **agency** requests a revised estimate of \$2.3 million, including \$657,834 from the State General Fund, for the Ancillary Services program for FY 2017. This is an all funds decrease of \$273,708, or 10.8 percent, and a State General Fund increase of \$355,814, or 117.8 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a reallocation of salary shrinkage across all programs, partially offset by an increase in professional fees for patient treatment and voluntary retirement incentive expenditures. The program includes 34.2 FTE positions, which is an increase of 2.0 FTE positions above the number approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$2.3 million, including \$657,834 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

F. Medical and Surgical Services

The Medical and Surgical Services program monitors, evaluates, treats and engages in preventive medical practices that result in or promote the maximum health of clients. Specifically, this program provides medical and nursing care for those clients with acute and chronic medical conditions, daily clinics for the diagnosis and treatment of individual client health problems, up-to-date immunizations and records, and additional medical services as necessary. Additional services include the coordination of necessary major medical needs and

treatments for residents through outside providers. Costs for these services are normally covered by Medicaid under the Title XIX program.

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,072,816	\$ 2,066,040	\$ 2,066,040	\$ 2,133,208	\$ 2,133,208
Contractual Services	11,584	14,000	14,000	14,000	14,000
Commodities	26,077	26,650	26,650	27,050	27,050
Capital Outlay	1,766	1,100	1,100	1,100	1,100
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,112,243</i>	<i>\$ 2,107,790</i>	<i>\$ 2,107,790</i>	<i>\$ 2,175,358</i>	<i>\$ 2,175,358</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,112,243</u>	<u>\$ 2,107,790</u>	<u>\$ 2,107,790</u>	<u>\$ 2,175,358</u>	<u>\$ 2,175,358</u>
Financing:					
State General Fund	\$ 1,637,764	\$ 75,172	\$ 75,172	\$ 154,811	\$ 154,811
All Other Funds	474,479	2,032,618	2,032,618	2,020,547	2,020,547
TOTAL	<u>\$ 2,112,243</u>	<u>\$ 2,107,790</u>	<u>\$ 2,107,790</u>	<u>\$ 2,175,358</u>	<u>\$ 2,175,358</u>
FTE Positions	30.0	30.0	30.0	30.0	30.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>

The **agency** submits a revised estimate of \$2.2 million, including \$154,811 from the State General Fund, for the Medical and Surgical Services program for FY 2017. This is an all funds increase of \$64,520, or 3.1 percent, and a State General Fund increase of \$125,222, or 423.2 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures due to shifting 2.0 FTE positions to this program, and an increase in medical equipment for patient treatment, partially offset by a reallocation of salary shrinkage across all programs and a decrease in contractual services for patient medical services. The program includes 30.0 FTE positions, which is an increase of 2.0 FTE positions above the number approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$2.2 million, including \$154,811 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

G. Physical Plant / Central Services

The Physical Plant and Central Services program is composed of four sub-programs: Engineering and Protection, Supply Services, Dietary Services, and Laundry. The Engineering and Protection sub-program maintains and improves the buildings, equipment, and grounds for 366,000 square feet of buildings and 163 acres; provides telephone communications personnel; provides housekeeping/custodial service; provides transportation vehicles, vehicle maintenance, driver/delivery personnel; and provides security staff and procedures to protect property,

residents, and staff. Supply Services makes capital equipment and supplies available for the operation of the facilities and resident programs. Clothing is provided to many of the residents. The Dietary Services sub-program provides a monthly budget for each cottage, where three meals a day are prepared within each cottage. Residents dine at a table within their cottage rather than traveling to a cafeteria. Laundry provides clean clothing, towels, and bed linens for all residents and areas requiring laundry service.

PHYSICAL PLANT / CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,434,267	\$ 3,343,006	\$ 3,343,006	\$ 3,460,513	\$ 3,460,513
Contractual Services	916,752	946,350	946,350	971,050	971,050
Commodities	691,858	702,100	702,100	713,200	713,200
Capital Outlay	12,136	11,600	11,600	11,600	11,600
Debt Service	36,342	30,007	30,007	23,407	23,407
Subtotal - Operations	\$ 5,091,355	\$ 5,033,063	\$ 5,033,063	\$ 5,179,770	\$ 5,179,770
Aid to Local Units	0	0	0	0	0
Other Assistance	5,942	6,900	6,900	1,700	1,700
TOTAL	\$ 5,097,297	\$ 5,039,963	\$ 5,039,963	\$ 5,181,470	\$ 5,181,470
Financing:					
State General Fund	\$ 3,373,135	\$ 2,360,458	\$ 2,360,458	\$ 2,433,430	\$ 2,433,430
All Other Funds	1,724,162	2,679,505	2,679,505	2,748,040	2,748,040
TOTAL	\$ 5,097,297	\$ 5,039,963	\$ 5,039,963	\$ 5,181,470	\$ 5,181,470
FTE Positions	81.0	81.0	81.0	81.0	81.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	81.0	81.0	81.0	81.0	81.0

The **agency** requests a revised estimate of \$5.2 million, including \$2.4 million from the State General Fund, for the Physical Plant / Central Services program for FY 2017. This is an all funds decrease of \$539,625, or 9.4 percent, and a State General Fund increase of \$14,908, or 0.6 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a reallocation of salary shrinkage across all programs, a decrease in salaries and wages and associated fringe benefit expenditures by shifting 1.3 FTE positions to other programs, and a decrease in utilities, household equipment, and construction supplies. The program includes 81.0 FTE positions, which is a decrease of 1.3 FTE positions below the number approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$5.2 million, including \$2.4 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
SPTP Transition House	\$ 350,000	\$ 350,000	\$ 0	\$ 0
Building Improvements	3,500	3,500	3,500	3,500
Bond Principal	157,784	157,784	164,384	164,384
TOTAL	\$ 511,284	\$ 511,284	\$ 167,884	\$ 167,884
Financing:				
State General Fund	\$ 353,500	\$ 353,500	\$ 3,500	\$ 3,500
All Other Funds	157,784	157,784	164,384	164,384
TOTAL	\$ 511,284	\$ 511,284	\$ 167,884	\$ 167,884

FY 2016 – Current Year. The agency requests a revised estimate of \$511,284, including \$353,500 from the State General Fund, for capital improvement expenditures in FY 2016. This is an all funds increase of \$3,500, or 0.7 percent, all from the State General Fund, above the amount approved by the 2015 Legislature. The increase is attributable to the agency shifting funding of \$3,500 from the operating budget to the capital improvements budget to make one residential building more accessible to individuals with disabilities by replacing conventional doors with automated doors. The revised estimate for capital improvement expenditures includes increased expenditures from the State General Fund from funding transferred from the Larned State Hospital Sexual Predator Treatment Program. The agency will be using funding transferred pursuant to the provisions of 2015 SB 112, section 108(h), to renovate a second patient transition unit in FY 2016. The remaining funds will be used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP). The conservation project was accomplished through a comprehensive energy service performance audit and subsequent contract for improvements to several buildings. The state program was designed to help facilities capture savings in energy costs through improvements such as lighting retrofits, mechanical improvements and water conservation measures. The debt service is then paid by the savings generated by the improvements and is amortized over 15 years.

The **Governor** recommends expenditures of \$511,284, including \$353,500 from the State General Fund, in FY 2016. This is the same amount as the agency's revised estimate.

FY 2017 – Budget Year. The agency requests a revised estimate of \$167,884, including \$3,500 from the State General Fund, for capital improvement expenditures for FY 2017. This is an increase of \$3,500, or 2.1 percent, all from the State General Fund, above the amount approved by the 2015 Legislature. The increase is attributable to the agency shifting funding of \$3,500 from the operating budget to the capital improvements budget to make one residential building more accessible to individuals with disabilities by replacing conventional doors with automated doors. The remaining funds will be used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP).

The **Governor** recommends expenditures of \$164,384, including \$3,500 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of residents employed through work programs or in the community.	80.0%	79.4%	81.2%	82.4%
Percent of compliance with intermediate care facility for the intellectually disabled standards for habilitation and treatment.	100.0%	100.0%	100.0%	100.0%
Percent of residents participating in community-based leisure activities.	100.0%	100.0%	100.0%	100.0%

LARNED STATE HOSPITAL

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 42,588,858	\$ 42,148,300	\$ 42,148,300	\$ 46,572,808	\$ 46,572,808
Other Funds	15,006,455	15,013,832	15,013,832	14,982,212	14,982,212
TOTAL	\$ 57,595,313	\$ 57,162,132	\$ 57,162,132	\$ 61,555,020	\$ 61,555,020
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	17,188	0	0	0	0
TOTAL	\$ 17,188	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 57,612,501	\$ 57,162,132	\$ 57,162,132	\$ 61,555,020	\$ 61,555,020
Percentage Change:					
Operating Expenditures					
State General Fund	(0.1) %	(1.0) %	(1.0) %	10.5 %	10.5 %
All Funds	(0.6)	(0.8)	(0.8)	7.7	7.7
FTE Positions	934.5	924.5	924.5	924.5	924.5
Non-FTE Perm.Uncl.Pos.	23.0	23.0	23.0	23.0	23.0
TOTAL	957.5	947.5	947.5	947.5	947.5

AGENCY OVERVIEW

Larned State Hospital (LSH) provides psychiatric treatment and limited detox facilities to adults from the 61 western counties of the state through collaborative efforts with consumers, community based mental health providers, the judicial system, and the Department of Corrections. Larned State Hospital was established in 1911. The State Security Hospital, opened in 1937, serves the entire state as a secure setting for criminal forensic patients during evaluation and treatment, and non-forensic patients with severe behavioral problems who may be transferred from other hospitals. Since 1994, the Sexual Predator Treatment Program (SPTP) has provided treatment for convicted sex offenders who have completed their prison sentences and have been civilly committed under the Kansas Sexual Predator Law because of ongoing danger to the community. The Sexual Predator Transition House Program is located on the grounds of Osawatomie State Hospital, but is funded in the Larned State Hospital budget. The Transition House Program, known as MiCo House, accepts clients in Phases 6 and 7 of their treatment and who have been deemed ready for transition from the treatment program. Larned State Hospital also provides various support services for Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, and the Kansas Soldiers' Home at Fort Dodge.

MAJOR ISSUES FROM PRIOR YEARS

Sexual Predator Treatment Program. Since 1994, 273 persons have been committed to the Sexual Predator Treatment Program. Of the residents presently assigned to the Program, seventy-one have been received within the past five years. According to the agency, the steady increase in referrals to the program and the length of time it takes to complete the program combine to create a continuing budget and public policy challenge.

In April 2005, Legislative Post Audit concluded that the state will either have to change policies to commit fewer sex offenders to the Sexual Predator Treatment Program, allow clients to be released sooner, or commit to supporting a new class of institutionalized individuals. The report recommended that the Legislature examine these issues and that the Department of Social and Rehabilitation Services should develop multi-year forecasts based on several scenarios to address resident capacity, housing costs and staffing costs. The 2005 Legislature added \$597,665 from the State General Fund and 22.0 FTE positions to address staffing issues. Additionally, the Legislature added \$1,116,296 from the State General Fund and 41.0 FTE positions to address growth in the program with staff being hired gradually as additional clients enter the program. The 2006 Legislature added 14.0 FTE positions and \$390,145 to reoccupy the Dillon building after remodeling was completed in Spring 2006.

The **2009 Legislature** passed House Sub. for SB 91 that prohibits the Department of Social and Rehabilitation Services from placing more than eight sexually violent predators in any one county on transitional release or conditional release; stated that these patients be housed only on state property; and required a report to the Governor every year on the status of transitional persons. The Department of Social and Rehabilitation Services testified that 2009 House Sub. for SB 91 created both programmatic and fiscal challenges for the Sexual Predator Treatment Program. The more populated counties such as Johnson, Wyandotte, Shawnee, and Sedgwick typically have the optimal resources for affordable housing, employment, and follow-up sex offender treatment, which are critical elements to reduce the risk for reoffending and increase successful reintegration into the community. In addition, current zoning and residency restrictions make it more difficult to place offenders back into the community after treatment. According to the Department, if a court orders an individual to transitional or conditional release and that person cannot be placed because the counties that offer the needed resources have reached the eight person maximum, and no other county can be found to provide the needed services for that individual, the Department of Social and Rehabilitation Services and the State of Kansas risk contempt of court charges and lawsuits.

As part of a submitted 10.0 percent reduced resources option prepared at the direction of the Senate Ways and Means Committee in 2009, the Department of Social and Rehabilitation Services included the closure of the Inpatient Psychiatric Treatment Unit for Youth located on the Larned campus and the option to contract out these services to a private facility. The new private program, KVC Behavioral HealthCare began operation in Spring 2010 in Hays, Kansas. When the space reserved for the Inpatient Psychiatric Treatment Unit for Youth was vacated during the summer of 2010, eleven additional Adult Civil Psychiatric Service beds were opened in the building complex. Funding for the staffing of the newly opened eleven bed unit at Larned was from savings realized from contracting out the youth beds at Larned.

The opening of the additional adult beds was determined necessary by the Department of Social and Rehabilitation Services as the agency temporarily suspended voluntary admissions to the three Kansas mental health hospitals during May 2010 and July 2010. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 Community Mental Health Centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted.

According to the Department, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary admissions. Additional actions were taken such as initiating agreements with community partners to establish alternative inpatient resources but SRS expected census issues to continue in FY 2012 and FY 2013.

The **Legislature** deleted 138.0 vacant FTE positions for FY 2012 and did not approve two enhancement requests to fund an expansion of the Sexual Predator Treatment Program on the Larned campus or a Sexual Predator Treatment Program transition house.

The **2012 Legislature** approved funding to open an additional 30 bed unit for the Sexual Predator Treatment Program that was completed on July 31, 2012 in the Isaac Ray Building on the grounds of the facility. This has improved space constrictions in the main Sexual Predator Treatment Program building.

In September 2013, Legislative Post Audit performed a follow-up audit of the Sexual Predator Treatment program and determined that overall, the SPTP has sufficiently addressed staff and resident safety and security issues. However, it identified further areas of concern including: inadequate key controls, employees working excessive amounts of overtime, and prohibited items entering the residential buildings. Agency officials concurred with the report's findings for the most part and are taking action to comply with the recommendations from Legislative Post Audit. The agency did not agree that it had not met its own minimum staffing goals because audit findings were based on data errors and that any drop below minimum staffing is planned and approved.

In April of 2015, Legislative Post Audit performed a follow-up audit of the Sexual Predator Treatment program and determined that Kansas' program did not adhere to the recommended practices of programs in Iowa, Washington, and Wisconsin regarding emphasizing individualized treatment. It noted that the Kansas SPTP met many legal requirements and most statutory program requirements, however the program may not have adequately addressed other statutory requirements related to education and rehabilitation. It was also noted that the residents who completed the first five phases at Larned did not necessarily arrive at the reintegration facilities with the skills to be successful, program officials had not maintained appropriate records and documentation to effectively manage the program, policies and program guidance were outdated and not adhered to and, until recently, the Kansas Department for Aging and Disability Services (KDADS) had not filed annual reports with the Legislature as required by statute. The audit also found program costs were anticipated to double by 2025 and an insufficient labor force will create staffing problems for the program as it grows. Agency officials disagreed with a number of the report findings, noting recent changes to the program after the audit had been completed.

The **2015 Legislature** deleted \$5.4 million, all from the State General Fund, in FY 2015 and \$2.2 million, all from the State General Fund, for FY 2016 to adopt the agency's reduced resource option to delay opening of the Meyer Building for the Sexual Predator Treatment Program until January 2016.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity for Larned State Hospital at the end of the fiscal year.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Psychiatric Services Program	90	90	90	90	90
State Security Program	220	220	220	220	220
SPTP	207	240	240	240	240
Meyer Reintegration	-	-	-	16	16
MiCo Transition House	8	8	8	8	8
Total	525	558	558	574	574

AVERAGE DAILY CENSUS

Average Daily Census represents the average number of patients at Larned State Hospital over a fiscal year.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Psychiatric Services Prgm	94	98	101	102	104
State Security Program	183	198	202	207	213
SPTP	218	223	228	241	249
MiCo Transition House	7	6	7	8	8
MiCo Transition House	-	-	-	8	16
Total	502	528	548	566	590

ADMISSIONS

The chart below shows admissions for Larned State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
First Admissions	673	668	634	668	668
Readmission	623	641	532	641	641
Transfers in - Other KDADS Institutions	105	111	34	111	111
Total	1,401	1,420	1,200	1,420	1,420

AVERAGE LENGTH OF STAY

The chart below shows the average length of days stay for adults at Larned State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Psychiatric Services Program	38	45	51	47	47
State Security Program	156	251	252	175	175

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$57.2 million, including \$42.1 million from the State General Fund, for operating expenditures in FY 2016. This is an all funds decrease of \$201,637, or 0.4 percent, and a State General Fund decrease of \$151,461, or 0.4 percent, below the amount approved by the 2015 Legislature, after adjustments. The all funds decrease is primarily attributable to a decrease in salary and wages and capital outlay expenditures, partially offset by an increase in contractual services and commodities expenditures. The revised estimate includes a transfer of funding for positions and services to the Kansas Department for Aging and Disability Services, Parsons State Hospital, and State General Fund. The revised estimate includes 924.5 FTE positions and 23.0 non-FTE positions, which is a decrease of 12.0 FTE positions below the number approved by the 2015 Legislature. The decrease is primarily attributable to shifting 10.0 FTE positions to Parsons State Hospital for the expansion of the Sexual Predator Treatment Program transition unit program and shifting a forensic psychologist and a legal support position to the Kansas Department for Aging and Disability Services.

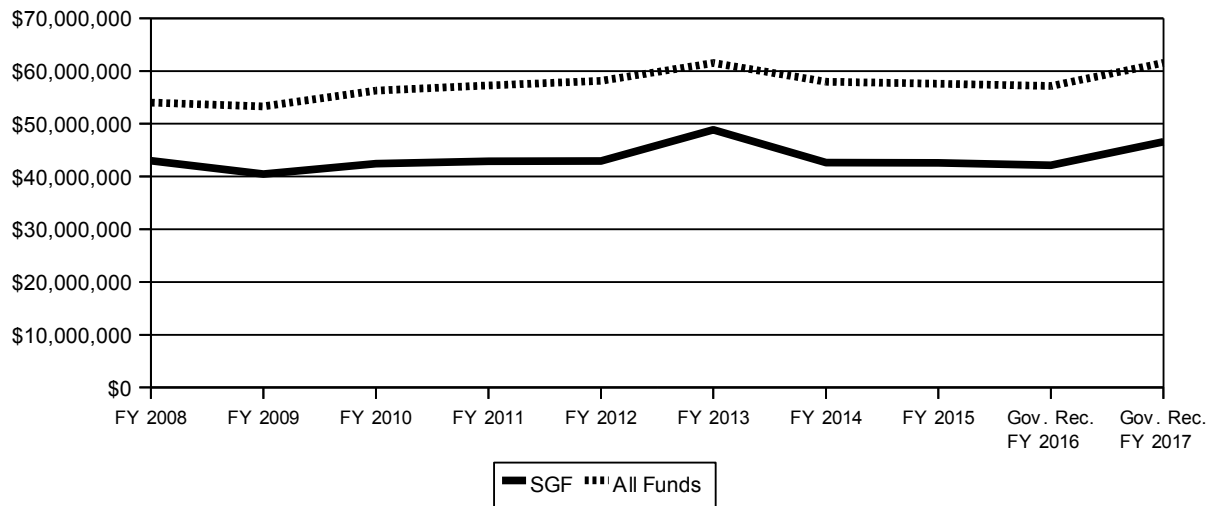
The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$61.6 million, including \$46.6 million from the State General Fund, for operating expenditures for FY 2017. This is an all funds decrease of \$155,776, or 0.3 percent, and a State General Fund decrease of \$155,989, or 0.3 percent, below the amount approved by the 2015 Legislature, after adjustments. The all funds decrease is primarily attributable to a decrease in salaries and wages and capital outlay expenditures, partially offset by an increase in contractual services and commodities expenditures. The revised estimate includes a transfer of funding for positions and services to the Kansas Department for Aging and Disability Services and Parsons State Hospital. The revised estimate includes 924.5 FTE positions and 23.0 non-FTE positions, which is a decrease of 12.0 FTE positions below the number approved by the 2015 Legislature. The decrease is primarily attributable to shifting 10.0 FTE positions to Parsons State Hospital for the expansion of the Sexual Predator Treatment Program transition unit program and shifting a Forensic Psychologist position and a Legal Support position to the Kansas Department for Aging and Disability Services.

The **Governor** concurs with the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 42,987,347	7.7 %	\$ 54,010,787	5.1 %	976.2
2009	40,465,385	(5.9)	53,301,562	(1.3)	976.2
2010	42,466,987	4.9	56,297,843	5.6	976.2
2011	42,887,827	1.0	57,260,017	1.7	976.2
2012	42,935,618	0.1	58,138,073	1.5	839.2
2013	48,870,060	13.8	61,519,684	5.8	932.2
2014	42,639,096	(12.8)	57,964,370	(5.8)	936.5
2015	42,588,858	(0.1)	57,595,313	(0.6)	934.5
2016 Gov. Rec.	42,148,300	(1.0)	57,162,132	(0.8)	924.5
2017 Gov. Rec.	46,572,808	10.5	61,555,020	7.7	924.5
Ten-Year Change Dollars/Percent	\$ 3,585,461	8.3 %	\$ 7,544,233	14.0 %	(51.7)

Summary of Operating Budget FY 2015 - FY 2017

Agency Estimate					Governor's Recommendation								
Estimate FY 2016		Estimate FY 2017		Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016		Rec. FY 2017		Dollar Change from FY 16	Percent Change from FY 16		
\$	3,248,937	\$	3,468,264	\$	219,327	6.8 %	\$	3,248,937	\$	3,468,264	\$	219,327	6.8 %
	277,071		281,322		4,251	1.5		277,071		281,322		4,251	1.5
	8,308,934		8,928,564		619,630	7.5		8,308,934		8,928,564		619,630	7.5
	16,264,596		17,082,341		817,745	5.0		16,264,596		17,082,341		817,745	5.0
	18,094,272		20,404,981		2,310,709	12.8		18,094,272		20,404,981		2,310,709	12.8
	5,409,658		5,662,733		253,075	4.7		5,409,658		5,662,733		253,075	4.7
	5,558,664		5,726,815		168,151	3.0		5,558,664		5,726,815		168,151	3.0
\$	57,162,132	\$	61,555,020	\$	4,392,888	7.7 %	\$	57,162,132	\$	61,555,020	\$	4,392,888	7.7 %
\$	44,026,078	\$	48,412,021	\$	4,385,943	10.0 %	\$	44,026,078	\$	48,412,021	\$	4,385,943	10.0 %
	7,541,422		7,618,285		76,863	1.0		7,541,422		7,618,285		76,863	1.0
	5,396,536		5,427,783		31,247	0.6		5,396,536		5,427,783		31,247	0.6
	45,845		45,845		0	0.0		45,845		45,845		0	0.0
	0		0		0	--		0		0		0	--
\$	57,009,881	\$	61,503,934	\$	4,494,053	7.9 %	\$	57,009,881	\$	61,503,934	\$	4,494,053	7.9 %
	0		0		0	--		0		0		0	--
	152,251		51,086		(101,165)	(66.4)		152,251		51,086		(101,165)	(66.4)
\$	57,162,132	\$	61,555,020	\$	4,392,888	7.7 %	\$	57,162,132	\$	61,555,020	\$	4,392,888	7.7 %
\$	42,148,300	\$	46,572,808	\$	4,424,508	10.5 %	\$	42,148,300	\$	46,572,808	\$	4,424,508	10.5 %
	4,449,444		4,441,913		(7,531)	(0.2)		4,449,444		4,441,913		(7,531)	(0.2)
	10,225,086		10,200,997		(24,089)	(0.2)		10,225,086		10,200,997		(24,089)	(0.2)
	339,302		339,302		0	0.0		339,302		339,302		0	0.0
\$	57,162,132	\$	61,555,020	\$	4,392,888	7.7 %	\$	57,162,132	\$	61,555,020	\$	4,392,888	7.7 %

Larned State Hospital

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$43,850,484 for Larned State Hospital in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- A reduction of \$500,000, on July 30 as the result of the authority given under 2015 Senate Sub. for HB 2135;
- A reduction of \$77,723, as a result of the privatization of food services and corresponding transfer to KDADS to pay the vendor directly; and
- A reduction of \$973,000, and a corresponding transfer to Parsons State Hospital for the Sexual Predator Treatment Program reintegration unit program.

These adjustments change the FY 2016 approved State General Fund to \$42,299,761. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 42,299,761	\$ 42,148,300	\$ (151,461)	\$ 42,148,300	\$ (151,461)
All Other Funds	15,064,008	15,013,832	(50,176)	15,013,832	(50,176)
TOTAL	\$ 57,363,769	\$ 57,162,132	\$ (201,637)	\$ 57,162,132	\$ (201,637)
FTE Positions	936.5	924.5	(12.0)	924.5	(12.0)

The **agency** requests a revised estimate of \$57.2 million, including \$42.1 million from the State General Fund, for operating expenditures in FY 2016. This is an all funds decrease of \$201,637, or 0.4 percent, and a State General Fund decrease of \$151,461, or 0.4 percent, below the amount approved by the 2015 Legislature, after adjustments. The all funds decrease is primarily attributable to a decrease in salaries and wages and capital outlay expenditures, partially offset by an increase in contractual services and commodities expenditures. The revised estimate includes a transfer of funding for positions and services to the Kansas Department for Aging and Disability Services, Parsons State Hospital, and State General Fund due to the Governor's allotment. The transfer of funding for positions to the Kansas Department for Aging and Disability Services totals \$151,461, all from the State General Fund, for a Legal Support position and partial funding for a Forensic Psychologist position. The revised estimate includes 924.5 FTE positions and 23.0 non-FTE positions, which is a decrease of 12.0 FTE

positions below the number approved by the 2015 Legislature. The decrease is primarily attributable to shifting 10.0 FTE positions to Parsons State Hospital for the expansion of the Sexual Predator Treatment Program transition program, and shifting a Forensic Psychologist position and a Legal Support position to the Kansas Department for Aging and Disability Services.

The revised estimate, absent adjustments, is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$44.0 million, including \$38.9 million from the State General Fund, for salaries and wages in FY 2016. This is an all funds decrease of \$3.7 million, or 7.7 percent, and a State General Fund decrease of \$1.8 million, or 4.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefits due to transferring funding and 10.0 FTE positions to Parsons State Hospital for the Sexual Predator Treatment Program Transition program, partially offset by a reallocation of salary shrinkage across all agency programs;
- **Contractual Services.** The agency requests \$7.5 million, including \$2.0 million from the State General Fund, for contractual services in FY 2016. This is an all funds increase of \$2.2 million, or 40.1 percent, and a State General Fund increase of \$82,570, or 4.4 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in professional fees for patient medical treatment, an increase in utilities expenditures, and an increase in computer services expenditures;
- **Commodities.** The agency requests \$5.4 million, including \$1.3 million from the State General Fund, for commodities in FY 2016. This is an all funds increase of \$347,169, or 6.9 percent, and a State General Fund increase of \$151,262, or 13.1 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in drug and pharmaceutical expenditures and food for patients, partially offset by a decrease in data processing supplies, household supplies, and grounds materials;
- **Capital Outlay.** The agency requests \$45,845, all from special revenue funds, for capital outlay in FY 2016. This is a decrease of \$588,667, or 92.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computer and information processing equipment, radio equipment, and equipment for patient care; and
- **Other Assistance.** The agency requests \$152,251, including \$25,823 from the State General Fund, for other assistance in FY 2016. This is an all funds decrease of \$10,042, or 6.2 percent, and a State General Fund decrease of \$37,956, or 59.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in expenditures associated with the voluntary retirement incentive program.

The **Governor** recommends expenditures of \$57.2 million, including \$42.1 million from the State General Fund, in FY 2016. This is the same amount as the agency's revised estimate.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
SPTP delayed bldg opening	\$ (500,000)	\$ (500,000)	0.0
November Allotment			
None	\$ 0	\$ 0	0.0
TOTAL	\$ (500,000)	\$ (500,000)	0.0

Meyer Building Delayed Opening

A reduction of \$500,000, as a result of the delayed opening of the Sexual Predator Treatment Program (SPTP) Meyer Building. By maximizing existing beds in the SPTP's Dillon and Annex Buildings and delaying the opening of the Meyer Building until July 1, 2016, the agency anticipates being able to reduce State General Fund expenditures by \$500,000 in FY 2016.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$47,806,520 for Larned State Hospital for FY 2017. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- A reduction of \$77,723, as a result of the privatization of food services and corresponding transfer to KDADS to pay the vendor directly; and
- A reduction of \$1,000,000 million, and a corresponding transfer to Parsons State Hospital for the Sexual Predator Treatment Program reintegration house.

These adjustments change the FY 2017 approved State General Fund to \$46,728,797. That amount is reflected in the table below as the currently approved FY 2017 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 46,728,797	\$ 46,572,808	\$ (155,989)	\$ 46,572,808	\$ (155,989)
All Other Funds	14,981,999	14,982,212	213	14,982,212	213
TOTAL	\$ 61,710,796	\$ 61,555,020	\$ (155,776)	\$ 61,555,020	\$ (155,776)
FTE Positions	936.5	924.5	(12.0)	924.5	(12.0)

The **agency** requests a revised estimate of \$61.6 million, including \$46.6 million from the State General Fund, for operating expenditures for FY 2017. This is an all funds decrease of \$155,776, or 0.3 percent, and the State General Fund decrease of \$155,989, or 0.3 percent, below the amount approved by the 2015 Legislature, after adjustments. The all funds decrease is primarily attributable to a decrease in salaries and wages and capital outlay expenditures, partially offset by an increase in contractual services and commodities expenditures. The revised estimate includes a transfer of funding for positions and services to the Kansas Department for Aging and Disability Services and Parsons State Hospital. The transfer of funding for positions to the Kansas Department for Aging and Disability Services totals \$155,989, all from the State General Fund, for a Legal Support position and partial funding for a

Forensic Psychologist position. The revised estimate includes 924.5 FTE positions and 23.0 non-FTE positions, which is a decrease of 12.0 FTE positions below the number approved by the 2015 Legislature. The decrease is primarily attributable to shifting 10.0 FTE positions to Parsons State Hospital for the expansion of the Sexual Predator Treatment Program transition program, and shifting a Forensic Psychologist position and a Legal Support position to the Kansas Department for Aging and Disability Services.

The revised estimate, absent adjustment, is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$48.4 million, including \$42.6 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds decrease of \$2.9 million, or 5.6 percent, and a State General Fund decrease of \$1.4 million, or 3.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefits due to transferring funding and 10.0 FTE positions to Parsons State Hospital for the Sexual Predator Treatment Program Transition program, partially offset by a reallocation of salary shrinkage across all agency programs;
- **Contractual Services.** The agency requests \$7.6 million, including \$1.5 million from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$1.9 million, or 32.2 percent, and a State General Fund decrease of \$1.0 million, or 40.9 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in professional fees for patient medical treatment, an increase in utilities expenditures, and an increase in computer services expenditures;
- **Commodities.** The agency requests \$5.4 million, including \$2.4 million from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$378,029, or 7.5 percent, and a State General Fund increase of \$1.3 million, or 110.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in drug and pharmaceutical expenditures and food for patients, partially offset by a decrease in data processing supplies, household supplies, and grounds materials;
- **Capital Outlay.** The agency requests \$45,845, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$588,670, or 92.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computer and information processing equipment, radio equipment, and equipment for patient care; and
- **Other Assistance.** The agency requests \$51,086, including \$8,682 from the State General Fund, for other assistance expenditures for FY 2017. This is an all funds increase of \$17,546, or 52.3 percent, and a State General fund decrease of \$5,455, or 38.6 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in expenditures associated with the voluntary retirement incentive program.

The **Governor** recommends expenditures of \$61.6 million, including \$46.6 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	75.7 %	75.7 %
LSH Fee Fund	7.2	7.2
Title XIX Fund	16.6	16.6
All Other Funds	0.5	0.5
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Larned State Hospital Fee Fund Analysis

KSA 76-1302a requires that the superintendent of the Larned State Hospital remit all moneys received from charges under KSA 59-2006 and deposit them into the Larned State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

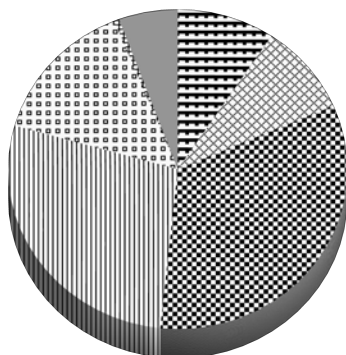
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,029,223	\$ 74,768	\$ 74,768	\$ 0	\$ 0
Revenue	3,375,192	4,372,145	4,372,145	4,439,382	4,439,382
Transfers in	2,531	2,531	2,531	2,531	2,531
Total Funds Available	\$ 4,406,946	\$ 4,449,444	\$ 4,449,444	\$ 4,441,913	\$ 4,441,913
Less: Expenditures	4,332,178	4,449,444	4,449,444	4,441,913	4,441,913
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 74,768</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Balance as Percent of Expenditures	1.7%	0.0%	0.0%	0.0%	0.0%
Month Highest Ending Balance	May <u>\$ 1,180,016</u>	June <u>\$ 1,407,162</u>	June <u>\$ 1,407,162</u>	June <u>\$ 1,877,148</u>	June <u>\$ 1,877,148</u>
Month Lowest Ending Balance	December <u>\$ 180,638</u>	August <u>\$ 0</u>	August <u>\$ 0</u>	July <u>\$ 0</u>	July <u>\$ 0</u>

PROGRAM DETAIL

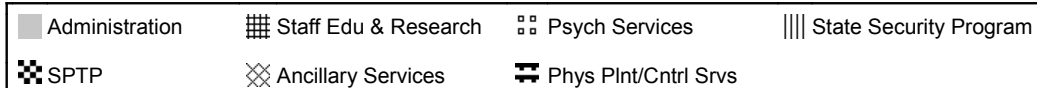
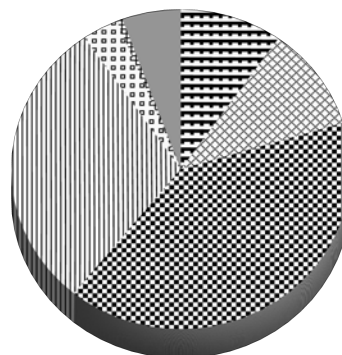
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 3,468,264	5.6 %	\$ 2,604,499	5.6 %
Staff Edu & Research	281,322	0.5	256,320	0.6
Psychiatric Services	8,928,564	14.5	1,610,426	3.5
State Security Program	17,082,341	27.8	13,764,646	29.6
Sexual Predator Treatment Program	20,404,981	33.1	18,878,824	40.5
Ancillary Services	5,662,733	9.2	4,917,801	10.6
Phys Plant/Ctrl Services	5,726,815	9.3	4,540,292	9.7
TOTAL	\$ 61,555,020	100.0 %	\$ 46,572,808	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	48.0	48.0	48.0	46.0	46.0
Staff Edu & Research	4.0	4.0	4.0	4.0	4.0
Psychiatric Services	120.0	120.0	120.0	121.0	121.0
State Security Program	246.0	246.0	246.0	246.0	246.0
Sexual Predator Trmt	355.5	345.5	345.5	346.5	346.5
Ancillary Services	51.0	51.0	51.0	51.0	51.0
Phys Plant/Ctrl Services	110.0	110.0	110.0	110.0	110.0
TOTAL	934.5	924.5	924.5	924.5	924.5

A. Administration

The Administration Program provides overall management activities such as budgeting, planning, and staffing designed to ensure that the patients' basic needs are met and that proper care and treatment are received. This program is responsible for maintaining accreditation and certification with federal agencies. In addition, this program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement. Lastly, LSH has a partnership with three other agencies that receive a significant level of goods and services from Larned State Hospital: Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, and the Fort Dodge Soldiers' Home. According to the agency, a goal of Administration is to focus on the successful execution of hospital policies and procedures, to provide exemplary customer service, and increase stakeholders' confidence in hospital services.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,409,910	\$ 2,351,309	\$ 2,351,309	\$ 2,575,628	\$ 2,575,628
Contractual Services	727,541	685,149	685,149	685,149	685,149
Commodities	150,194	191,824	191,824	191,824	191,824
Capital Outlay	16,807	12,958	12,958	12,958	12,958
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,304,452</i>	<i>\$ 3,241,240</i>	<i>\$ 3,241,240</i>	<i>\$ 3,465,559</i>	<i>\$ 3,465,559</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	7,904	7,697	7,697	2,705	2,705
TOTAL	\$ 4,312,356	\$ 3,248,937	\$ 3,248,937	\$ 3,468,264	\$ 3,468,264
Financing:					
State General Fund	\$ 122,697	\$ 2,351,912	\$ 2,351,912	\$ 2,604,499	\$ 2,604,499
All Other Funds	4,189,659	897,025	897,025	863,765	863,765
TOTAL	\$ 4,312,356	\$ 3,248,937	\$ 3,248,937	\$ 3,468,264	\$ 3,468,264
FTE Positions	48.0	48.0	48.0	46.0	46.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	48.0	48.0	48.0	46.0	46.0

The **agency** requests a revised estimate of \$3.5 million, including \$2.6 million from the State General Fund, for the Administration program for FY 2017. This is an all funds decrease of \$776,077, or 18.3 percent, and a State General Fund increase of \$296,044, or 12.8 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salaries and wages and capital outlay expenditures, partially offset by an increase in contractual services, commodities, and other assistance expenditures. The revised estimate includes 46.0 FTE positions, which a decrease of 2.2 FTE positions below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$2.6 million, all from the State General Fund, for salaries and wages for FY 2017. This is an all funds decrease of \$490,122, or 16.0 percent, and a State General Fund increase of \$267,280, or 11.6 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in salary and wages and associated fringe benefit expenditures, partially offset by a reallocation of salary shrinkage across all programs;
- **Contractual Services.** The agency requests \$685,149, including \$28,871 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$135,046, or 24.5 percent, and a State General Fund increase of \$28,764, or 26,882.2 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in utilities expenditures, accounting and auditing expenditures, and advertising expenditures, partially offset by a decrease in computer services expenditures;
- **Commodities.** The agency requests \$191,824, all from special revenue funds, for commodities for FY 2017. This is an increase of \$20,287, or 11.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in food for patients, partially offset by a decrease in stationary and office supplies;
- **Capital Outlay.** The agency requests \$12,958, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$442,244, or 97.2 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computer equipment and radio equipment; and
- **Other Assistance.** The agency requests \$2,705, all from special revenue funds, for other assistance expenditures for FY 2017. This is an increase of \$956, or 54.7 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in expenditures associated with the voluntary retirement incentive program.

The **Governor** recommends expenditures of \$3.5 million, including \$2.6 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

B. Staff Education and Research

The Staff Education and Research program has two primary areas of focus: recruitment and education. Recruitment involves general nursing recruitment and clinical rotations offered to several state nursing programs. Other recruitment involves internship and practicum arrangements with professional staff in psychiatry, psychology, social work, and activity therapy. Education involves ensuring identification and provision of minimum hospital, KDADS, and other training requirements as dictated by policy and standards. Larned is moving from classroom instructor lead training toward more online training for educational sessions.

**STAFF EDUCATION AND RESEARCH
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 240,921	\$ 246,966	\$ 246,966	\$ 255,788	\$ 255,788
Contractual Services	21,361	21,347	21,347	21,347	21,347
Commodities	1,902	1,902	1,902	1,902	1,902
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 264,184</i>	<i>\$ 270,215</i>	<i>\$ 270,215</i>	<i>\$ 279,037</i>	<i>\$ 279,037</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,856	6,856	6,856	2,285	2,285
TOTAL	\$ 271,040	\$ 277,071	\$ 277,071	\$ 281,322	\$ 281,322
Financing:					
State General Fund	\$ 241,453	\$ 247,498	\$ 247,498	\$ 256,320	\$ 256,320
All Other Funds	29,587	29,573	29,573	25,002	25,002
TOTAL	\$ 271,040	\$ 277,071	\$ 277,071	\$ 281,322	\$ 281,322
FTE Positions	4.0	4.0	4.0	4.0	4.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	4.0	4.0	4.0	4.0	4.0

The **agency** requests a revised estimate of \$281,322, including \$256,320 from the State General Fund, for the Staff Education and Research program for FY 2017. This is an all funds increase of \$58,313, or 26.1 percent, and a State General Fund increase of \$246,732, or 2,573.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages, contractual services, and other assistance expenditures, partially offset by a decrease in commodities expenditures. The revised estimate includes 4.0 FTE positions, which is the same number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$255,788, all from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$39,127, or 18.1 percent, and a State General Fund increase of \$246,200, or 2,567.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a reallocation of salary shrinkage across all programs;
- **Contractual Services.** The agency requests \$21,347, including \$532 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$17,892, or 517.9 percent, and a State General Fund increase of \$532, above the amount approved by the 2015 Legislature. The agency did not previously request expenditures from the State General Fund for contractual services. The increase is primarily attributable to an increase in lecturers expenditures and job related training expenditures;

- **Commodities.** The agency requests \$1,902, all from special revenue funds, for commodities for FY 2017. This is an all funds decrease of \$991, or 34.3 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computer processing supplies, household supplies, and stationary and office supplies;
- **Capital Outlay.** The agency did not request capital outlay for FY 2017; and
- **Other Assistance.** The agency requests \$2,285, all from the special revenue funds, for other assistance expenditures for FY 2017. This is an all funds increase of \$2,285, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a decrease in expenditures associated with the voluntary retirement incentive program.

The **Governor** recommends expenditures of \$281,322, including \$256,320 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

C. Psychiatric Services

The Psychiatric Services Program provides psychiatric treatment to Kansas citizens 18 years or older. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. The Psychiatric Services program no longer serves youth and only provides adult inpatient services. Service units include a 30 bed Crisis Stabilization Unit for acute stabilization and treatment and two Adult Treatment Units for patients with chronic conditions budgeted for 30 beds each. Growing demands for in-patient psychiatric services are resulting in steadily increasing admissions that often exceed the program's budgeted bed capacity. The adult units had an average daily census of 98 in FY 2014. The highest monthly average in FY 2014 was 103 in June of 2014. A major goal of the program is to reduce re-admissions.

**PSYCHIATRIC SERVICES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 6,237,231	\$ 5,814,491	\$ 5,814,491	\$ 6,438,692	\$ 6,438,692
Contractual Services	1,490,433	1,437,971	1,437,971	1,437,971	1,437,971
Commodities	1,058,514	1,047,763	1,047,763	1,047,763	1,047,763
Capital Outlay	1,788	1,788	1,788	1,788	1,788
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,787,966</i>	<i>\$ 8,302,013</i>	<i>\$ 8,302,013</i>	<i>\$ 8,926,214</i>	<i>\$ 8,926,214</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,921	6,921	6,921	2,350	2,350
TOTAL	<u>\$ 8,794,887</u>	<u>\$ 8,308,934</u>	<u>\$ 8,308,934</u>	<u>\$ 8,928,564</u>	<u>\$ 8,928,564</u>
Financing:					
State General Fund	\$ 4,769,329	\$ 1,474,380	\$ 1,474,380	\$ 1,610,426	\$ 1,610,426
All Other Funds	4,025,558	6,834,554	6,834,554	7,318,138	7,318,138
TOTAL	<u>\$ 8,794,887</u>	<u>\$ 8,308,934</u>	<u>\$ 8,308,934</u>	<u>\$ 8,928,564</u>	<u>\$ 8,928,564</u>
FTE Positions	120.0	120.0	120.0	121.0	121.0
Non-FTE Uncl. Perm. Pos.	2.0	2.0	2.0	2.0	2.0
TOTAL	<u>122.0</u>	<u>122.0</u>	<u>122.0</u>	<u>123.0</u>	<u>123.0</u>

The **agency** requests a revised estimate of \$8.9 million, including \$1.6 million from the State General Fund, for the Psychiatric Services program for FY 2017. This is an all funds increase of \$752,066, or 9.2 percent, and a State General Fund increase of \$1.5 million, or 1,492.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in contractual services and commodities, partially offset by a decrease in salaries and wages, capital outlay, and other assistance expenditures. The revised estimate includes 121.0 FTE positions and 2.0 non-FTE positions, which is 1.0 FTE position above the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$6.4 million for salaries and wages for FY 2017. This is a decrease of \$49,546, or 0.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefit expenditures, partially offset by a reallocation of salary shrinkage across all programs;
- **Contractual Services.** The agency requests \$1.4 million, including \$580,388 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$618,248, or 75.4 percent, and a State General Fund increase of \$580,388, above the amount approved by the 2015 Legislature. The agency did not previously request expenditures from the State General Fund for contractual services. The increase is primarily attributable to an increase in

professional fees for patient Medicare care, utilities expenditures, and computer services expenditures;

- **Commodities.** The agency requests \$1.0 million, including \$1.0 million from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$184,232, or 21.3 percent, and a State General Fund increase of \$1.0 million, or 314,026.4 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in drug and pharmaceutical expenditures and an increase in building grounds materials;
- **Capital Outlay.** The agency requests \$1,788, all from special revenue funds, for FY 2017. This is a decrease of \$863, or 32.6 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to an increase in equipment for patient care; and
- **Other Assistance.** The agency requests \$2,350, all from special revenue funds, for FY 2017. This is a decrease of \$5, or 0.2 percent, below the amount approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$8.9 million, including \$1.6 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

D. State Security Program

The State Security Program was originally established in 1937. This program, also known in Kansas statutes as the State Security Hospital, serves male and female adults from all 105 Kansas counties who are admitted through forensic commitment statutes. The State Security Hospital delivers specialized mental health services to persons committed by the District Courts and those transferred from the Kansas Department of Corrections. The State Security Hospital consists of 200 beds in seven units housed at the Isaac Ray Building.

The program also provides competency, mental state, pre-sentence, and sexual predator evaluations. The goal is to complete evaluations in 60 days or less. However, in recent years wait-lists have increased and a top priority of the State Security Program is to decrease the wait list for forensic admissions to the extent possible within resources. The State Security Program collaborates with the KDADS Coordinator of Forensic Services to explore alternative resources and ideas to decreasing the wait list. The effect of the wait is local jails have to retain these individuals until the evaluation is completed. Many local jails have agreements with Community Mental Health Centers to provide services in the jail. Local jails have the option of getting the evaluation done locally. There is also a process for local jails to ask to have the person moved to the top of list if they can demonstrate the person's condition has worsened to a point they can no longer safely handle the individual.

**STATE SECURITY PROGRAM
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 13,102,842	\$ 12,479,730	\$ 12,479,730	\$ 13,335,749	\$ 13,335,749
Contractual Services	1,641,271	1,594,251	1,594,251	1,594,251	1,594,251
Commodities	2,184,665	2,126,231	2,126,231	2,126,231	2,126,231
Capital Outlay	7,060	6,851	6,851	6,851	6,851
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 16,935,838</i>	<i>\$ 16,207,063</i>	<i>\$ 16,207,063</i>	<i>\$ 17,063,082</i>	<i>\$ 17,063,082</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	71,261	57,533	57,533	19,259	19,259
TOTAL	\$ 17,007,099	\$ 16,264,596	\$ 16,264,596	\$ 17,082,341	\$ 17,082,341
Financing:					
State General Fund	\$ 13,104,724	\$ 12,479,730	\$ 12,479,730	\$ 13,764,646	\$ 13,764,646
All Other Funds	3,902,375	3,784,866	3,784,866	3,317,695	3,317,695
TOTAL	\$ 17,007,099	\$ 16,264,596	\$ 16,264,596	\$ 17,082,341	\$ 17,082,341
FTE Positions	246.0	246.0	246.0	246.0	246.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
TOTAL	247.0	247.0	247.0	247.0	247.0

The **agency** requests a revised estimate of \$17.1 million, including \$13.8 million from the State General Fund, for the State Security Program for FY 2017. This is an all funds increase of \$990,651, or 6.2 percent, and a State General Fund increase of \$720,089, or 5.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages, contractual services, and other assistance, partially offset by a decrease in commodities and capital outlay expenditures. The revised estimate includes 246.0 FTE positions and 1.0 non-FTE position, which is an increase of 1.0 FTE position and a decrease of 1.0 non-FTE positions from the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$13.3 million, all from the State General Fund, for salaries and wages for FY 2017. This is an increase of \$296,856, or 2.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a reallocation of salary shrinkage across all programs, partially offset by a decrease in salaries and wages and fringe benefit expenditures;
- **Contractual Services.** The agency requests \$1.6 million, including \$108,025 from the State General Fund, for FY 2017. This is an all funds increase of \$727,257, or 83.9 percent, and a State General Fund increase of \$108,025, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in professional fees for medical care for patients,

utilities expenditures, and computer services expenditures, partially offset by a decrease in equipment repairs;

- **Commodities.** The agency requests \$2.1 million, including \$320,872 from the State General Fund, for FY 2017. This is an all funds decrease of \$2,619, or 0.1 percent, and a State General Fund increase of \$320,872, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in household supplies, grounds materials, and stationary and office supplies, partially offset by an increase in drug and pharmaceutical expenditures.
- **Capital Outlay.** The agency requests \$6,851, all from special revenue funds, for FY 2017. This is a decrease of \$33,054, or 82.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in equipment for patient care; and
- **Other Assistance.** The agency requests \$19,259, all from special revenue funds, for other assistance for FY 2017. This is an increase of \$2,211, or 13.0 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$17.1 million, including \$13.8 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

E. Sexual Predator Treatment Program

The Sexual Predator Treatment Program (SPTP) was established in 1994 by the Sexual Predator Act (KSA 59-29A01 *et seq.*) to provide treatment for convicted sex offenders who have finished their prison sentences, and who have been civilly committed by the courts to the SPTP inpatient treatment program at Larned State Hospital. The SPTP is comprised of seven phases of treatment. Phases one through five are located at LSH; phases six and seven are located at Osawatomie State Hospital. The SPTP was given a dual mission. First, SPTP's goal is to protect the public from any further victimization by sexual offenders committed to the program. Second, SPTP is required to provide a program of treatment which would assist motivated offenders to reduce their risk for re-offense to the point that they could safely live in open society and become contributing citizens.

MiCo House is a state funded program on the grounds of Osawatomie State Hospital and is limited to eight beds. MiCo House accepts clients who have been deemed ready for transition from Larned State Hospital's Sexual Predator Treatment Program. MiCo House serves clients that are in Phases 6 and 7 of the Sexual Predator Treatment Program. To be deemed ready for the program, clients must have successfully progressed through the residential portion of the treatment program and have a motivation to re-enter into a normal lifestyle. MiCo House provides shelter, monetary assistance, and transportation to aid client transition and residents will spend anywhere from six to 36 months at MiCo House. MiCo House also encourages clients to utilize community resources for other services such as psychiatric and vocational assistance. MiCo House staff are aware of clients' whereabouts at all times through visual contact and phone checks. In most cases, clients will obtain a job, learn to budget and save money, purchase their own transportation, and eventually live on their own in

the community. Clients transition through the program on a step system that slowly allows them more and more freedom to make their own decisions and be on their own.

SEXUAL PREDATOR TREATMENT PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 12,619,454	\$ 14,750,641	\$ 14,750,641	\$ 17,020,720	\$ 17,020,720
Contractual Services	2,413,356	2,053,174	2,053,174	2,079,698	2,079,698
Commodities	1,305,316	1,264,634	1,264,634	1,295,881	1,295,881
Capital Outlay	75	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 16,338,201</i>	<i>\$ 18,068,449</i>	<i>\$ 18,068,449</i>	<i>\$ 20,396,299</i>	<i>\$ 20,396,299</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	49,333	25,823	25,823	8,682	8,682
TOTAL	<u>\$ 16,387,534</u>	<u>\$ 18,094,272</u>	<u>\$ 18,094,272</u>	<u>\$ 20,404,981</u>	<u>\$ 20,404,981</u>
Financing:					
State General Fund	\$ 16,046,831	\$ 16,545,208	\$ 16,545,208	\$ 18,878,824	\$ 18,878,824
All Other Funds	340,703	1,549,064	1,549,064	1,526,157	1,526,157
TOTAL	<u>\$ 16,387,534</u>	<u>\$ 18,094,272</u>	<u>\$ 18,094,272</u>	<u>\$ 20,404,981</u>	<u>\$ 20,404,981</u>
FTE Positions	355.5	345.5	345.5	346.5	346.5
Non-FTE Uncl. Perm. Pos.	19.0	19.0	19.0	19.0	19.0
TOTAL	<u>374.5</u>	<u>364.5</u>	<u>364.5</u>	<u>365.5</u>	<u>365.5</u>

The **agency** requests a revised estimate of \$20.4 million, including \$18.9 million from the State General Fund, for the Sexual Predator Treatment Program for FY 2017. This is an all funds increase of \$277,159, or 1.4 percent, and a State General Fund decrease of \$1.1 million, or 5.7 percent, from the amount approved by the 2015 Legislature. The all funds increase is partially attributable to an increase in salaries and wages, commodities, and other assistance expenditures, partially offset by a decrease in contractual services and capital outlay expenditures. The revised estimate includes 346.5 FTE positions and 19.0 non-FTE positions, which is an increase of 24.0 FTE positions and 1.0 non-FTE position greater than the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$17.0 million, all from the State General Fund, for salaries and wages for FY 2017. This is an increase of \$804,721, or 5.0 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a reallocation of salary shrinkage across all programs and an increase in salaries and wages and associated fringe benefit expenditures;
- **Contractual Services.** The agency requests \$2.1 million, including \$785,416 from the State General Fund, for contractual services for FY 2017. This is an all

funds decrease of \$586,781, or 22.0 percent, and a State General Fund decrease of \$1.8 million, or 69.2 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in professional fees for patient treatment and in-state travel expenditures, partially offset by an increase in computer expenditures;

- **Commodities.** The agency requests \$1.3 million, including \$1.1 million from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$141,400, or 12.2 percent, and a State General Fund decrease of \$90,475, or 7.8 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in equipment for patient treatment, drug and pharmaceutical expenditures, and household supplies, partially offset by a decrease in grounds materials;
- **Capital Outlay.** The agency did not request capital outlay for FY 2017; and
- **Other Assistance.** The agency requests \$8,682, all from the State General Fund, for other assistance expenditures for FY 2017. This is an increase of \$2,124, or 32.4 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$20.4 million, including \$18.9 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

F. Ancillary Services

The Ancillary Services Program consists of Allied Clinical Services which is comprised of medical services, nursing services, chaplaincy services, psychology department, social services department, pharmacy, clinical pathology laboratory, and clinic/infection control.

**ANCILLARY SERVICES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,901,627	\$ 4,042,887	\$ 4,042,887	\$ 4,258,955	\$ 4,258,955
Contractual Services	1,085,522	1,070,948	1,070,948	1,121,287	1,121,287
Commodities	366,714	268,642	268,642	268,642	268,642
Capital Outlay	12,003	7,184	7,184	7,184	7,184
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,365,866</i>	<i>\$ 5,389,661</i>	<i>\$ 5,389,661</i>	<i>\$ 5,656,068</i>	<i>\$ 5,656,068</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	19,997	19,997	19,997	6,665	6,665
TOTAL	<u>\$ 5,385,863</u>	<u>\$ 5,409,658</u>	<u>\$ 5,409,658</u>	<u>\$ 5,662,733</u>	<u>\$ 5,662,733</u>
Financing:					
State General Fund	\$ 3,895,245	\$ 4,695,715	\$ 4,695,715	\$ 4,917,801	\$ 4,917,801
All Other Funds	1,490,618	713,943	713,943	744,932	744,932
TOTAL	<u>\$ 5,385,863</u>	<u>\$ 5,409,658</u>	<u>\$ 5,409,658</u>	<u>\$ 5,662,733</u>	<u>\$ 5,662,733</u>
FTE Positions	51.0	51.0	51.0	51.0	51.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
TOTAL	<u>52.0</u>	<u>52.0</u>	<u>52.0</u>	<u>52.0</u>	<u>52.0</u>

The **agency** requests \$5.7 million, including \$4.9 million from the State General Fund, for the Ancillary Services program for FY 2017. This is an all funds decrease of \$1.5 million, or 20.7 percent, and a State General Fund decrease of \$1.5 million, or 23.6 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages, commodities, and capital outlay, partially offset by an increase in contractual services and other assistance expenditures. The revised estimate includes 51.0 FTE positions and 1.0 FTE position, which is a decrease of 1.0 FTE position below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$4.3 million for salaries and wages for FY 2017. This is an all funds decrease of \$2.1 million, or 33.3 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefit expenditures, partially offset by a reallocation of salary shrinkage across all programs;
- **Contractual Services.** The agency requests \$1.1 million, including \$596 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$690,350, or 160.2 percent, and a State General Fund increase of \$596, above the amount approved by the 2015 Legislature. The agency did not previously request expenditures from the State General Fund for contractual

services. The increase is primarily attributable to an increase in professional fees for medical services for patients and an increase in utilities expenditures;

- **Commodities.** The agency requests \$268,642, all from special revenue funds, for commodities for FY 2017. This is a decrease of \$49,290, or 15.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to supplies for patient treatment, household supplies, and grounds materials, partially offset by an increase in stationary and office supplies;
- **Capital Outlay.** The agency requests \$7,184, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$511, or 6.6 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computer equipment, partially offset by an increase in patient care equipment; and
- **Other Assistance.** The agency requests \$6,665, all from special revenue funds for other assistance expenditures for FY 2017. This is an increase of \$3,750, or 128.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in expenditures associated with the voluntary retirement incentive program.

The **Governor** recommends expenditures of \$5.7 million, including \$4.9 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

G. Physical Plant / Central Services

The Physical Plant and Central Services Program is comprised of the following: Engineering, Environmental Services, Safety/Security, Purchasing/Supply, Dietary, and Laundry. The Engineering program is responsible for the repair and upkeep of 78 buildings and 949,579 square feet of space on 120 acres of grounds. The Engineering program also provides physical plant service for the hospital, Larned Juvenile Correctional Facility and Larned Correctional Mental Health Facility. Supply Services provides centralized procurement and warehousing of supplies, equipment, and materials needed to operate LSH and also works cooperatively with LJCF and LCMHF. Dietary Services was contracted out for FY 2014 and FY 2015 to A'viands which provides meal services for the hospital and averages 2,500 meals per day. Meals are also delivered to the LJCF and LCMHF. Also within this program, Larned State Hospital pays a portion of the City of Larned's waste water treatment facility bond payments from the State Institutions Building Fund.

**PHYSICAL PLANT / CENTRAL SERVICES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 4,392,806	\$ 4,340,054	\$ 4,340,054	\$ 4,526,489	\$ 4,526,489
Contractual Services	685,427	678,582	678,582	678,582	678,582
Commodities	322,834	495,540	495,540	495,540	495,540
Capital Outlay	21,184	17,064	17,064	17,064	17,064
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,422,251</i>	<i>\$ 5,531,240</i>	<i>\$ 5,531,240</i>	<i>\$ 5,717,675</i>	<i>\$ 5,717,675</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	14,283	27,424	27,424	9,140	9,140
TOTAL	\$ 5,436,534	\$ 5,558,664	\$ 5,558,664	\$ 5,726,815	\$ 5,726,815
Financing:					
State General Fund	\$ 4,408,579	\$ 4,353,857	\$ 4,353,857	\$ 4,540,292	\$ 4,540,292
All Other Funds	1,027,955	1,204,807	1,204,807	1,186,523	1,186,523
TOTAL	\$ 5,436,534	\$ 5,558,664	\$ 5,558,664	\$ 5,726,815	\$ 5,726,815
FTE Positions	110.0	110.0	110.0	110.0	110.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	110.0	110.0	110.0	110.0	110.0

The **agency** requests \$5.7 million, including \$4.5 million from the State General Fund, for the Physical Plant / Central Services program for FY 2017. This is an all funds decrease of \$1.0 million, or 15.4 percent, and a State General Fund decrease of \$1.4 million, or 22.9 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and capital outlay, and other assistance expenditures, partially offset by an increase in contractual services, commodities, and other assistance expenditures. The revised estimate includes 110.0 FTE positions, which is a decrease of 34.8 FTE positions below the number approved by the 2015 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$4.5 million, all from the State General Fund, for salaries and wages for FY 2017. This is a decrease of \$1.4 million, or 23.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and fringe benefit expenditures, partially offset by a reallocation of salary shrinkage across all programs;
- **Contractual Services.** The agency requests \$678,582, including \$3,666 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$252,947, or 59.4 percent, and a State General Fund increase of \$3,366, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer services expenditures, repair services, and utilities expenditures;

- **Commodities.** The agency requests \$495,540, including \$10,437 from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$85,000, or 20.7 percent, and a State General Fund increase of \$10,437, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in power plant supplies, fuel for facility machinery, and equipment parts, partially offset by a decrease in grounds materials;
- **Capital Outlay.** The agency requests \$17,064, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$27,693, or 61.9 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in agricultural equipment and machinery, shop and plant equipment, and furniture fixtures, partially offset by an increase in household equipment; and
- **Other Assistance.** The agency requests \$9,140, all from special revenue funds, for other assistance for FY 2017. This is an increase of \$6,225, or 213.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in expenditures associated with the voluntary retirement incentive program.

The **Governor** recommends expenditures of \$5.7 million, including \$4.5 million from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

CAPITAL IMPROVEMENTS

The FY 2016 and FY 2017 capital improvement requests for Larned State Hospital are included in the five-year plan in the Kansas Department for Aging and Disability Services (KDADS) budget.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Average serious patient injuries from patient aggression per 1,000 inpatient days	0.071	0.071	0.068	0.064
Average restraint hours per 1,000 inpatient hours	0.088	0.088	0.084	0.080
Percent of direct care staff, clinicians and designated support staff trained in crisis intervention techniques	99.23%	99.23%	99.23%	99.23%

OSAWATOMIE STATE HOSPITAL

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 13,031,486	\$ 12,793,166	\$ 11,293,166	\$ 13,736,653	\$ 12,236,653
Other Funds	19,132,373	16,937,749	18,437,749	16,827,825	18,327,825
TOTAL	\$ 32,163,859	\$ 29,730,915	\$ 29,730,915	\$ 30,564,478	\$ 30,564,478
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 32,163,859	\$ 29,730,915	\$ 29,730,915	\$ 30,564,478	\$ 30,564,478
Percentage Change:					
Operating Expenditures					
State General Fund	(2.2) %	(1.8) %	(13.3) %	7.4 %	8.4 %
All Funds	15.2	(7.6)	(7.6)	2.8	2.8
FTE Positions	483.1	483.1	483.1	483.1	483.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	483.1	483.1	483.1	483.1	483.1

AGENCY OVERVIEW

Osawatomie State Hospital (OSH) is an acute mental health care bed facility that serves people 18 years of age and older from 46 eastern and central Kansas counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. No services are offered for children or adolescents. Osawatomie was established by the Legislature in 1863 and was called the State Insane Asylum. The name changed in 1901 to Osawatomie State Hospital. Osawatomie State Hospital provides certain support services to the Osawatomie Correctional Facility and the Rainbow Mental Health Facility. In FY 2001, administrative services for Osawatomie were consolidated with Rainbow Mental Health Facility. From 2001 to 2014, the two hospitals previously shared a single operating license and administrative team, including the superintendent who oversaw both facilities. In 2014, Rainbow Mental Health Facility was merged into Osawatomie State Hospital, and the beds at Osawatomie that were previously considered Rainbow's beds are now fully operated by Osawatomie.

Osawatomie State Hospital operates a thirty-bed Crisis Stabilization Unit and four Acute Care Units. The Crisis Stabilization Unit serves individuals who may be stabilized in a short period of time and returned to the community within 14 days or less. The Acute Care Units have a target length of stay of 30 days or less.

In addition, the Sexual Predator Treatment Program Transition House, now known as MiCo House, is located on the grounds of Osawatomie State Hospital; however this program is administered and funded by Larned State Hospital.

MAJOR ISSUES FROM PRIOR YEARS

In response to budget reductions made at the direction of the Governor, Osawatomie State Hospital delayed the opening of the remodeled 30-bed crisis stabilization unit approved in FY 2007. The delay avoided the need for an additional \$1.5 million in FY 2010 to annualize costs, including 49.0 FTE positions. The East Biddle unit remained closed until August 20, 2009, when patients were moved into the unit from an existing unit.

During May 2010 and July 2010, the Department of Social and Rehabilitation Services temporarily suspended voluntary admissions to the three Kansas mental health hospitals. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 community mental health centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary admissions. In FY 2010, the number of days over census was 123, or 34 percent, of the time. In FY 2011, the number of days over census was 119, or 33 percent, of the time. The agency indicates that a hospital of similar size and serving a similar population as Osawatomie should run at an 85 percent capacity for its average daily census over the course of a year.

Osawatomie State Hospital is accredited by the Joint Commission (TJC), formerly named the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Kansas Department of Health and Environment. These agencies along with the federal Centers for Medicare and Medicaid Services conduct periodic surveys, both announced and unannounced, to determine compliance with applicable laws, regulations and standards. OSH was surveyed by the TJC in June 2013 and received a three year accreditation. The next TJC survey is due by June 2015.

Since November 9, 2011, all patients from the Rainbow Mental Health Facility are being served at Osawatomie after all but six beds were closed at Rainbow Mental Health Facility due to a failed Fire Marshall inspection. A thirty bed wing was subsequently opened at Osawatomie State Hospital.

The **2013 Legislature** concurred with the recommendation of the Governor to combine the operations of Osawatomie State Hospital and Rainbow Mental Health Facility into one agency to eliminate redundancies in one management operating two separate agencies.

The **2014 Legislature** transferred the remaining balance and liabilities of Rainbow Mental Health Facility's fee funds to the Osawatomie State Hospital fee funds as part of the closure of Rainbow Mental Health Facility, as well as transferred 112.2 FTE positions to Osawatomie State Hospital. Thirty beds at Osawatomie State Hospital that had previously been operating as Rainbow Mental Health beds were officially designated as Osawatomie State Hospital beds, increasing Osawatomie's budgeted bed capacity from 176 to 206 in FY 2015.

In the fall of 2014, the federal Centers for Medicare and Medicaid Services (CMS) conducted surveys at Osawatomie State Hospital and determined that the hospital would need to take action to address over census numbers and safety concerns.

The **2015 Legislature** added \$2.0 million, all from special revenue funds, in FY 2015 for operating expenditures for the plan of correction following the surveys by the federal CMS in the fall of 2014. The Legislature added \$500,000, all from the State General Fund, for FY 2016 and

FY 2017 for additional operational expenditures related to ongoing replacement of equipment and other expenses necessary for compliance following the CMS surveys. The Legislature also deleted \$247,080, all from the State General Fund, for FY 2016 and FY 2017, to implement agency submitted reduced resource options concerning inventory and dispensing of medication and reduced supplies and other resources.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Osawatomie State Hospital at the end of each fiscal year.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	176	176	206	206	206

ADMISSIONS

The chart below shows admissions at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual*	FY 15 Actual**	FY 16 Projected**	FY 17 Projected
Total	2,364	2,684	2,342	1,308	2,312
* The increase in admissions from FY 2014 is attributable to the transfer of 30 beds from the Rainbow Mental Health Facility budget to the Osawatomie State Hospital budget. These beds are no longer counted in a separate budget.					
** The decrease in admissions in FY 2015 and FY 2016 is related to the temporary closure of buildings for renovations, and temporary moratorium on admissions to keep the census no higher than 146.					

Average Length of Stay

The chart below shows the average length of stay in days for adults at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	23	26	28	25	24

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$29.7 million, including \$12.8 million from the State General Fund, for operating expenditures in FY 2016. This is an all funds increase of \$1.5 million, or 5.3 percent, and a State General Fund increase of \$1.5 million, or 13.3 percent, above the amount approved by the 2015 Legislature. The increase is attributable to the agency submitting its budget prior to the Governor's November 6th allotment, which decreased State General Fund expenditures by \$1.5 million, making the revised estimate appear as an increase of \$1.5 million. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions

below the number approved by the 2015 Legislature. These non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

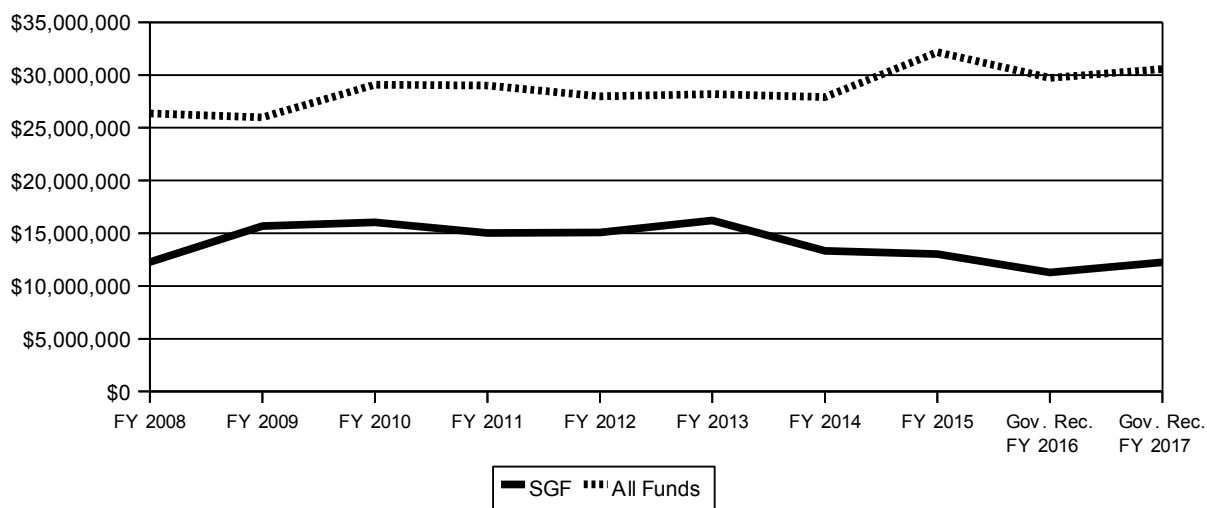
The **Governor** recommends expenditures of \$29.7 million, including \$11.3 million from the State General Fund, for operating expenditures in FY 2016. This is the same all funds amount, and a State General Fund decrease of \$1.5 million, or 11.7 percent, below the amount of the agency's revised estimate. The Governor's recommendation incorporates the November 6th allotment but recommends replacing the State General Funds with expenditures from the Osawatomie State Hospital Fee Fund. The Governor's recommendation leaves a balance of \$1.7 million in the fee fund for FY 2016.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$30.6 million, including \$13.7 million from the State General Fund, for operational expenditures for FY 2017. This is the same all funds and State General Fund amounts approved by the 2015 Legislature. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions below the number approved by the 2015 Legislature. These non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

The **Governor** recommends expenditures of \$30.6 million, including \$12.2 million from the State General Fund, for operating expenditures for FY 2017. This is the same all funds amount and a State General Fund decrease of \$1.5 million, or 10.9 percent, from the agency's revised estimate. The Governor recommends replacing \$1.5 million in State General Fund expenditures with expenditures from the hospital fee fund, the same as in FY 2016. The Governor's recommendation will leave a balance of \$2.1 million in the fee fund for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 12,266,462	18.4 %	\$ 26,363,418	10.2 %	428.6
2009	15,674,745	27.8	25,981,034	(1.5)	441.4
2010	16,029,824	2.3	29,081,034	11.9	441.4
2011	15,020,869	(6.3)	29,003,861	(0.3)	441.4
2012	15,064,074	0.3	27,979,050	(3.5)	396.4
2013	16,215,056	7.6	28,186,959	0.7	396.4
2014	13,324,384	(17.8)	27,909,161	(1.0)	385.9
2015	13,031,486	(2.2)	32,163,859	15.2	483.1
2016 Gov. Rec.	11,293,166	(13.3)	29,730,915	(7.6)	483.1
2017 Gov. Rec.	12,236,653	8.4	30,564,478	2.8	483.1
Ten-Year Change Dollars/Percent	\$ (29,809)	(0.2)%	\$ 4,201,060	15.9 %	54.5

Summary of Operating Budget FY 2015 - FY 2017

Osawatomie State Hospital

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 3,363,965	\$ 3,045,836	\$ 3,167,954	\$ 122,118	4.0 %	\$ 3,045,836	\$ 3,167,954	\$ 122,118	4.0 %		
Med & Surgical Svcs	6,154,298	5,476,233	5,557,906	81,673	1.5	5,476,233	5,557,906	81,673	1.5		
Clinical Services	16,576,888	16,700,070	17,229,378	529,308	3.2	16,700,070	17,229,378	529,308	3.2		
Phys Plant/Central Svcs	6,068,708	4,508,776	4,609,240	100,464	2.2	4,508,776	4,609,240	100,464	2.2		
TOTAL	<u>\$ 32,163,859</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 22,871,013	\$ 24,089,833	\$ 24,938,733	\$ 848,900	3.5 %	\$ 24,089,833	\$ 24,938,733	\$ 848,900	3.5 %		
Contractual Services	5,728,809	4,096,157	4,080,820	(15,337)	(0.4)	4,096,157	4,080,820	(15,337)	(0.4)		
Commodities	2,662,777	1,544,925	1,544,925	0	0.0	1,544,925	1,544,925	0	0.0		
Capital Outlay	826,591	0	0	0	--	0	0	0	--		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	<u>\$ 32,089,190</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	74,669	0	0	0	--	0	0	0	--		
TOTAL	<u>\$ 32,163,859</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>		
Financing:											
State General Fund	\$ 13,031,486	\$ 12,793,166	\$ 13,736,653	\$ 943,487	7.4 %	\$ 11,293,166	\$ 12,236,653	\$ 943,487	8.4 %		
OSH Fee Fund	10,181,367	8,576,414	8,497,648	(78,766)	(0.9)	10,076,414	9,997,648	(78,766)	(0.8)		
Title XIX Fund	8,948,682	8,361,335	8,330,177	(31,158)	(0.4)	8,361,335	8,330,177	(31,158)	(0.4)		
All Other Funds	2,324	0	0	0	--	0	0	0	--		
TOTAL	<u>\$ 32,163,859</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>	<u>\$ 29,730,915</u>	<u>\$ 30,564,478</u>	<u>\$ 833,563</u>	<u>2.8 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$12,748,821 for Osawatomie State Hospital in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$71,609, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016;
- A reduction of \$1.5 million and corresponding lapse to the State General Fund as the result of the Governor's November 6th allotment; and
- A reduction of \$27,264, as a result of the privatization of food services and corresponding transfer to KDADS to pay the vendor directly.

These adjustments change the FY 2016 approved State General Fund to \$11,293,166. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 11,293,166	\$ 12,793,166	\$ 1,500,000	\$ 11,293,166	\$ 0
All Other Funds	16,937,749	16,937,749	0	18,437,749	1,500,000
TOTAL	\$ 28,230,915	\$ 29,730,915	\$ 1,500,000	\$ 29,730,915	\$ 1,500,000
FTE Positions	483.1	483.1	0.0	483.1	0.0

The **agency** requests a revised estimate of \$29.7 million, including \$12.8 million from the State General Fund, for operating expenditures in FY 2016. This is an all funds increase of \$1.5 million, or 5.3 percent, and a State General Fund increase of \$1.5 million, or 13.3 percent, above the amount approved by the 2015 Legislature. The increase is attributable to the agency submitting its budget prior to the Governor's November 6th allotment, which decreased State General Fund expenditures by \$1.5 million, making the revised estimate appear as an increase of \$1.5 million. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions below the number approved by the 2015 Legislature. The non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

The **Governor** recommends expenditures of \$29.7 million, including \$11.3 million from the State General Fund, for operating expenditures in FY 2016. This is the same all funds amount, and a State General Fund decrease of \$1.5 million, or 11.7 percent, below the amount of the agency's revised estimate. The Governor's recommendation incorporates the November 6th allotment but recommends replacing the State General Funds with expenditures from the Osawatomie State Hospital Fee Fund. The Governor's recommendation leaves a balance of \$1.7 million in the fee fund for FY 2016.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Sen. Sub for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
None	\$ 0	\$ 0	0.0
November Allotment			
Fee Fund Switch	\$ (1,500,000)	\$ (1,500,000)	0.0
TOTAL	\$ (1,500,000)	\$ (1,500,000)	0.0

Fee Fund Switch

A reduction of \$1.5 million, all from the State General Fund, for the Governor's November 6 allotment in FY 2016. The Governor's November 6 allotment included the decrease of expenditures and lapse of \$1.5 million, all from the State General Fund, and noted an intention for the agency to increase special revenue fund expenditures by \$1.5 million as a fee fund switch in FY 2016. The Governor's allotment authority includes lapses to the State General Fund, however changes to expenditures of agency fee funds requires Legislative approval, so only the State General Fund decrease is reflected in the allotment in FY 2016.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$13,763,917 for Osawatomi State Hospital in FY 2017. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- A reduction of \$27,264 as a result of the privatization of food services and corresponding transfer to KDADS to pay the vendor directly.

This adjustment changes the FY 2017 approved State General Fund to \$13,736,653. That amount is reflected in the table below as the currently approved FY 2017 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 13,736,653	\$ 13,736,653	\$ 0	\$ 12,236,653	\$ (1,500,000)
All Other Funds	16,827,825	16,827,825	0	18,327,825	1,500,000
TOTAL	\$ 30,564,478	\$ 30,564,478	\$ 0	\$ 30,564,478	\$ 0
FTE Positions	483.1	483.1	0.0	483.1	0.0

The **agency** requests a revised estimate of \$30.6 million, including \$13.7 million from the State General Fund, for operational expenditures for FY 2017. This is the same all funds and State General Fund amounts approved by the 2015 Legislature. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions below the number approved by the 2015 Legislature. These non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

The **Governor** recommends expenditures of \$30.6 million, including \$12.2 million from the State General Fund, for operating expenditures for FY 2017. This is the same all funds amount and a State General Fund decrease of \$1.5 million, or 10.9 percent, from the agency's revised estimate. The Governor recommends replacing \$1.5 million in State General Fund expenditures with expenditures from the hospital fee fund, the same as in FY 2016. The Governor's recommendation will leave a balance of \$2.1 million in the fee fund for FY 2017.

Funding Sources

Federal Title XIX (Medicaid) funding comprises approximately one third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates which they charge to Medicaid for each day a person covered by Medicaid lives in the facility. OSH is a mental health hospital.

The state mental health hospitals establish *per diem* rates in much the same way as the state developmental disabilities hospitals but are classified as institutions for mental disease. The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of Disproportionate Share Hospital funding available to the hospitals has decreased which decreases receipts into the central fund.

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	44.9 %	40.0 %
OSH Fee Fund	27.8	32.7
Title XIX Fund	27.3	27.3
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Fee Fund Analysis - Osawatomie State Hospital Fee Fund

KSA 76-1201c provides that the superintendent of the Osawatomie State Hospital shall remit all moneys received from charges made under KSA 59-2006 and deposit the moneys into the Osawatomie State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

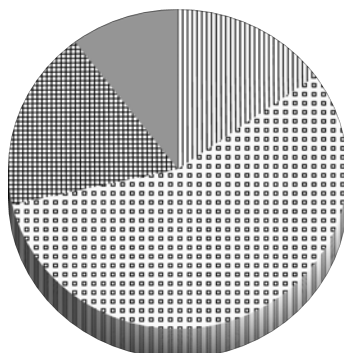
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,243,283	\$ 1,389,234	\$ 1,389,234	\$ 3,219,047	\$ 1,719,047
Revenue	10,327,318	10,406,227	10,406,227	10,406,227	10,406,227
Transfers in	0	0	0	0	0
Total Funds Available	\$ 11,570,601	\$ 11,795,461	\$ 11,795,461	\$ 13,625,274	\$ 12,125,274
Less: Expenditures	10,181,367	8,576,414	10,076,414	8,497,648	9,997,648
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 1,389,234</u>	<u>\$ 3,219,047</u>	<u>\$ 1,719,047</u>	<u>\$ 5,127,626</u>	<u>\$ 2,127,626</u>
Ending Balance as Percent of Expenditures	13.6%	37.5%	17.1%	60.3%	21.3%
Month Highest Ending Balance	December <u>\$ 4,508,547</u>	October <u>\$ 1,728,008</u>	October <u>\$ 0</u>	July* <u>\$ 0</u>	July* <u>\$ 0</u>
Month Lowest Ending Balance	June <u>\$ 1,389,234</u>	June* <u>\$ 0</u>	June* <u>\$ 0</u>	June* <u>\$ 0</u>	June* <u>\$ 0</u>
* The agency reports that, due to expenditures for improvements necessitated from the federal CMS surveys in FY 2015, any funds deposited in the OSH Fee Fund will be immediately expended. Therefore the agency estimates the highest and lowest monthly ending balance for the fund to be \$0 in part of FY 2016 and through FY 2017.					

PROGRAM DETAIL

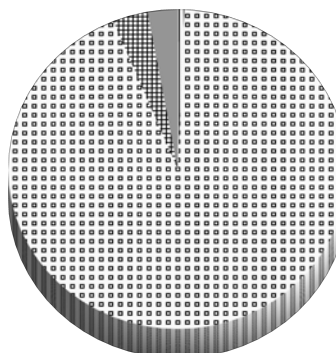
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Administration
 Medical & Surgical Services
 Clinical Services
 Physical Plant / Control Services

Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 3,167,954	10.4 %	\$ 374,646	3.1 %
Medical and Surgical Services*	5,557,906	18.2	(438,220)	(3.6)
Clinical Services	17,229,378	56.4	12,220,749	99.9
Physical Plant/Central Services	4,609,240	15.1	79,478	0.6
TOTAL	\$ 30,564,478	100.0 %	\$ 12,236,653	100.0 %

*The agency listed expenditures of (\$438,220) from the State General Fund for the Medical and Surgical Services program for FY 2017 due to budgeting salary and wages expenditures of \$945,198 from the State General Fund, but applying \$1.4 million in salaries and wages shrinkage to State General Fund expenditures, leading to the display of a negative total. For total agency salary expenditures, shrinkage to State General Fund expenditures was applied in the correct amount, but it was applied to the incorrect program.

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	52.6	54.5	54.5	54.5	54.5
Med & Surgical Services	28.3	30.0	30.0	30.0	30.0
Clinical Services	344.4	334.0	334.0	334.0	334.0
Phys Plant/Cntrl Srvs	57.8	64.6	64.6	64.6	64.6
TOTAL	483.1	483.1	483.1	483.1	483.1

A. Administration

The General Administration program provides overall management activities such as budgeting, planning and staffing designed to ensure that patients' basic needs are met and proper care and treatment are received. This program is responsible for maintaining accreditation and certification with federal agencies. In addition, this program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement. Positions in this program also provide administrative services for Rainbow Mental Health Facility. The Administration program includes actual expenditures from FY 2015 from the former Staff Education and Research program.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,137,713	\$ 2,543,958	\$ 2,543,958	\$ 2,631,184	\$ 2,631,184
Contractual Services	703,811	463,878	463,878	498,770	498,770
Commodities	27,332	38,000	38,000	38,000	38,000
Capital Outlay	420,440	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,289,296</i>	<i>\$ 3,045,836</i>	<i>\$ 3,045,836</i>	<i>\$ 3,167,954</i>	<i>\$ 3,167,954</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	74,669	0	0	0	0
TOTAL	\$ 3,363,965	\$ 3,045,836	\$ 3,045,836	\$ 3,167,954	\$ 3,167,954
Financing:					
State General Fund	\$ 1,428,979	\$ 369,030	\$ 369,030	\$ 374,646	\$ 374,646
All Other Funds	1,934,986	2,676,806	2,676,806	2,793,308	2,793,308
TOTAL	\$ 3,363,965	\$ 3,045,836	\$ 3,045,836	\$ 3,167,954	\$ 3,167,954
FTE Positions	52.6	54.5	54.5	54.5	54.5
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	52.6	54.5	54.5	54.5	54.5

The **agency** requests expenditures of \$3.2 million, including \$374,646 from the State General Fund, for the Administration program for FY 2017. This is an all funds decrease of \$735,685, or 18.8 percent, and a State General Fund decrease of \$1.9 million, or 83.9 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to the reallocation of salary shrinkage to all agency programs, a decrease in salary and wages fringe benefit expenditures, and a decrease in computer software and information processing equipment. The program includes 54.5 FTE positions, which is an increase of 2.3 FTE positions and a decrease of 3.0 non-FTE positions, from the number approved by the 2015 Legislature. The increase is attributable to the reallocation of FTE positions from other programs and the deletion of 15.0 agency-wide non-FTE positions which were unfilled in FY 2015.

The **Governor** recommends expenditures of \$3.2 million, including \$374,646 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

B. Medical and Surgical Services

The Medical and Surgical Services program consists of Allied Clinical Services and the Medical and Surgical Services program. Allied Clinical Services includes pharmacy, medical laboratory and diagnostic services, physical therapy, dental services, and professional consultants. It also includes those staff in direct support of clinical services due to their direct services on patient units such as custodial workers and dieticians. Medical and Surgical Services provide services in a variety of specialized areas are available to enable physicians to provide comprehensive treatment. Consultation is available in such areas as OB/GYN, neurology, radiology, and other specialties.

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,129,517	\$ 3,338,983	\$ 3,338,983	\$ 3,495,656	\$ 3,495,656
Contractual Services	1,732,450	1,316,200	1,316,200	1,241,200	1,241,200
Commodities	1,200,996	821,050	821,050	821,050	821,050
Capital Outlay	91,335	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 6,154,298</i>	<i>\$ 5,476,233</i>	<i>\$ 5,476,233</i>	<i>\$ 5,557,906</i>	<i>\$ 5,557,906</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 6,154,298	\$ 5,476,233	\$ 5,476,233	\$ 5,557,906	\$ 5,557,906
Financing:					
State General Fund	\$ 2,303,384	\$ (439,794)	\$ (439,794)	\$ (438,220)	\$ (438,220)
All Other Funds	3,850,914	5,916,027	5,916,027	5,996,126	5,996,126
TOTAL	\$ 6,154,298	\$ 5,476,233	\$ 5,476,233	\$ 5,557,906	\$ 5,557,906
FTE Positions	28.3	30.0	30.0	30.0	30.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	28.3	30.0	30.0	30.0	30.0

The **agency** requests expenditures of \$5.6 million for the Medical and Surgical Services program for FY 2017. This is an all funds decrease of \$1.6 million, or 22.4 percent, below the amount approved by the 2015 Legislature. The agency listed expenditures of (\$438,220) from the State General Fund due to budgeting salary and wages expenditures of \$945,198 from the State General Fund, but applying \$1.4 million in shrinkage to State General Fund expenditures, leading to the display of a negative total. For total agency salary expenditures, shrinkage to State General Fund expenditures was applied in the correct amount, but it was applied to the incorrect program. For the agency total expenditures for FY 2017, \$18.8 million was budgeted for salaries and wages expenditures from the State General Fund, and \$5.3 million in State General Fund shrinkage was applied, for a net total of \$13.5 million from the State General Fund. For overall expenditures, the all funds decrease is primarily attributable to a decrease in salaries and wages, contractual services, commodities, and capital outlay expenditures. The program includes 30.0 FTE positions, which is an increase of 1.7 positions above the number approved by the 2015 Legislature. The increase is attributable to the reallocation of FTE positions from other programs.

The **Governor** recommends expenditures of \$5.6 million for FY 2017. The Governor's recommendation for State General Fund expenditures matches the amount estimated by the agency for FY 2017. The all funds total and State General Fund amount are the same amounts as the agency's revised estimate.

C. Clinical Services

The Clinical Services program contains the former Psychiatric Services program and the former Ancillary Activity Therapy program. The Psychiatric Services program provides mental health services to adults who require inpatient evaluation and treatment. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. The treatments include, but are not limited to: group and individual therapy; medication; education classes on medication and symptom management; music; recreation; and occupational and leisure therapies. An interdisciplinary person-centered team approach (IDT) which includes the patient as an active participant, forms the basis of the active treatment strategy. The Adult Psychiatric program provides services for people 18 years of age and older. The eight-bed Social Detoxification Service operates within an adult psychiatric ward. The Activity Therapy program provides specialized clinical services in music therapy, therapeutic recreation, occupational therapy and work therapy. In addition to formal therapy, this subprogram provides a variety of informal, interdisciplinary sponsored leisure time opportunities for patients.

The agency has indicated two mental health trends of note that have started to impact this program's current and future budget requests. The first long-term trend of importance is an age swell in America's population curve that produces a greater incidence of aging related mental and physical illnesses. The second trend of note is the steadily increasing impact of dually diagnosed patients (those with a chemical dependency and mental disorders) who tend to be younger and more aggressive. The adult inpatient program already is experiencing the impact of two of the trends in that it is treating a younger, more disabled, and more aggressive population than previous years. The long-term patient population that formerly stayed in OSH for many years is small by comparison. Increased intensive treatment and more expensive pharmaceuticals and technologies than previous years are required to respond to the needs of this new population.

**CLINICAL SERVICES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 14,444,898	\$ 15,469,891	\$ 15,469,891	\$ 15,974,428	\$ 15,974,428
Contractual Services	2,098,236	1,205,879	1,205,879	1,230,650	1,230,650
Commodities	33,754	24,300	24,300	24,300	24,300
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 16,576,888</i>	<i>\$ 16,700,070</i>	<i>\$ 16,700,070</i>	<i>\$ 17,229,378</i>	<i>\$ 17,229,378</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 16,576,888	\$ 16,700,070	\$ 16,700,070	\$ 17,229,378	\$ 17,229,378
Financing:					
State General Fund	\$ 7,087,318	\$ 12,786,278	\$ 11,286,278	\$ 13,720,749	\$ 12,220,749
All Other Funds	9,489,570	3,913,792	5,413,792	3,508,629	5,008,629
TOTAL	\$ 16,576,888	\$ 16,700,070	\$ 16,700,070	\$ 17,229,378	\$ 17,229,378
FTE Positions	344.4	334.0	334.0	334.0	334.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	344.4	334.0	334.0	334.0	334.0

The **agency** requests expenditures of \$17.2 million, including \$13.7 million from the State General Fund, for the Clinical Services program for FY 2017. This is an all funds increase of \$2.5 million, or 17.3 percent, and a State General Fund increase of \$7.7 million, or 128.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to the reallocation of salary shrinkage to all agency programs and an increase in temporary staffing services, partially offset by a decrease in salaries and wages fringe benefit expenditures and clothing and recreational supplies for patients. The program includes 334.0 FTE positions, which is a decrease of 11.4 FTE positions and 5.0 non-FTE positions below the number approved by the 2015 Legislature. The decrease is attributable to the reallocation of FTE positions to other programs and the deletion of 15.0 agency-wide non-FTE positions which were unfilled in FY 2015.

The **Governor** recommends expenditures of \$17.2 million, including \$12.2 million from the State General Fund, for FY 2017. This is the same all funds amount as the agency's revised estimate and a State General Fund decrease of \$1.5 million below the agency's revised estimate. The State General Fund decrease is attributable to the Governor's recommendation to decrease expenditures and lapse \$1.5 million in State General Fund expenditures , and increase special revenue fund expenditures by \$1.5 million for FY 2017.

D. Physical Plant / Central Services

The Physical Plant and Central Services program is comprised of four sub-programs: Engineering and Protection (safety and security, facility services, custodial services), Supply Services, Dietary, and Laundry. The OSH campus is 130 acres and includes 48 buildings. The

Engineering and Protection sub-program is responsible for the repair and upkeep of buildings, grounds, equipment, and continuous fire protection and security for patients, staff, and visitors. Utilities are provided to the Osawatomie Correctional Facility (OCF) located on the hospital campus at no charge under an agreement between the hospital and the Department of Corrections. Supply Services provides centralized procurement and warehousing of supplies, equipment, and materials needed to operate OSH. An outside vendor provides three meals per day plus snacks for every patient. Food service is provided in a cafeteria setting with tray service available for patients unable to come to the cafeteria. The Laundry sub-program provides laundry service for hospital linens and patient clothing. Service is also provided to Osawatomie Correctional Facility (OCF) and the Kansas School for the Deaf. Minimum custody inmates at the correctional facility also assist with the laundry service.

PHYSICAL PLANT / CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,158,885	\$ 2,737,001	\$ 2,737,001	\$ 2,837,465	\$ 2,837,465
Contractual Services	1,194,312	1,110,200	1,110,200	1,110,200	1,110,200
Commodities	1,400,695	661,575	661,575	661,575	661,575
Capital Outlay	314,816	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 6,068,708</i>	<i>\$ 4,508,776</i>	<i>\$ 4,508,776</i>	<i>\$ 4,609,240</i>	<i>\$ 4,609,240</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 6,068,708	\$ 4,508,776	\$ 4,508,776	\$ 4,609,240	\$ 4,609,240
Financing:					
State General Fund	\$ 2,211,805	\$ 77,652	\$ 77,652	\$ 79,478	\$ 79,478
All Other Funds	3,856,903	4,431,124	4,431,124	4,529,762	4,529,762
TOTAL	\$ 6,068,708	\$ 4,508,776	\$ 4,508,776	\$ 4,609,240	\$ 4,609,240
FTE Positions	57.8	64.6	64.6	64.6	64.6
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	57.8	64.6	64.6	64.6	64.6

The **agency** requests expenditures of \$4.6 million, including \$79,478 from the State General Fund, for the Physical Plant / Central Services program for FY 2017. This is an all funds decrease of \$235,400, or 4.9 percent, and a State General Fund decrease of \$1.9 million, or 96.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages fringe benefit expenditures and utilities expenditures, partially offset by an increase in household supplies and clothing for patients. The program includes 64.6 FTE positions, which is an increase of 7.1 FTE positions and a decrease of 6.0 non-FTE positions, from the number approved by the 2015 Legislature. The decrease is attributable to the reallocation of FTE positions from other programs and the deletion of 15.0 agency-wide non-FTE positions which were unfilled in FY 2015.

The **Governor** recommends expenditures of \$4.6 million, including \$79,478 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

CAPITAL IMPROVEMENTS

The FY 2016 and FY 2017 capital improvement requests for Osawatomie State Hospital are included in the five-year plan for the Kansas Department of Aging and Disability Services (KDADS) budget. The recommendations of the Governor are included in the KDADS budget.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of months patient restraint and seclusion hours within one standard deviation of the national mean	12	12	12	12
Percent of days over licensed capacity	80.0%	42.0%	0.0%	0.0%

KANSAS COMMISSION ON VETERANS' AFFAIRS OFFICE

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 7,569,396	\$ 6,317,934	\$ 6,317,934	\$ 7,434,307	\$ 6,834,307
Other Funds	11,479,340	14,178,675	14,178,675	14,167,444	14,767,444
TOTAL	\$ 19,048,736	\$ 20,496,609	\$ 20,496,609	\$ 21,601,751	\$ 21,601,751
Capital Improvements:					
State General Fund	\$ 57,470	\$ 34,900	\$ 34,900	\$ 9,900	\$ 9,900
Other Funds	469,671	3,087,295	3,087,295	2,404,750	2,238,500
TOTAL	\$ 527,141	\$ 3,122,195	\$ 3,122,195	\$ 2,414,650	\$ 2,248,400
GRAND TOTAL	\$ 19,575,877	\$ 23,618,804	\$ 23,618,804	\$ 24,016,401	\$ 23,850,151
Percentage Change:					
Operating Expenditures					
State General Fund	1.5 %	(16.5) %	(16.5) %	17.7 %	8.2 %
All Funds	(2.4)	7.6	7.6	5.4	5.4
FTE Positions	312.8	363.0	363.0	368.0	368.0
Non-FTE Perm.Uncl.Pos.	5.0	6.0	6.0	6.0	6.0
TOTAL	317.8	369.0	369.0	374.0	374.0

AGENCY OVERVIEW

The mission of the Kansas Commission on Veterans' Affairs Office (KCVAO) is to serve Kansas veterans and their families, relatives, and dependents with information, advice, direction, and assistance through the coordination of programs and services in the fields of education, health, vocational guidance and placement, and economic security.

Services provided by the agency include long-term nursing and assisted living care to eligible veterans, completion and maintenance of four state veterans' cemeteries, and coordination with federal agencies to provide financial assistance to Kansas veterans for health care and disability income.

The agency serves veterans through 13 field offices, six service organization offices, two mobile vans, and the central office located in Topeka. Additional services are provided through services grants to veterans' service organizations. Nursing and assisted living care are provided through the Kansas Soldiers' Home (KSH) at Fort Dodge and the Kansas Veterans' Home (KVH) in Winfield.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** added \$71,310 from the State General Fund in FY 2007 to fund two additional veterans' service representatives for positions which were previously vacant. The Legislature also added \$48,478 from the State General Fund in FY 2007 to allow for the reclassification of veterans' service representatives.

Also, the **2006 Legislature** passed 2006 House Sub. for SB 396, which directed the KCVA to establish and administer a Veterans' Claims Assistance Program (VCAP) to be implemented through annual grant agreements with veterans' service organizations. The program was to be established and operations to commence on or before August 1, 2006. The grants are subject to appropriation by the Legislature. Additionally, the 2006 Legislature added \$500,000 from the State General Fund in FY 2007 to fund the VCAP grants.

The **2007 Legislature** included \$500,000 from the State General Fund for the FY 2008 budget for the continuation of VCAP, which was established by the 2006 Legislature. The Legislature also added, from the State General Fund, \$32,988 to replace one tractor, \$53,012 to fund salaries and wages for an additional ten resident workers, and \$18,800 for one minivan to transport KSH residents. In addition, the Legislature added \$34,620 from the State General Fund for one nine-passenger minivan with a wheelchair lift to transport KVH residents.

In late 2007, the Department of Aging found several deficiencies at KSH. To correct these items, a Department of Administration task force was commissioned to consult with KSH. Several additional supplementals were requested in response to the task force.

The **2008 Legislature** added \$240,000, including \$40,000 from the State General Fund, in FY 2008 to fill the Emporia veterans' service representative position and pay for consulting fees related to the deficiencies found at KSH in Fort Dodge. The Legislature added \$658,173, including \$408,173 from the State General Fund, in FY 2009 for operating expenditures for a new cemetery at Fort Riley, salary and wage increases at KVH in Winfield, replacement of ten electric beds, replacement of a 12-passenger wheelchair lift van, and the shifting of 24.0 FTE positions to unclassified positions. The shift in staffing was an attempt to resolve issues related to insufficient nursing staff at KSH.

The **2009 Legislature** deleted \$118,895, all from the State General Fund, in FY 2009 and \$367,964, also all from the State General Fund, in FY 2010. The Legislature also deleted \$314,784, all from the State Institutions Building Fund and placed the capital improvements projects on hold pending the outcome of the state investigation into facilities closure.

The **2010 Legislature** added \$833,856, all from the State Institutions Building Fund, for roof repairs at KSH in FY 2011 and also added \$700,000, all from the State General Fund, to the Kansas Commission on Veterans' Affairs (KCVA) operations budget in FY 2011. In addition, the Legislature added language allowing the KCVA to expend Scratch Lotto funds received by the agency not only for the enhanced service delivery program but also for normal program operations in the Veterans Services program. The Legislature also closed Triplett Hall, a long term care nursing facility, at KVH and eliminated payment of veterans' spouses' pharmacy costs at KSH.

The **2011 Legislature** eliminated 158.0 FTE positions for FY 2012, all of which were vacant. The revised position limitation reflects the agency's FTE position funding.

The **2012 Legislature** added \$518,126, all special revenue funds, to increase expenditure authority at KVH, and \$623,592, all from special revenue funds, to increase expenditure authority at KSH to allow the agency to expend Medicare and Medicaid funds for existing resident services within facilities for FY 2012. The Legislature also eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June, 30, 2012, resulting in 29.5 non-FTE positions being eliminated from the agency.

In May 2013, Legislative Post Audit (LPA) identified a number of concerns with the KCVA including: inadequate financial controls, credit card controls, canteen fund controls, benefit fund controls, and employee travel reimbursement controls at the KVH and the KSH. The report also concluded that the central office has not provided adequate oversight of either facility. In response, the agency has instituted a number of reforms and reported its progress to both LPA and the Joint Committee on Kansas Security.

The **2013 Legislature** deleted \$492,830, including \$194,264 from the State General Fund, for FY 2014 and \$516,888, including \$203,755 from the State General Fund, for FY 2015 to maintain funding for salaries and wages at FY 2013 levels, after adjusting for both committee action and Kansas Public Employee Retirement System (KPERS) increases for FY 2014 and FY 2015.

The **2013 Legislature** added language giving authority to transfer existing State General Fund appropriations to the Vietnam War Era Veteran Recognition Award Fund in FY 2013, FY 2014, and FY 2015.

The **2014 Legislature** enacted HB 2681, which abolished the KCVA, establishing KCAVO in its place, with similar duties and functions. The 2014 Legislature added \$820,000, all from special revenue funds, for enhancements at the Soldiers' Home and the Veterans' Home. The Legislature added 32.0 FTE positions and approved an increase in salaries and wages and contractual services, primarily attributable to the Triplet Hall expansion, higher expenditures to decrease shrinkage in the Veterans' Services program, and the addition of an unclassified Chief Financial Officer position within the agency with reallocated funds from the administrative program. The Legislature also added 4.0 FTE positions for Veterans' Services positions.

The **2015 Legislature** added language to allow the agency to exceed the expenditure limitations for select funds upon specific authorization by the State Finance Council for FY 2016 and FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** submits a revised estimate of \$23.5 million, including \$6.4 million from the State General Fund, for operational expenditures and capital improvements in FY 2016. Of this amount, the agency submits a revised estimate of \$20.5 million, including \$6.3 million from the State General Fund, for operational expenditures in FY 2016. This is reflected as an all funds increase of \$798,121, or 4.1 percent, and the State General Fund total is the same amount approved by the 2015 Legislature. The revised estimate is reflected as an all funds increase because the agency is partially replacing funding in the Governor's allotment with funding from special revenue funds. A reappropriation of funding and the Governor's allotment automatically change the agency's approved expenditures from the State General Fund, but agency expenditures from special revenue funds to replace the difference requires Legislative action and does not automatically change the approved amount of funding. The increase is reflected as an increase in salaries and wages and capital outlay expenditures, partially offset by a decrease in contractual services, commodities, and other assistance expenditures. The agency submits a revised estimate for capital improvement

expenditures of \$3.1 million, including \$34,900 from the State General Fund, in FY 2016. This is an all funds increase of \$1.5 million, or 85.2 percent, and the State General Fund amount is the same amount approved by the 2015 Legislature. The all funds increase is primarily attributable to the agency reappropriating funding from the State Institutions Building Fund for projects not completed in previous fiscal years.

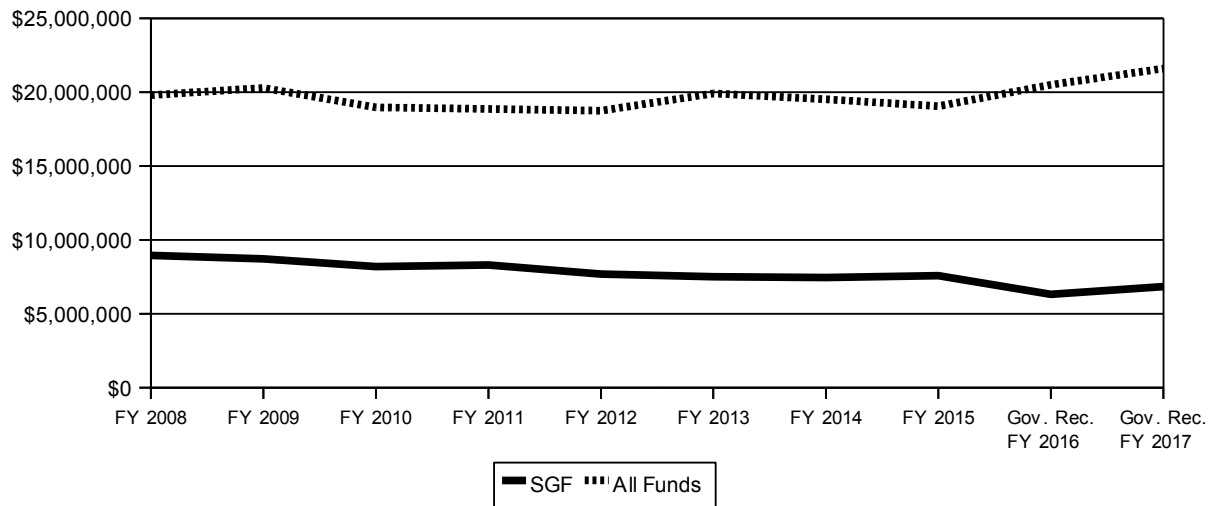
The **Governor** concurs with the agency FY 2016 revised estimate.

FY 2017 – Budget Year. The **agency** submits a revised estimate of \$24.0 million, including \$7.4 million from the State General Fund, for operational expenditures and capital improvements for FY 2017. Of this amount, the agency submits a revised estimate of \$21.6 million, including \$7.4 million from the State General Fund for operational expenditures for FY 2017. This is an all funds increase of \$1.2 million, or 5.9 percent, and the State General Fund amount is the same amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in salaries and wages, commodities, and capital outlay expenditures, partially offset by a decrease in contractual services and other assistance. The agency submits a revised estimate of \$2.4 million, including \$9,900 from the State General Fund, for capital improvements for FY 2017. This is an all funds increase of \$327,750, or 15.8 percent, and the State General Fund amount is the same amount approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$23.9 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements for FY 2017. Of this amount, the Governor recommends operating expenditures of \$21.6 million, including \$6.8 million from the State General Fund, in FY 2016. This is the same all funds amount, and a State General Fund decrease of \$600,000, or 8.1 percent, below the agency's revised estimate. The decrease is attributable to the Governor's recommendation that the agency reduce State General Fund expenditures by \$600,000 and increase expenditures by \$600,000 from agency fee funds. The Governor recommends capital improvements expenditures of \$2.2 million, including \$9,900 from the State General Fund, for FY 2017. This is an all funds decrease of \$166,250, or 6.9 percent, and the same State General Fund amount as the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental requests for rehabilitation and repair and state cemeteries improvements for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 8,955,250	11.1 %	\$ 19,799,498	10.2 %	556.8
2009	8,712,946	(2.7)	20,284,990	2.5	522.0
2010	8,189,261	(6.0)	18,970,847	(6.5)	513.0
2011	8,301,274	1.4	18,859,098	(0.6)	498.0
2012	7,682,999	(7.4)	18,742,923	(0.6)	340.0
2013	7,503,064	(2.3)	19,910,982	6.2	309.0
2014	7,453,957	(0.7)	19,514,881	(2.0)	298.8
2015	7,569,396	1.5	19,048,736	(2.4)	312.8
2016 Gov. Rec.	6,317,934	(16.5)	20,496,609	7.6	363.0
2017 Gov. Rec.	6,834,307	8.2	21,601,751	5.4	368.0
Ten-Year Change Dollars/Percent	\$ (2,120,943)	(23.7)%	\$ 1,802,253	9.1 %	(188.8)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 563,956	\$ 577,664	\$ 595,447	\$ 17,783	3.1 %	\$ 577,664	\$ 595,447	\$ 17,783	3.1 %		
Veterans' Services	2,591,768	2,765,739	2,832,438	66,699	2.4	2,765,739	2,832,438	66,699	2.4		
Kansas Soldiers' Home	7,158,455	7,298,589	7,505,077	206,488	2.8	7,298,589	7,505,077	206,488	2.8		
Kansas Veterans' Home	7,799,365	8,930,819	9,717,260	786,441	8.8	8,930,819	9,717,260	786,441	8.8		
Cemeteries Program	935,192	923,798	951,529	27,731	3.0	923,798	951,529	27,731	3.0		
TOTAL	<u>\$ 19,048,736</u>	<u>\$ 20,496,609</u>	<u>\$ 21,601,751</u>	<u>\$ 1,105,142</u>	<u>5.4 %</u>	<u>\$ 20,496,609</u>	<u>\$ 21,601,751</u>	<u>\$ 1,105,142</u>	<u>5.4 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 13,246,436	\$ 16,758,842	\$ 17,609,821	\$ 850,979	5.1 %	\$ 16,758,842	\$ 17,609,821	\$ 850,979	5.1 %		
Contractual Services	2,851,664	1,304,799	1,259,112	(45,687)	(3.5)	1,304,799	1,259,112	(45,687)	(3.5)		
Commodities	1,925,443	1,567,064	1,866,643	299,579	19.1	1,567,064	1,866,643	299,579	19.1		
Capital Outlay	407,939	265,904	266,175	271	0.1	265,904	266,175	271	0.1		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 18,431,482	\$ 19,896,609	\$ 21,001,751	\$ 1,105,142	5.6 %	\$ 19,896,609	\$ 21,001,751	\$ 1,105,142	5.6 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	617,254	600,000	600,000	0	0.0	600,000	600,000	0	0.0		
TOTAL	<u>\$ 19,048,736</u>	<u>\$ 20,496,609</u>	<u>\$ 21,601,751</u>	<u>\$ 1,105,142</u>	<u>5.4 %</u>	<u>\$ 20,496,609</u>	<u>\$ 21,601,751</u>	<u>\$ 1,105,142</u>	<u>5.4 %</u>		
Financing:											
State General Fund	\$ 7,569,396	\$ 6,317,934	\$ 7,434,307	\$ 1,116,373	17.7 %	\$ 6,317,934	\$ 6,834,307	\$ 516,373	8.2 %		
Veterans' Home FF	1,901,260	2,707,723	2,464,113	(243,610)	(9.0)	2,707,723	3,064,113	356,390	13.2		
Soldiers' Home FF	1,593,896	1,564,416	1,569,621	5,205	0.3	1,564,416	1,569,621	5,205	0.3		
All Other Funds	7,984,184	9,906,536	10,133,710	227,174	2.3	9,906,536	10,133,710	227,174	2.3		
TOTAL	<u>\$ 19,048,736</u>	<u>\$ 20,496,609</u>	<u>\$ 21,601,751</u>	<u>\$ 1,105,142</u>	<u>5.4 %</u>	<u>\$ 20,496,609</u>	<u>\$ 21,601,751</u>	<u>\$ 1,105,142</u>	<u>5.4 %</u>		

*Revenues from Medicaid reimbursements at the Kansas Soldiers' Home and Kansas Veterans' Home are paid to the agency from the Kansas Department on Aging and Disability Services. This disbursement of funds is considered to be an expenditure for KDADS, so expenditures from these Medicaid funds are considered to be off budget expenditures. These off budget expenditures are not included in standard operating expenditures, but are included in further detail in the program level analysis as an off budget program.

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$7,602,716 for the KCVAO in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$118, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016; and
- A reduction of \$1,250,000, as the result of the Governor's State General Fund allotment pursuant to the authority granted in Senate Sub. for HB 2135.

These adjustments change the FY 2016 approved State General Fund to \$6,352,834. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 6,352,834	\$ 6,352,834	\$ 0	\$ 6,352,834	\$ 0
All Other Funds	14,975,054	17,265,970	2,290,916	17,265,970	2,290,916
TOTAL	\$ 21,327,888	\$ 23,618,804	\$ 2,290,916	\$ 23,618,804	\$ 2,290,916
FTE Positions	363.0	363.0	0.0	363.0	0.0

The **agency** submits a revised estimate of \$23.5 million, including \$6.4 million from the State General Fund, for operational expenditures and capital improvements in FY 2016. Of this amount, the agency submits a revised estimate of \$20.5 million, including \$6.3 million from the State General Fund, for operational expenditures in FY 2016. This is reflected as an all funds increase of \$798,121, or 4.1 percent, and the State General Fund total is the same amount approved by the 2015 Legislature. The revised estimate is reflected as an all funds increase because the reappropriation and Governor's allotment automatically lower the agency's approved expenditures from the State General Fund, but agency expenditures from special revenue funds to replace the difference require Legislative action and do not automatically change the approved amount of funding. The increase is primarily attributable to the agency partially replacing expenditures from the State General Fund with expenditures from special revenue funds. The increase is reflected as an increase in salaries and wages and capital outlay expenditures, partially offset by a decrease in contractual services, commodities, and other

assistance expenditures. The remaining increase is attributable to the agency reappropriating funding for capital improvements yet to be completed from the State Institutions Building Fund.

The revised estimate absent adjustments is detailed below by object of expenditure.

- **Salaries and Wages.** The agency requests \$16.8 million, including \$4.5 million from the State General Fund, for salaries and wages in FY 2016. This is an all funds increase of \$1.4 million, or 8.9 percent, and a State General Fund decrease of \$895,779, or 16.6 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to a shift in funding sources of \$1.6 million, all from special revenue funds, for salaries and wages expenditures at the KSH and KVH, which were previously funded with off budget Medicaid funds. The increase is partially offset by an adjustment in salary and wages shrinkage savings.
- **Contractual Services.** The agency requests \$1.3 million, including \$586,040 from the State General Fund, for contractual services in FY 2016. This is all funds decrease of \$1.6 million, or 55.5 percent, and a State General Fund decrease of \$419,053, or 41.7 percent, below the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a shift in funding sources of \$1.7 million, all from special revenue funds, for contractual services expenditures at the KSH and KVH to off budget Medicaid funds. The decrease is partially offset by an increase in building repair expenditures, in-state travel expenditures, staffing and recruiting expenditures at the Soldiers' Home and Veterans' Home, and building space rental expenditures.
- **Commodities.** The agency requests \$1.6 million, including \$504,679 from the State General Fund, for commodities in FY 2016. This is an all funds decrease of \$238,416, or 13.2 percent, and a State General Fund increase of \$57,877, or 13.0 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in drug and pharmaceutical supplies expenditures.
- **Capital Outlay.** The agency requests \$265,904, including \$129,865 from the State General Fund, for capital outlay in FY 2016. This is an all funds increase of \$66,387, or 33.3 percent, and a State General Fund increase of \$7,073, or 5.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer equipment, computer software, and furniture expenditures.
- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for other assistance in FY 2016. This is an all funds decrease of \$15,000, or 2.4 percent, and the State General Fund amount is the same amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in grants.

The **Governor** recommends expenditures of \$23.6 million, including \$6.4 million from the State General Fund, for operating expenditures and capital improvements in FY 2016. Of this amount, the Governor recommends operating expenditures of \$20.5 million, including \$6.3 million from the State General Fund, in FY 2016. This is the same all funds and State General Fund amounts as the agency's revised estimate.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund, up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the State General Fund for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various State General Fund lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the State General Fund Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015, the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly State General Fund receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
SGF Lapse			
TOTAL	\$ (1,250,000)	\$ (1,250,000)	0.0

A reduction of \$1.3 million, all from the KVH account of the State General Fund Operating Expenditures Fund. The agency submitted a plan to use fee fund expenditures to partially make up the difference in the loss of State General Fund expenditures.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 7,444,207	\$ 7,444,207	\$ 0	\$ 6,844,207	\$ (600,000)
All Other Funds	15,043,083	16,572,194	1,529,111	17,005,944	1,962,861
TOTAL	\$ 22,487,290	\$ 24,016,401	\$ 1,529,111	\$ 23,850,151	\$ 1,362,861
FTE Positions	368.0	368.0	0.0	368.0	0.0

The **agency** submits a revised estimate of \$24.0 million, including \$7.4 million from the State General Fund, for operational expenditures and capital improvements for FY 2017. Of this amount, the agency submits a revised estimate of \$21.6 million, including \$7.4 million from the State General Fund for operational expenditures for FY 2017. This is an all funds increase of \$1.2 million, or 5.9 percent, and the State General Fund amount is the same amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in salaries and wages, commodities, and capital outlay expenditures, partially offset by a decrease in contractual services and other assistance.

The revised estimate absent adjustments is detailed below by object of expenditure.

- **Salaries and Wages.** The agency requests \$17.6 million, including \$4.8 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$1.8 million, or 11.3 percent, and a State General Fund decrease of \$431,195, or 8.3 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to a shift in funding sources of \$1.7 million, all from special revenue funds, for salaries and wages expenditures at the Soldiers' Home and Veterans' Home which were previously funded by off budget Medicaid reimbursement funds. The all funds increase is also partially attributable to an adjustment in salary shrinkage.
- **Contractual Services.** The agency requests \$1.3 million, including \$915,916 from the State General Fund, for contractual services for FY 2017. This is an all funds decrease of \$780,081, or 38.3 percent, and a State General Fund increase of \$162,284, or 21.5 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a shift in funding sources of \$819,620, all from special revenue funds, for contractual services expenditures at the KSH and KVH to off budget Medicaid funds. The decrease is partially offset by an increase in building repair expenditures, in-state travel expenditures, staffing and recruiting expenditures at the Soldiers' Home and Veterans' Home, and building space rental expenditures.
- **Commodities.** The agency requests \$1.9 million, including \$976,993 from the State General Fund, for commodities for FY 2017. This is an all funds increase of

\$134,908, or 7.8 percent, and a State General Fund increase of \$222,438, or 29.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in supplies for patient care at the Soldiers' Home and Veterans' Home. The increase is also partially attributable to a shift in funding sources for commodities expenditures at the Soldiers' Home and Veterans' Home which were previously funded by off budget Medicaid reimbursement funds.

- **Capital Outlay.** The agency requests \$266,175, including \$169,265 from the State General Fund, for capital outlay for FY 2017. This is an all funds increase of \$66,658, or 33.4 percent, and a State General Fund increase of \$46,473, or 37.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer expenditures, software expenditures, and furniture expenditures.
- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for other assistance for FY 2017. This is an all funds decrease of \$15,000, and the State General Fund amount is the same amount as approved by the 2015 Legislature. The all funds decrease is primarily attributable to a decrease in grants.

The **Governor** recommends expenditures of \$23.9 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements for FY 2017. Of this amount, the Governor recommends operating expenditures of \$21.6 million, including \$6.8 million from the State General Fund, in FY 2016. This is the same all funds amount, and a State General Fund decrease of \$600,000, or 8.1 percent, below the agency's revised estimate. The decrease is attributable to the Governor's recommendation that the agency reduce State General Fund expenditures by \$600,000 and increase expenditures by \$600,000 from agency fee funds.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Remodel Custer House	\$ 0	\$ 161,500	0.0	\$ 0	\$ 161,500	0.0
Additional KSH R&R	0	22,500	0.0	0	0	0.0
Additional KVH R&R	0	43,750	0.0	0	0	0.0
State Cemeteries Improvements	0	100,000	0.0	0	0	0.0
Removal of Funds Limits	0	0	0.0	0	0	0.0
TOTAL	\$ 0	\$ 327,750	0.0	\$ 0	\$ 161,500	0.0

The **agency** requests five supplemental requests for FY 2017.

- The agency requests \$161,500, all from the State Institutions Building Fund, to remodel several rooms in the Custer House at the KSH.

- The agency requests \$22,500, all from the State Institutions Building Fund, to increase rehabilitation and repair expenditures at the KSH.
- The agency requests \$43,750, all from the State Institutions Building Fund, to increase rehabilitation and repair expenditures at the KVH. Of this amount, \$15,251 is a planned reappropriation of funding not spent in FY 2016 and \$28,499 in new appropriation.
- The agency requests \$100,000, all from the Expanded Lottery Act Revenues Fund (ELARF), to purchase over-sized gravel liners for the veterans cemeteries.
- The agency requests that the expenditure limits on its limited funds be removed and converted to no-limit funds.

The **Governor** recommends supplemental expenditures of \$161,500, all from the State Institutions Building Fund, for FY 2017. The Governor recommended the supplemental request to remodel the Custer House at KSH, but did not recommend the other supplemental requests.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	34.4 %	31.6 %
Soldiers' Home Fee Fund	7.3	7.3
Veterans' Home Fee Fund	11.4	14.2
All Other Funds	46.9	46.9
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Soldiers' Home Fee Fund Analysis

The Soldiers' Home Fee Fund includes revenues from resident fees and other miscellaneous revenues, such as farm and garage rentals, interest, and obsolete equipment and material sales. The Soldiers' Home Fee Fund is authorized by KSA 76-1952.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 12,701	\$ (4,295)	\$ (4,295)	\$ 3,289	\$ 3,289
Revenue	1,577,820	1,572,000	1,572,000	1,572,000	1,572,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 1,590,521	\$ 1,567,705	\$ 1,567,705	\$ 1,575,289	\$ 1,575,289
Less: Expenditures	1,594,816	1,564,416	1,564,416	1,569,621	1,569,621
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ (4,295)</u>	<u>\$ 3,289</u>	<u>\$ 3,289</u>	<u>\$ 5,668</u>	<u>\$ 5,668</u>
Ending Balance as Percent of Expenditures	(0.3%)	0.2%	0.2%	0.4%	0.4%
Month Highest Ending Balance	August \$ 251,246	July \$ 168,093	July \$ 168,093	September \$ 393,000	September \$ 393,000
Month Lowest Ending Balance	June \$ (4,295)	October \$ 22,422	October \$ 22,422	June \$ 2,379	June \$ 2,379

Veterans' Home Fee Fund Analysis

The Veterans' Home Fee Fund includes revenues from resident fees, interest, rent of unimproved lands, oil royalties, and other miscellaneous sources. This fund is authorized by KSA 76-1952.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 84,931	\$ 348,539	\$ 348,539	\$ 514,074	\$ 514,074
Revenue	2,164,868	2,873,258	2,873,258	3,171,601	3,171,601
Transfers in	0	0	0	0	0
Total Funds Available	\$ 2,249,799	\$ 3,221,797	\$ 3,221,797	\$ 3,685,675	\$ 3,685,675
Less: Expenditures	1,901,260	2,707,723	2,707,723	2,464,113	3,064,113
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 348,539</u>	<u>\$ 514,074</u>	<u>\$ 514,074</u>	<u>\$ 1,221,562</u>	<u>\$ 621,562</u>
Ending Balance as Percent of Expenditures	18.3%	19.0%	19.0%	49.6%	20.3%
Month Highest Ending Balance	May \$ 869,314	January \$ 767,878	January \$ 767,878	May \$ 560,041	May* \$ 560,041
Month Lowest Ending Balance	July \$ 260,382	June \$ 283,109	June \$ 283,109	July \$ 101,666	July* \$ 101,666

* The Governor's recommendation includes an increase in expenditures from the Veterans' Home Fee Fund for FY 2017, which may affect the highest and lowest month ending balances for that year, however these adjustments are not reflected in the table above.

Federal Domiciliary *Per Diem* Fund

The Federal Domiciliary *Per Diem* Fund includes the Veterans' Home Domiciliary Fund (VA *Per Diem*) and the Soldiers' Home Domiciliary Fund (VA *Per Diem*). 38 Code of Federal Regulations, part 17, Subpart 51.40 provides that *per diem* for nursing care and domiciliary care is provided to an eligible veteran in a facility recognized as a state home for veterans. *Per diem* payments are paid to the facilities on a monthly basis. In order to qualify for *per diem*, State Homes for Veterans are required to maintain standards for health and safety.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 171,839	\$ 245,058	\$ 245,058	\$ 189,714	\$ 189,714
Revenue	1,458,598	1,520,000	1,520,000	1,520,000	1,520,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 1,630,437	\$ 1,765,058	\$ 1,765,058	\$ 1,709,714	\$ 1,709,714
Less: Expenditures	1,385,379	1,575,344	1,575,344	1,599,150	1,599,150
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 245,058</u>	<u>\$ 189,714</u>	<u>\$ 189,714</u>	<u>\$ 110,564</u>	<u>\$ 110,564</u>
Ending Balance as Percent of Expenditures	17.7%	12.0%	12.0%	6.9%	6.9%
Month Highest Ending Balance	October <u>\$ 805,107</u>	February <u>\$ 776,359</u>	February <u>\$ 776,359</u>	January <u>\$ 943,978</u>	January <u>\$ 943,978</u>
Month Lowest Ending Balance	December <u>\$ 249,784</u>	June <u>\$ 302,312</u>	June <u>\$ 302,312</u>	June <u>\$ 269,197</u>	June <u>\$ 269,197</u>

Federal Long Term Care *Per Diem* Fund

The Federal Long Term Care *Per Diem* Fund includes the Veterans' Home Federal Fund Long Term Care (VA *Per Diem*) and the Soldiers' Home Federal Fund Long Term Care (VA *Per Diem*). 38 Code of Federal Regulations, Part 17, Subpart 51.40 provides that *per diem* for long term care is provided to an eligible veteran in a facility recognized as a state home for veterans. *Per diem* payments are paid to the facilities on a monthly basis. In order to qualify for *per diem*, State Homes for Veterans are required to maintain standards for health and safety.

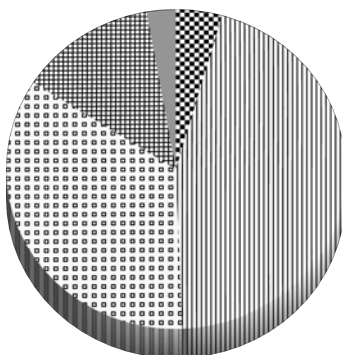
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 589,081	\$ 1,246,036	\$ 1,246,036	\$ 753,818	\$ 753,818
Revenue	6,444,429	6,824,949	6,824,949	6,824,949	6,824,949
Transfers in	0	0	0	0	0
Total Funds Available	\$ 7,033,510	\$ 8,070,985	\$ 8,070,985	\$ 7,578,767	\$ 7,578,767
Less: Expenditures	5,787,474	7,317,167	7,317,167	7,517,100	7,517,100
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 1,246,036</u>	<u>\$ 753,818</u>	<u>\$ 753,818</u>	<u>\$ 61,667</u>	<u>\$ 61,667</u>
Ending Balance as Percent of Expenditures	21.5%	10.3%	10.3%	0.8%	0.8%
Month Highest Ending Balance	June <u>\$ 1,259,838</u>	June <u>\$ 1,369,858</u>	June <u>\$ 1,369,858</u>	November <u>\$ 1,912,545</u>	November <u>\$ 1,912,545</u>
Month Lowest Ending Balance	November \$ 129,358	December \$ 194,441	December \$ 194,441	June \$ 858,629	June \$ 858,629

PROGRAM DETAIL

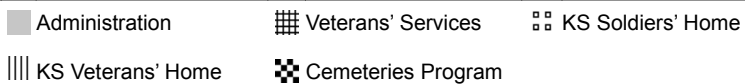
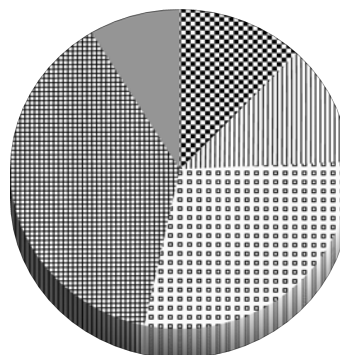
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 595,447	2.8 %	\$ 595,447	8.7 %
Veterans' Services	2,832,438	13.1	2,591,129	37.9
Kansas Soldiers' Home	7,505,077	34.7	1,991,194	29.1
Kansas Veterans' Home	9,717,260	45.0	827,628	12.1
Cemeteries Program	951,529	4.4	828,909	12.1
TOTAL	\$ 21,601,751	100.0 %	\$ 6,834,307	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	5.0	6.0	6.0	6.0	6.0
Veterans' Services	31.0	32.0	32.0	32.0	32.0
Kansas Soldiers' Home	108.0	111.0	111.0	111.0	111.0
Kansas Veterans' Home	152.0	197.3	197.3	202.3	202.3
Cemeteries Program	16.8	16.8	16.8	16.8	16.8
TOTAL	312.8	363.0	363.0	368.0	368.0

A. Administration

The Administration program provides guidance and oversight for all veteran program while also providing leadership, direction, technical guidance, and support for all agency staff. The Administration program contains the agency's fiscal services, human resources, and information technology functions. The Administration program oversees the Central Office in Topeka, which includes the Agency Director and administrative staff, the State Veteran Services Program Director, the State Cemetery Program Director, the Human Resource Director, and the Chief Property and Fiscal Officer and staff. The program was split off from the Veterans' Services program for budgetary reasons beginning in FY 2006.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 441,640	\$ 471,906	\$ 471,906	\$ 489,418	\$ 489,418
Contractual Services	76,385	76,385	76,385	76,385	76,385
Commodities	13,647	13,647	13,647	13,647	13,647
Capital Outlay	32,284	15,726	15,726	15,997	15,997
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 563,956</i>	<i>\$ 577,664</i>	<i>\$ 577,664</i>	<i>\$ 595,447</i>	<i>\$ 595,447</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 563,956	\$ 577,664	\$ 577,664	\$ 595,447	\$ 595,447
Financing:					
State General Fund	\$ 563,956	\$ 577,664	\$ 577,664	\$ 595,447	\$ 595,447
All Other Funds	0	0	0	0	0
TOTAL	\$ 563,956	\$ 577,664	\$ 577,664	\$ 595,447	\$ 595,447
FTE Positions	5.0	6.0	6.0	6.0	6.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
TOTAL	6.0	7.0	7.0	7.0	7.0

The **agency** submits a revised estimate of \$595,447, all from the State General Fund, for the Administration program for FY 2017. This is an all funds increase of \$38,505, or 6.9 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages, contractual services, commodities, and capital outlay expenditures.

The revised estimate is detailed below by object of expenditure.

- **Salaries and Wages.** The agency requests \$489,418, all from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$20,335, or 4.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a reallocation to salary shrinkage, partially offset by a decrease in employer contributions for state employee health insurance.
- **Contractual Services.** The agency requests \$76,385, all from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$5,057, or 7.1 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in in-state travel expenditures.
- **Commodities.** The agency requests \$13,647, all from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$3,416, or 33.4 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in data processing supplies, partially offset by a decrease in stationary and office supplies.
- **Capital Outlay.** The agency requests \$15,997, all from the State General Fund, for capital outlay for FY 2017. This is an all funds increase of \$9,697, or 153.9 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer equipment.
- **Other Assistance.** The agency did not request other assistance expenditures for FY 2017. This is the same amount approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$595,447, all from the State General Fund, for the Administration program for FY 2017. This is the same amount as the agency's revised estimate.

B. Veterans Services

The purpose of the Veterans' Services program is to provide and administer a system by which the eligible residents of Kansas can obtain assistance and advice in procuring benefits from the state and federal governments in the area of veterans' or survivors' benefits. Services are provided through 13 field offices located throughout the state, two mobile vans, and six offices located in the federal Department of Veterans' Affairs (VA) Medical Centers in Topeka, Leavenworth, and Wichita.

Additional services are provided through service grants to Veterans' Service Organizations (VSOs). Where services through VSOs are not available, the KCVA Veterans' Service Representatives (VSRs) provide services. Quality control measures are performed at

the Wichita VA Medical Center. Services provided by the program include assistance with obtaining services in the areas of education, health, vocational guidance, and economic security. KCVA is the State Approving Agency (SAA) for the federal GI Bill Education program.

VETERANS SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,505,509	\$ 1,675,919	\$ 1,675,919	\$ 1,741,710	\$ 1,741,710
Contractual Services	400,161	366,502	366,502	368,156	368,156
Commodities	46,831	58,942	58,942	58,196	58,196
Capital Outlay	39,267	64,376	64,376	64,376	64,376
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,991,768</i>	<i>\$ 2,165,739</i>	<i>\$ 2,165,739</i>	<i>\$ 2,232,438</i>	<i>\$ 2,232,438</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	600,000	600,000	600,000	600,000	600,000
TOTAL	<u>\$ 2,591,768</u>	<u>\$ 2,765,739</u>	<u>\$ 2,765,739</u>	<u>\$ 2,832,438</u>	<u>\$ 2,832,438</u>
Financing:					
State General Fund	\$ 2,407,816	\$ 2,535,464	\$ 2,535,464	\$ 2,591,129	\$ 2,591,129
All Other Funds	183,952	230,275	230,275	241,309	241,309
TOTAL	<u>\$ 2,591,768</u>	<u>\$ 2,765,739</u>	<u>\$ 2,765,739</u>	<u>\$ 2,832,438</u>	<u>\$ 2,832,438</u>
FTE Positions	31.0	32.0	32.0	32.0	32.0
Non-FTE Uncl. Perm. Pos.	2.0	2.0	2.0	2.0	2.0
TOTAL	<u>33.0</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>

The **agency** submits a revised estimate of \$2.8 million, including \$2.6 million from the State General Fund, for the Veterans' Services program for FY 2017. This is an all funds increase of \$133,896, or 5.0 percent, and a State General Fund increase of \$131,879, or 5.4 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to an increase in salaries and wages, contractual services, commodities, and capital outlay expenditures.

The revised estimate is detailed below by object of expenditure.

- **Salaries and Wages.** The agency requests \$1.7 million, including \$1.6 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$86,981, or 5.3 percent, and a State General Fund increase of \$84,796, or 5.7 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to a reallocation of salary shrinkage, partially offset by a decrease in employer contributions for state employee health insurance.
- **Contractual Services.** The agency requests \$368,156, including \$309,141 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of \$33,073, or 9.9 percent, and a State General Fund increase of

\$32,773, or 11.9 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in building space rental due to opening new office openings in Manhattan, Atchison, and Hays, and in-state travel expenditures.

- **Commodities.** The agency requests \$58,196, including \$52,773 from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$3,744, or 6.9 percent, and a State General Fund increase is \$4,614, or 9.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in supplies for the Mobile Office units.
- **Capital Outlay.** The agency requests \$64,376, including \$51,645 from the State General Fund, for capital outlay for FY 2017. This is an all funds increase of \$10,098, or 18.6 percent, and a State General Fund increase of \$9,696, or 23.1 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer expenditures.
- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for other assistance for FY 2017. This is the same amount approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$2.8 million, including \$2.6 million from the State General Fund, for the Veterans Services program for FY 2017. This is the same all funds and State General Fund amount as the agency's revised estimate.

C. Kansas Soldiers' Home

The mission of KSH at Fort Dodge is to provide quality, long-term health care and enhance the overall well-being of honorably discharged veterans and their dependents in an environment that supports the individuals' biological, sociological, and psychological needs.

KSH offers different levels of care including residential cottages, assisted living, and nursing home care. Cottage residency is open to any eligible veteran and his or her spouse; it provides independent living with assistance from social and health services staff available. Domiciliary care, or assisted living, provides residents with support services such as meal preparation and medication monitoring. Nursing home care is also available for residents who are not capable of supporting and caring for themselves.

**KANSAS SOLDIERS' HOME
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 4,573,094	\$ 5,966,943	\$ 5,966,943	\$ 6,173,431	\$ 6,173,431
Contractual Services	1,414,925	317,936	317,936	317,936	317,936
Commodities	1,036,894	942,350	942,350	942,350	942,350
Capital Outlay	126,306	71,360	71,360	71,360	71,360
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,151,219</i>	<i>\$ 7,298,589</i>	<i>\$ 7,298,589</i>	<i>\$ 7,505,077</i>	<i>\$ 7,505,077</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	7,236	0	0	0	0
TOTAL	\$ 7,158,455	\$ 7,298,589	\$ 7,298,589	\$ 7,505,077	\$ 7,505,077
Financing:					
State General Fund	\$ 2,003,051	\$ 1,902,111	\$ 1,902,111	\$ 1,991,194	\$ 1,991,194
All Other Funds	5,155,404	5,396,478	5,396,478	5,513,883	5,513,883
TOTAL	\$ 7,158,455	\$ 7,298,589	\$ 7,298,589	\$ 7,505,077	\$ 7,505,077
FTE Positions	108.0	111.0	111.0	111.0	111.0
Non-FTE Uncl. Perm. Pos.	2.0	3.0	3.0	3.0	3.0
TOTAL	110.0	114.0	114.0	114.0	114.0

The **agency** submits a revised estimate of \$7.5 million, including \$2.0 million from the State General Fund, for the KSH program for FY 2017. This is an all funds decrease of \$10,118, or 0.1 percent, and a State General Fund increase of \$152,912, or 8.3 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to an increase in salaries and wages and commodities, partially offset by a decrease in contractual services and capital outlay expenditures.

The revised estimate is detailed below by object of expenditure.

- **Salaries and Wages.** The agency requests \$6.2 million, including \$1.4 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$471,330, or 8.3 percent, and a State General Fund decrease of \$139,581, or 9.1 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to a shift in funding sources for salaries and wages expenditures previously funded by off budget Medicaid reimbursement funds, to other funds considered on budget. The all funds increase is reflected as an increase in classified salaries and wages and associated fringe benefits and an adjustment to salaries and wages shrinkage across all programs.
- **Contractual Services.** The agency requests \$317,936, including \$114,264 from the State General Fund, for contractual services for FY 2017. This is an all funds decrease of \$577,632, or 64.5 percent, and a State General Fund increase of \$14,697, or 14.8 percent, from the amount approved by the 2015 Legislature.

The all funds decrease is primarily attributable to a shift in funding sources for contractual services expenditures to off budget Medicaid funds.

- **Commodities.** The agency requests \$942,350, including \$441,025 from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$114,367, or 13.8 percent, and a State General Fund increase of \$302,983, or 219.5 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to a shift in funding sources for commodities expenditures previously funded by off budget Medicaid reimbursement funds.
- **Capital Outlay.** The agency requests \$71,360, including \$49,356 from the State General Fund, for capital outlay for FY 2017. This is an all funds decrease of \$18,183, or 20.3 percent, and a State General Fund decrease of \$25,187, or 33.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease on computer equipment and a shift in funding sources for capital outlay expenditures to off budget Medicaid funds.
- **Other Assistance.** The agency did not request other assistance for FY 2017. This is the same amount approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$7.5 million, including \$2.0 million from the State General Fund, for the Soldiers' Home program for FY 2017. This is the same all funds and State General Fund amounts as the agency's revised estimate.

D. Kansas Veterans' Home

The primary mission of KVH in Winfield is to provide nursing care to veterans and their eligible dependents. The KVH officially opened May 1, 2000, on the grounds of the former Winfield State Hospital and Training Center.

The 80-bed domiciliary, or assisted living program, in Donlon Hall provides shelter, food, and other necessary services required by each resident, while allowing the resident to maintain a certain level of independence. The third wing of Donlon Hall was opened on July 14, 2003.

The 104-bed Bleckley Hall was opened June 12, 2000, and is equipped for 78 residents in need of skilled nursing care and 26 residents in need of care related to Alzheimer's disease.

**KANSAS VETERANS' HOME
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 6,003,592	\$ 7,904,924	\$ 7,904,924	\$ 8,438,381	\$ 8,438,381
Contractual Services	821,984	465,014	465,014	417,673	417,673
Commodities	768,967	480,182	480,182	780,507	780,507
Capital Outlay	197,661	80,699	80,699	80,699	80,699
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,792,204</i>	<i>\$ 8,930,819</i>	<i>\$ 8,930,819</i>	<i>\$ 9,717,260</i>	<i>\$ 9,717,260</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	7,161	0	0	0	0
TOTAL	\$ 7,799,365	\$ 8,930,819	\$ 8,930,819	\$ 9,717,260	\$ 9,717,260
Financing:					
State General Fund	\$ 1,820,420	\$ 526,399	\$ 526,399	\$ 1,427,628	\$ 827,628
All Other Funds	5,978,945	8,404,420	8,404,420	8,289,632	8,889,632
TOTAL	\$ 7,799,365	\$ 8,930,819	\$ 8,930,819	\$ 9,717,260	\$ 9,717,260
FTE Positions	152.0	197.3	197.3	202.3	202.3
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	152.0	197.3	197.3	202.3	202.3

The **agency** submits a revised estimate of \$9.7 million, including \$1.4 million from the State General Fund, for the KVH program for FY 2017. This is an all funds increase of \$1.0 million, or 12.0 percent, and a State General Fund decrease of \$323,296, or 18.5 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to an increase in salaries and wages, commodities, and capital outlay, partially offset by a decrease in contractual services and other assistance expenditures. The request includes 202.3 FTE positions, which is an increase of 22.0 FTE positions above the number approved by the 2015 Legislature.

The revised estimate is detailed below by object of expenditure.

- Salaries and Wages.** The agency requests \$8.4 million, including \$551,715 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of \$1.2 million, or 16.8 percent, and a State General Fund decrease of \$396,745, or 41.8 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to a shift in funding sources for salaries and wages expenditures previously funding by off budget Medicaid funds, to other funds considered on budget. The increase is reflected as a reallocation of salaries and wages shrinkage across all programs, an increase in classified employees overtime pay, and employer contributions for state employee health insurance, partially offset by a decrease in classified temporary salaries and wages expenditures.

- **Contractual Services.** The agency requests \$417,673, including \$394,801 from the State General Fund, for contractual services for FY 2017. This is an all funds decrease of \$240,579, or 36.5 percent, and a State General Fund increase of \$120,338, or 43.8 percent, from the amount approved by the 2015 Legislature. The all funds decrease is primarily attributable to a shift in funding sources for contractual services expenditures to off budget Medicaid funds. The all funds decrease is primarily reflected to a decrease in institutional food service and computer services expenditures.
- **Commodities.** The agency requests \$780,507, including \$441,673 from the State General Fund, for commodities for FY 2017. This is an all funds increase of \$13,381, or 1.7 percent, and a State General Fund decrease of \$86,328, or 16.3 percent, from the amount approved by the 2015 Legislature. The all funds increase is primarily attributable to a shift in funding sources for commodities expenditures previously funded by off budget Medicaid reimbursement funds.
- **Capital Outlay.** The agency requests \$80,699, including \$39,439 from the State General Fund, for capital outlay for FY 2017. This is an all funds increase of \$65,046, or 415.5 percent, and a State General Fund increase of \$39,439, above the amount approved by the 2015 Legislature. The increase is primarily attributable to computer and software expenditures.
- **Other Assistance.** The agency does not request other assistance expenditures for FY 2017. This is an all funds decrease of \$15,000, or 100.0 percent, all from special revenue funds, below the amount approved by the 2015 Legislature. The decrease is attributable to a decrease in grants.

The **Governor** recommends expenditures of \$9.7 million, including \$827,628 from the State General Fund, for the Veterans' Home program for FY 2017. This is the same all funds amount and a State General Fund decrease of \$600,000, or 42.0 percent, below the agency's revised estimate. The State General Fund decrease is attributable to the Governor's recommendation that the agency decrease expenditures from the State General Fund, and increase expenditures by a corresponding amount from the Veterans' Home Fee Fund.

E. Kansas Cemeteries Program

The Veterans' Cemeteries program provides veterans and their eligible dependents with interment opportunities for burial in a Kansas veterans' cemetery. The program manages and operates the four veterans' cemeteries, and provides staff support and assistance to veterans statewide regarding their interment options and procedures for pre-certification. Cemetery construction was 100.0 percent funded by federal grants from the federal Department of Veterans' Affairs National Cemetery Administration, State Cemetery Grants Programs. Ongoing cemetery operations is largely funded by the state, with minimal federal funding. The cemeteries are located at Fort Dodge, Fort Riley, WaKeeney, and Winfield.

**KANSAS CEMETERIES PROGRAM
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 722,601	\$ 739,150	\$ 739,150	\$ 766,881	\$ 766,881
Contractual Services	138,209	78,962	78,962	78,962	78,962
Commodities	59,104	71,943	71,943	71,943	71,943
Capital Outlay	12,421	33,743	33,743	33,743	33,743
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 932,335</i>	<i>\$ 923,798</i>	<i>\$ 923,798</i>	<i>\$ 951,529</i>	<i>\$ 951,529</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	2,857	0	0	0	0
TOTAL	<u>\$ 935,192</u>	<u>\$ 923,798</u>	<u>\$ 923,798</u>	<u>\$ 951,529</u>	<u>\$ 951,529</u>
Financing:					
State General Fund	\$ 774,153	\$ 776,296	\$ 776,296	\$ 828,909	\$ 828,909
All Other Funds	161,039	147,502	147,502	122,620	122,620
TOTAL	<u>\$ 935,192</u>	<u>\$ 923,798</u>	<u>\$ 923,798</u>	<u>\$ 951,529</u>	<u>\$ 951,529</u>
FTE Positions	16.8	16.8	16.8	16.8	16.8
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>16.8</u>	<u>16.8</u>	<u>16.8</u>	<u>16.8</u>	<u>16.8</u>

The **agency** submits a revised estimate of \$951,529, including \$828,909 from the State General Fund, for the Kansas Cemeteries program for FY 2017. This is the same all funds and State General Fund amounts approved by the 2015 Legislature.

The revised estimate is detailed below by object of expenditure.

- **Salaries and Wages.** The agency requests \$766,881, all from the State General Fund, for salaries and wages for FY 2017. This is the same amount approved by the 2015 Legislature.
- **Contractual Services.** The agency requests \$78,962, including \$21,325 from the State General Fund, for contractual services for FY 2017. This is the same all funds total, and a State General Fund decrease of \$10,581, or 33.2 percent, from the amount approved by the 2015 Legislature.
- **Commodities.** The agency requests \$71,943, including \$27,875 from the State General Fund, for commodities for FY 2017. This is the same all funds total, and a State General Fund decrease of \$2,247, or 7.5 percent, from the amount approved by the 2015 Legislature.
- **Capital Outlay.** The agency requests \$33,743, including \$12,828 from the State General Fund, for capital outlay for FY 2017. This is the same all funds total, and

a State General Fund increase of \$12,828, from the amount approved by the 2015 Legislature.

- **Other Assistance.** The agency does not request other assistance expenditures for FY 2017. This the same amount approved by the 2015 Legislature.

The **Governor** recommends expenditures of \$951,529, including \$828,909 from the State General Fund, for the Cemeteries program for FY 2017. This is the same all funds and State General Fund amounts as the agency's revised estimate.

F. Off Budget Program

Operations at KSH and KVH are financed by expenditures from several revenue sources, including federal Veterans Affairs *Per Diem*, the State General Fund, Medicare reimbursements, and Medicaid reimbursements. Revenues from Medicaid reimbursements at KSH and KVH are paid to the agency from the Kansas Department for Aging and Disability Services (KDADS). This disbursement of funds is considered to be an expenditure for KDADS, so expenditures from these Medicaid funds are considered to be off budget expenditures. These off budget expenditures are not included in total on-budget standard operating expenditures, but are included below as an off budget program with further detail .

OFF BUDGET PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,034,584	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	71,154	1,839,529	1,839,529	1,838,842	1,838,842
Commodities	109,111	300,325	300,325	0	0
Capital Outlay	57,383	107,036	107,036	107,036	107,036
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,272,232</i>	<i>\$ 2,246,890</i>	<i>\$ 2,246,890</i>	<i>\$ 1,945,878</i>	<i>\$ 1,945,878</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,272,232	\$ 2,246,890	\$ 2,246,890	\$ 1,945,878	\$ 1,945,878
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,272,232	2,246,890	2,246,890	1,945,878	1,945,878
TOTAL	\$ 2,272,232	\$ 2,246,890	\$ 2,246,890	\$ 1,945,878	\$ 1,945,878
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0

The **agency** submits a revised estimate of \$1.9 million, all from the special revenue funds, for off budget expenditures for FY 2017. This is a decrease of \$1.5 million, or 43.0

percent, all from special revenue funds, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to the agency shifting funding sources for categories of expenditures, so that all existing salaries and wages expenditures and commodities expenditures for KVH and KSH are shifted from off budget Medicaid reimbursement funds to other funding sources considered to be on budget funds. The agency has partially offset the decrease by changing funding sources to increase expenditures for contractual services and capital outlay from Medicaid funds.

The revised estimate is detailed below by object of expenditure.

- **Salaries and Wages.** The agency does not request expenditures for salaries and wages with off budget expenditures for FY 2017. This is a decrease of \$1.7 million, or 100.0 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to the agency changing funding sources for salaries and wages expenditures by moving all existing salary and wage expenditures from the Soldiers' Home and Veterans' Home Medicaid reimbursement funds to other funding sources.
- **Contractual Services.** The agency requests expenditures of \$1.8 million, all from special revenue funds, for off budget contractual services for FY 2017. This is an increase of \$819,620, or 80.4 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to the agency changing funding sources for \$819,620 in contractual services expenditures to Medicaid reimbursement funds.
- **Commodities.** The agency does not request expenditures for off budget commodities for FY 2017. This is a decrease of \$611,671, or 100.0 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to the agency changing funding sources for commodities expenditures by moving all existing commodities expenditures at the Soldiers' Home and Veterans' Home Medicaid reimbursement funds to other funding sources. The decrease is also attributable to a decrease in expenditures for patient food and drug and pharmaceutical expenditures.
- **Capital Outlay.** The agency requests expenditures of \$107,036, all from special revenue funds, for off budget capital outlay for FY 2017. This is an increase of \$34,590, or 47.7 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to the agency changing funding sources for \$43,810 in capital outlay expenditures to Medicaid reimbursement funds. The increase is partially offset by a decrease in equipment for patient care.
- **Other Assistance.** The agency does not request expenditures for off budget other assistance for FY 2017.

The **Governor** recommends expenditures of \$1.9 million, all from special revenue funds, for off budget expenditures for FY 2017. This is the same amount as the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
KSH Major Maintenance	\$ 290,085	\$ 290,085	\$ 334,000	\$ 311,500
KSH Key Replacement	165,000	165,000	0	0
KSH Telephone System	88,000	88,000	0	0
KSH L & H Entrance	220,000	220,000	0	0
KSH Halsey Door & Thres	200,000	200,000	0	0
KSH Demo of Structures	80,000	80,000	50,000	50,000
KSH Window Replacement	80,000	80,000	0	0
KSH Halsey Hall Whirlpool	66,000	66,000	0	0
KSH Home Nurse Call	75,000	75,000	0	0
KSH Halsey Hall HVAC	240,000	240,000	0	0
KSH Halsey Electrical	60,000	60,000	0	0
KSH Halsey Room HVAC	150,000	150,000	0	0
KSH Halsey Mod Boilers	120,000	120,000	0	0
KSH Lincoln Bathroom	150,000	150,000	0	0
KSH Lincoln Hall Remodel	363,960	363,960	0	0
KSH Roof Replacement	0	0	80,000	80,000
KSH Lincoln Hall Electrical	0	0	55,000	55,000
KSH Halsey Hall Cover Ent	0	0	55,000	55,000
KSH Pershing Barracks	0	0	330,000	330,000
KSH Halsey Kitchen Reno	0	0	412,500	412,500
KSH L & G ADA Access	0	0	165,000	165,000
KVH Rehab & Repair	293,750	293,750	143,750	100,000
KVH Home Campus Sec	110,000	110,000	0	0
KVH Key Replacement	165,000	165,000	0	0
KVH Bariatric Remodels	82,500	82,500	0	0
KVH Telephone System	88,000	88,000	0	0
KVH Triplett Hall Carpet	0	0	198,000	198,000
KVH Bleckley Hall Window	0	0	481,500	481,500
Cemeteries Rehab/Repair	9,900	9,900	9,900	9,900
Cemeteries Storage Roofs	25,000	25,000	0	0
Cemeteries Grave Liners	0	0	100,000	0
TOTAL	\$ 3,122,195	\$ 3,122,195	\$ 2,414,650	\$ 2,248,400
Financing:				
State General Fund	\$ 34,900	\$ 34,900	\$ 9,900	\$ 9,900
All Other Funds	3,087,295	3,087,295	2,404,750	2,238,500
TOTAL	\$ 3,122,195	\$ 3,122,195	\$ 2,414,650	\$ 2,248,400

FY 2016 – Current Year. The agency submits a revised estimate of \$3.1 million, including \$34,900 from the State General Fund, for capital improvements in FY 2016. This is an all funds increase of \$1.5 million, or 85.2 percent, and the State General Fund amount is the same amount approved by the 2015 Legislature. The all funds increase is primarily attributable to the agency reappropriating funding from the State Institutions Building Fund for projects not completed in previous fiscal years. The FY 2016 projects are listed by location.

Kansas Soldiers' Home

- **Major Maintenance.** This project is to repair facilities, including cottages, a long-term care facility, ancillary buildings and domiciliary buildings. This project totals \$290,085, all from the State Institutions Building Fund. This total includes \$150,000, which was the amount approved by the 2015 Legislature, and a reappropriation of \$140,085 of funding not spent in FY 2015.
- **Key Replacement System.** This project is for an automated master key swipe system for the entire Soldiers' Home campus, of more than 90 buildings. The project totals \$165,000, all from the State Institutions Building Fund.
- **Campus Telephone System.** The project is for a new telephone voice over Internet protocol system (VOIP), to replace the telephone system previously installed in 1998. The project totals \$88,000, all from the State Institutions Building Fund.
- **Lincoln and Grant Hall Entrance Renovations.** The project is to renovate the front entrances to Lincoln and Grant Halls. The project totals \$220,000, all from the State Institutions Building Fund.
- **Halsey Hall Door and Threshold Replacement.** The project is to replace all resident doors and thresholds in Halsey Hall with proper fire-coded doors. The project totals \$200,000, all from the State Institutions Building Fund.
- **Demolition of Outdated Campus Structures.** The project is to demolish three cottages that are no longer functional. The project totals \$80,000, all from the State Institutions Building Fund.
- **Lincoln and Grant Halls Window Replacement.** The project is to replace 20 second-floor windows in Lincoln Hall and 20 second-floor windows in Grant Hall, with more energy-efficient windows. The project totals \$80,000, all from the State Institutions Building Fund.
- **Halsey Hall Whirlpool Room Renovation.** The project is to renovate rooms which will house whirlpool bathtubs. The project totals \$66,000, all from the State Institutions Building Fund.
- **Home Call System Replacement.** This project will replace the existing hard-wired Dukane Nurse Call Light System with a wireless system for Lincoln Hall (assisted living), Halsey Hall (skilled nursing), and the cottage residents. The project totals \$75,000, all from the State Institutions Building Fund. This project

was originally scheduled for completion in FY 2015, but funding was reappropriated to FY 2016 for completion.

- **Halsey Hall PTAC Circulation System Upgrade.** This project will replace the entire circulation system for the heating/cooling system for each individual resident room, due to degrading circulation lines. The project totals \$240,000, all from the State Institutions Building Fund. This project was originally scheduled for completion in FY 2015, but funding was reappropriated to FY 2016 for completion.
- **Halsey Hall Electrical Upgrade.** This project will rewire all resident rooms to a dedicated 20 amp breaker and upgrade each duplex outlet to a 4-plex. The project totals \$60,000, all from the State Institutions Building Fund. This project was originally scheduled for completion in FY 2015, but funding was reappropriated to FY 2016 for completion.
- **Halsey Hall Resident Room HVAC Replacement.** This project will replace each of the individual HVAC units in the 46 resident rooms. The project totals \$150,000, all from the State Institutions Building Fund. This project was originally scheduled for completion in FY 2015, but funding was reappropriated to FY 2016 for completion.
- **Halsey Hall Modular Boiler Replacement.** This project will replace the original heat source that is tied into the master steam system that was constructed in 1970. The project totals \$120,000, all from the State Institutions Building Fund. This project was originally scheduled for completion in FY 2015, but funding was reappropriated to FY 2016 for completion.
- **Lincoln Hall Bathroom Renovation.** This project will renovate bathroom fixtures and replace wall coverings, to bring the fixtures and toilets under current ADA requirements. The project totals \$150,000, all from the State Institutions Building Fund. This project was originally scheduled for completion in FY 2015, but funding was reappropriated to FY 2016 for completion.
- **Lincoln Hall Remodel.** This project will remodel each of the 32 individual resident rooms to include new paint, ceilings, trim, and new fire-rated interior doors. The Activities Room, Dining Room, and Kitchen will also be remodeled. The washer and dryer rooms for residents will be reconfigured by moving electronic outlets, plumbing lines, and ventilation to make the space more ADA-accessible. The project totals \$363,960, all from the State Institutions Building Fund. This project was originally scheduled for completion in FY 2015, but funding was reappropriated to FY 2016 for completion.

Kansas Veterans' Home

- **Rehabilitation and Repair.** The project is for general rehabilitation and repair of five buildings and two shelters and their connecting hallway. The project totals for \$293,750, all from the State Institutions Building Fund. This amount includes \$100,000, which was the amount approved by the 2015 Legislature, and a reappropriation of \$193,750 of funding not spent in FY 2015.

- **Campus Security Equipment.** The project is for general rehabilitation and repair of five buildings and two shelters and their connecting hallway. The project totals \$100,000, all from the State Institutions Building Fund.
- **Key Replacement System.** The project will update and implement a master key system for the entire campus's interior doors. The project totals \$165,000, all from the State Institutions Building Fund.
- **Bariatric Room Remodels.** The project will convert and equip four semi-private rooms in Bleckley Hall for care and treatment of bariatric residents. The project totals \$82,500, all from the State Institutions Building Fund.
- **Campus Telephone System Replacement.** The project is for a new telephone VOIP, to replace the telephone system previously installed in 1998. The project totals \$88,000, all from the State Institutions Building Fund.

Kansas Cemeteries program

- **Rehabilitation and Repair.** The project is for rehabilitation and repair of the facilities at the state veterans cemeteries. The project totals \$9,900, all from the State General Fund.
- **Storage Unit Roofs.** The project is to install metal roofs on the existing concrete storage units at the veterans cemetery at WaKeeney. The project totals \$25,000, all from the State General Fund.

The **Governor** recommends capital improvement expenditures of \$3.1 million, including \$34,900 from the State General Fund, in FY 2016. This is the same all funds and State General Fund amounts as the agency's revised estimate.

FY 2017 – Budget Year. The agency submits a revised estimate of \$2.4 million, including \$9,900 from the State General Fund, for capital improvements for FY 2017. This is an all funds increase of \$327,750, or 15.8 percent, and the State General Fund amount is the same amount approved by the 2015 Legislature. The increase is attributable to an increase in capital improvement projects reflected in the agency's supplemental requests totaling \$327,750 for FY 2017.

Kansas Soldiers' Home

- **Major Maintenance.** The project is to repair facilities, including cottages, a long-term care facility, ancillary buildings and domiciliary buildings. The project totals \$334,000, all from the State Institutions Building Fund. This total includes \$150,000, which was the amount approved by the 2015 Legislature, and a supplemental request of \$184,000.
- **Demolition of Outdated Campus Structures.** The project is to demolish one cottage and the old carpenter shop, which are no longer functional. The project totals \$50,000, all from the State Institutions Building Fund.

- **Roof Replacement.** The project is to replace roofs on six structures, including five cottages and one garage. The project totals \$80,000, all from the State Institutions Building Fund.
- **Lincoln Hall Electrical Upgrade.** The project is to upgrade the electrical service in Lincoln Hall, to correct the current shortage of outlets in the dining room, kitchen, coffee rooms, day rooms, nurses' office, and computer room. The project totals \$55,000, all from the State Institutions Building Fund.
- **Halsey Hall Covered Entrance Access.** The project is to construct a front access awning for weather protection for the Halsey Hall handicapped loading and unloading area. The project totals \$55,000, all from the State Institutions Building Fund.
- **Pershing Barracks Access Renovation.** The project is to renovate the entrances and exits of the Pershing Barracks. The project totals \$330,000, all from the State Institutions Building Fund.
- **Halsey Hall Kitchen Renovation.** The project is to replace 40-year-old kitchen equipment with modern, energy-efficient equipment. In addition, the project will replace flooring, ceiling, and fixtures of the area, and will update the serving line floor plan to better accommodate handicapped residents. The project totals \$412,500, all from the State Institutions Building Fund.
- **Lincoln and Grant Halls ADA Access.** The project is to replace concrete slab platform and steps on the south and east sides of the courtyard between the two buildings. The project totals \$165,000, all from the State Institutions Building Fund.

Kansas Veterans' Home

- **Rehabilitation and Repair.** The project is for general rehabilitation and repair of five buildings and two shelters and their connecting hallway. The project totals \$143,750, all from the State Institutions Building Fund. This includes \$100,000, which was the amount approved by the 2015 Legislature, a reappropriation of \$15,251 of funding not spent in FY 2016, and a supplemental request of \$28,499.
- **Triplett Hall Carpet Replacement.** The project is to replace the existing carpet in Triplett Hall, which was installed in 1999. The project totals \$198,000, all from the State Institutions Building Fund.
- **Bleckley Hall Window Replacement.** The project is to replace single-pane windows installed in 1968, with more energy efficient double-pane windows. The project totals \$481,500, all from the State Institutions Building Fund.

Kansas Cemeteries Program

- **Rehabilitation and Repair.** The project is for rehabilitation and repair of the facilities at the state veterans cemeteries. The project totals \$9,900, all from the State General Fund.
- **Grave Liners.** The project is to purchase over-sized grave liners for the veterans cemeteries. The project totals \$100,000, all from the ELARF.

The **Governor** recommends capital improvement expenditures of \$2.2 million, including \$9,900 from the State General Fund, for FY 2017. This is an all funds decrease of \$166,250, or 6.9 percent, and the same State General Fund amount as the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request to increase rehabilitation and repair expenditures by \$22,500, all from the State Institutions Building Fund, at the KSH; the supplemental request to increase Rehabilitation and Repair expenditures by \$43,750, all from the State Institutions Building Fund, at the KVH; and the supplemental request to expend \$100,000, all from the ELARF, to purchase over-sized grave liners at the state veteran cemeteries.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Administration				
Number of veterans, spouses, and dependents served	140,000	147,903	150,000	150,000
Veterans' Cemeteries				
Number of burials per year	314	331	331	331
Number of pre-certifications received per year	425	430	430	430
Kansas Soldiers' Home				
Average daily census	137	132	137	138
Average daily census of Medicaid residents	18	30	30	30
Average daily census of Medicare residents	3	3	3	3
Kansas Veterans' Home				
Average daily census	120	114	123	137
Average daily census of Medicaid residents	25	28	31	31
Average daily census of Medicare residents	2	1	1	1

KANSAS DEPARTMENT OF LABOR

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 279,191	\$ 315,031	\$ 315,031	\$ 313,065	\$ 313,065
Other Funds	327,401,291	339,760,582	339,760,582	281,747,382	281,747,382
TOTAL	\$ 327,680,482	\$ 340,075,613	\$ 340,075,613	\$ 282,060,447	\$ 282,060,447
Capital Improvements:					
State General Fund	\$ 46,281	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,649,567	2,951,700	2,951,700	730,000	730,000
TOTAL	\$ 2,695,848	\$ 2,951,700	\$ 2,951,700	\$ 730,000	\$ 730,000
GRAND TOTAL	\$ 330,376,330	\$ 343,027,313	\$ 343,027,313	\$ 282,790,447	\$ 282,790,447
Percentage Change:					
Operating Expenditures					
State General Fund	(5.1) %	12.8 %	12.8 %	(0.6) %	(0.6) %
All Funds	(19.4)	3.8	3.8	(17.1)	(17.1)
FTE Positions	230.0	216.4	216.4	216.4	216.4
Non-FTE Perm.Uncl.Pos.	190.4	204.0	204.0	204.0	204.0
TOTAL	420.4	420.4	420.4	420.4	420.4

AGENCY OVERVIEW

The Kansas Department of Labor's (KDOL) mission is to advance the economic well being of all Kansans by providing quality, accessible, and responsive workforce services. The Department has six programs to assist with the agency's mission: Administration, Labor Market Information Services, Unemployment Insurance (UI), Industrial Safety and Health, Workers' Compensation, and Labor Relations.

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** approved the transfer of \$600,000 in unused bond proceeds from the renovation of the state-owned building at 401 SW Topeka Blvd. to other renovation projects subject to review by the Joint Committee on State Building Construction. The projects were subsequently approved.

- The Legislature also allowed the implementation of the Governor's Executive Reorganization Order (ERO) No. 31, effective July 1, 2004, which did the following:

- Transferred the duties of the division of Employment and Training from the Kansas Department of Human Resources (KDHR) to the newly established Division of Workforce Development in the Kansas Department of Commerce;
 - Moved the Kansas Commission on Disability Concerns, the Apprenticeship program, and the portion of Support Services from KDHR to the Department of Commerce;
 - Changed the name of the Kansas Department of Human Resources to the Kansas Department of Labor. 2004 HB 2948 made numerous statutory changes to reflect the name change; and
 - The implementation of 2004 ERO No. 31 resulted in the transfer of \$39.2 million, including \$237,350 from the State General Fund, and 280.6 FTE positions from Kansas Department of Human Resources to the Department of Commerce in FY 2005.
- The **Legislature** also approved Sub. for HB 2435, which also affected the organizational structure of Kansas Department of Human Resources. Effective July 1, 2004, the statute allows the following:
 - Created the Hispanic and Latin Affairs Commission, which is housed in the Governor's Office;
 - Repealed statutes concerning the Hispanic Affairs Advisory Committee, which was housed in Kansas Department of Human Resources; and
 - Moved the Advisory Committee on African-American Affairs from Kansas Department of Human Resources to the Governor's Office.
- The **Legislature** transferred the Office of Native-American Affairs from Kansas Department of Human Resources to the Governor's Office, effective July 1, 2004. A total of \$501,591, including \$87,560 from the State General Fund, and 7.0 FTE positions were transferred from Kansas Department of Human Resources to the Governor's Office in FY 2005;
- The **Legislature** approved a provision in the Omnibus appropriations' bill (2004 Senate Sub. for HB 2471), which authorized the issuance of \$21.0 million in bonds to finance a comprehensive upgrade of Kansas' Unemployment Insurance Benefits computer system. This statute directed KDOL to pay the principal and interest on the bonds with State General Fund moneys or appropriated special revenue funds, including federal Reed Act funds. The duration of the bonds would be for six years. By utilizing bond financing, the Department intended to use an amount roughly equivalent to the interest earned on the principal of the Reed Act funds over the period of six years to finance the project. This ensured that the principal amount of the Reed Act funds would remain relatively consistent over the six-year period; and
- The **Legislature** included a proviso that the Joint Committee on Information Technology (JCIT) was to review the unemployment insurance benefits system project. Additionally, the \$21.0 million in bonding authority would be subject to the approval by the State Finance Council.

During the **2004 Interim**, the Joint Committee on Information Technology reviewed the findings of KDOL's needs assessment and feasibility study of the Unemployment Insurance Benefits computer system. The findings of the study are as follows:

- The application and underlying data structure of the Unemployment Insurance Benefits system used obsolete technology. It was overly complex and difficult to maintain. The Unemployment Insurance Benefits system also had many unresolved errors;
- The majority of the Information Services programmers lacked the knowledge and understanding to adequately maintain the outdated system;
- Recent mandated changes, including the Temporary Extended Unemployment Compensation (TEUC) and the Kansas Additional Benefit, were implemented quickly. The upgrades were not designed well and resulted in a number of problems and errors; and
- Unemployment Insurance Services could not make changes to improve business operating efficiency because only mandated changes could be made to the UIB system.

In June 2004, after Joint Committee on Information Technology reviewed the needs assessment and feasibility study, the Department received the approval of the State Finance Council to issue \$21.0 million in bond authority.

During the **2005 Interim**, the **State Finance Council** authorized the agency to purchase the Eastman Building at the grounds of the former Topeka State Hospital from the Department of Administration. KDOL used federal funds to purchase the property. These funds were proceeds from the sale of property originally purchased with federal funds. The proceeds could only be used to purchase additional buildings. Had the funding not been spent by the end of the federal fiscal year, the funding would have reverted back to the federal government.

KDOL transferred the America's Joblink Alliance program to the Kansas Department of Commerce. This transfer was to follow up on ERO No. 31, which transferred the workforce development related program from KDOL to the Department of Commerce.

The **2006 Legislature** approved FY 2006 expenditures of \$2.3 million and FY 2007 expenditures of \$2.6 million on bond payments for the \$21.0 million in bonds for the Unemployment Insurance Modernization.

- Total additional expenditures of \$282,380 from the Workers Compensation Fee Fund to increase salaries of workers' compensation administration law judges to 75.0 percent of the salary of a district court administrative law judge; and
- Total additional expenditures of \$451,750 from the Workers Compensation Fee Fund for increased salaries for board members. Workers' Compensation Board members' salaries are based on district court judge salaries.

The **2007 Legislature** approved FY 2007 expenditures of \$113,438, all from special revenue funds, to reclassify two existing positions to investigator/auditor positions to examine instances of worker misclassification and to enforce the resulting unemployment insurance collection changes in accordance with 2006 HB 2772. The Legislature also added \$107,438, all

from special revenue funds, in FY 2008 to continue the two positions. Additionally, the Legislature approved the following items:

- FY 2007 expenditures totaling \$26.0 million, all from federal Reed Act funds, for modernization of the Unemployment Insurance Benefits (UIB) computer system; and
- FY 2007 expenditures of \$87,500, all from the State General Fund, and 1.0 FTE position in FY 2008 to expand the Public Employees' Relations Board.

The **2008 Legislature** approved FY 2009 expenditures of \$105,322, all from the State General Fund, and deleted the same from the Federal Indirect Cost Offset Fund, for the Employment Standards program.

The **2009 Legislature** deleted \$7,600, all from the State General Fund, to reduce the agency's FY 2009 approved budget by 1.3 percent and deleted \$73,168, from the State General Fund, to reduce the agency's FY 2010 approved State General Fund budget to 12.6 percent below the FY 2009 approved amount. Additionally, the Legislature transferred \$549,500 from the Human Resources Special Projects Fund and the Workers Compensation Fund to the State General Fund.

During the **2009 Interim**, the Kansas Department of Labor and the Division of the Budget altered the manner in which KDOL reports non-expense items. Starting in FY 2010, Administration, Unemployment Insurance Services, Labor Market Information Services and Industrial Safety and Health Divisions will each have a parallel off-budget program. These off-budget programs are codified in Memorandums of Understanding between KDOL and the Department for Children and Families, formerly known as the Department of Social and Rehabilitative Services (SRS), and, the Kansas Department of Health and Environment (KDHE).

The **2010 Legislature** deleted \$11,172, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011. The Legislature also transferred \$800,000 from the Workers' Compensation Fee Fund to the State General Fund for FY 2011, leaving a balance of \$223,782 in the fund.

The **2011 Legislature** deleted \$77,400, all from special revenue funds, to remove funding for the roof replacement project at 417 SW Jackson Avenue. The Governor recommended and the Legislature approved deleting 53.0 vacant FTE positions from the FY 2011 approved amount of 552.0 positions, leaving 499.0 FTE positions for FY 2012.

The **2011 Legislature** enacted SB 77, which revised provisions of the unemployment security laws pertaining to loan interest payments, the taxable wage base, and extension of tax rate caps on positive balance employers, and the number of rate groups for negative balance employers and benefits. The law authorized the creation of the Employment Security Interest Assessment Fund to pay interest owed to the U.S. Department of Labor for advances received by the Kansas Employment Security Trust Fund.

The **2012 Legislature** added \$41,865, all from the State General Fund, to restore funding for salaries and wages the Governor deleted as part of the Voluntary Retirement Incentive program for FY 2013. This amount was offset with a reduction of \$22,534 from the Workman's Compensation Fund and \$19,331 from the Employment Security Administration Fund for FY 2013.

The **2013 Legislature** transferred \$300,000 and \$200,000 from the Federal Indirect Cost Offset Fund to the State General Fund for FY 2014 and FY 2015, respectively. The Legislature also deleted \$592,913, including \$3,031 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2014. The Legislature similarly deleted \$601,960, including \$3,077 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2015.

The **2013 Legislature** also enacted SB 135, which transferred the boiler inspection duties from the Department of Labor to the State Fire Marshal.

The **2014 Legislature** added \$111,141, including \$598 from the State General Fund, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013. The Legislature also deleted 40.0 vacant FTE positions and 10.0 vacant non-FTE positions in FY 2014 and FY 2015.

The **2015 Legislature** enacted SB 154, which revised provisions of the Employment Security Law pertaining to the calculation of weekly benefits and the assessment of employer contributions and may affect revenue into and expenditures from the Employment Security Fund.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised FY 2016 budget totaling \$343.0 million, including \$315,031 from the State General Fund. The request is an increase of \$15.9 million, or 4.8 percent, above the approved FY 2016 amount and all from special revenue funds. The increase is primarily due to increased projected unemployment insurance benefit payments and additional grant funding from the U.S. Department of Labor for information technology (IT) projects, offset partially by a reduction in wages for the Unemployment Insurance and Workers' Compensation programs resulting from workload reductions and unfilled vacancies. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions.

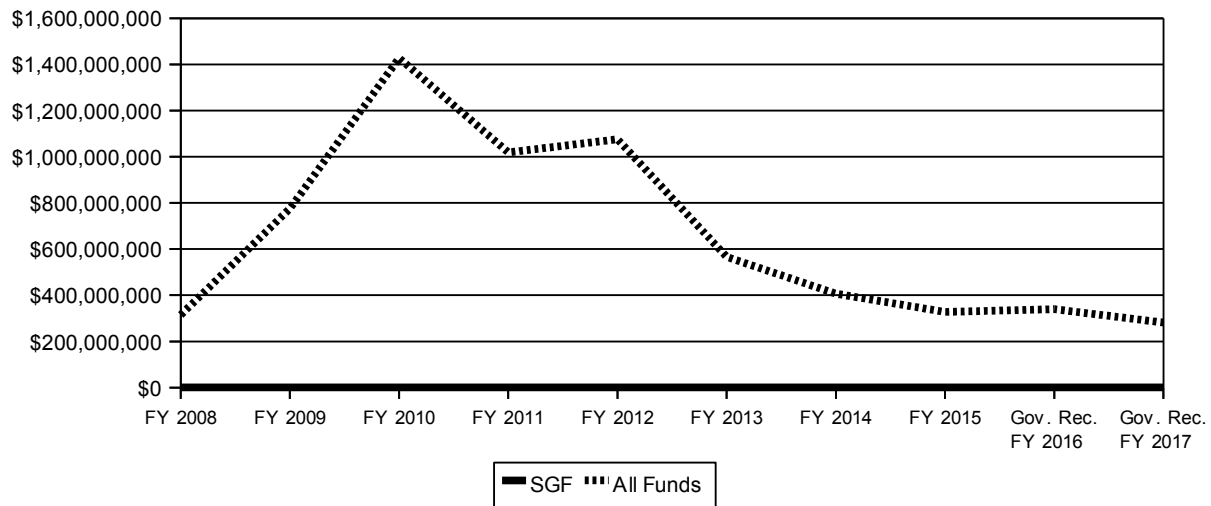
The **Governor** concurs with the agency's FY 2016 estimate.

FY 2017 – Budget Year. The **agency** requests a revised FY 2017 budget totaling \$282.8 million, including \$313,065 from the State General Fund. The request is an increase of \$52,155, or less than 0.1 percent and all from special revenue funds, above the approved FY 2017 amount. The increase is primarily due to fees associated with the implementation of the agency's incarceration cross-matching database. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions.

The **Governor** concurs with the agency's FY 2017 estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 481,018	25.7 %	\$ 315,069,214	3.7 %	552.0
2009	542,458	12.8	775,632,425	146.2	552.0
2010	453,981	(16.3)	1,427,457,051	84.0	552.0
2011	438,372	(3.4)	1,018,695,876	(28.6)	552.0
2012	347,858	(20.6)	1,075,691,350	5.6	489.0
2013	337,594	(3.0)	566,079,719	(47.4)	439.2
2014	294,102	(12.9)	406,615,906	(28.2)	330.9
2015	279,191	(5.1)	327,680,482	(19.4)	230.0
2016 Gov. Rec.	315,031	12.8	340,075,613	3.8	216.4
2017 Gov. Rec.	313,065	(0.6)	282,060,447	(17.1)	216.4
Ten-Year Change Dollars/Percent	\$ (167,953)	(34.9)%	\$ (33,008,767)	(10.5)%	(335.6)

Summary of Operating Budget FY 2015 - FY 2017

Kansas Department of Labor

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 12,610,025	\$ 12,989,530	\$ 10,216,253	\$ (2,773,277)	(21.4)%	\$ 12,989,530	\$ 10,216,253	\$ (2,773,277)	(21.4)%		
Labor Market											
Information Services	1,627,873	1,712,188	1,704,352	(7,836)	(0.5)	1,712,188	1,704,352	(7,836)	(0.5)		
Unemployment											
Insurance	303,484,266	312,760,513	256,443,825	(56,316,688)	(18.0)	312,760,513	256,443,825	(56,316,688)	(18.0)		
Industrial Safety and											
Health	1,594,529	1,601,464	1,638,139	36,675	2.3	1,601,464	1,638,139	36,675	2.3		
Workers' Compensation	7,843,027	10,577,754	11,753,271	1,175,517	11.1	10,577,754	11,753,271	1,175,517	11.1		
Labor Relations	266,769	236,086	240,684	4,598	1.9	236,086	240,684	4,598	1.9		
Debt Service	253,993	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)		
TOTAL	\$ 327,680,482	\$ 340,075,613	\$ 282,060,447	\$ (58,015,166)	(17.1)%	\$ 340,075,613	\$ 282,060,447	\$ (58,015,166)	(17.1)%		
By Major Object of Expenditure:											
Salaries and Wages	\$ 24,703,014	\$ 24,927,918	\$ 25,732,809	\$ 804,891	3.2 %	\$ 24,927,918	\$ 25,732,809	\$ 804,891	3.2 %		
Contractual Services	10,374,445	9,209,232	8,335,659	(873,573)	(9.5)	9,209,232	8,335,659	(873,573)	(9.5)		
Commodities	266,246	316,427	279,584	(36,843)	(11.6)	316,427	279,584	(36,843)	(11.6)		
Capital Outlay	1,851,422	5,278,615	4,248,472	(1,030,143)	(19.5)	5,278,615	4,248,472	(1,030,143)	(19.5)		
Debt Service	253,993	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)		
Subtotal - Operations	\$ 37,449,120	\$ 39,930,270	\$ 38,660,447	\$ (1,269,823)	(3.2)%	\$ 39,930,270	\$ 38,660,447	\$ (1,269,823)	(3.2)%		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	290,231,362	300,145,343	243,400,000	(56,745,343)	(18.9)	300,145,343	243,400,000	(56,745,343)	(18.9)		
TOTAL	\$ 327,680,482	\$ 340,075,613	\$ 282,060,447	\$ (58,015,166)	(17.1)%	\$ 340,075,613	\$ 282,060,447	\$ (58,015,166)	(17.1)%		
Financing:											
State General Fund	\$ 279,191	\$ 315,031	\$ 313,065	\$ (1,966)	(0.6)%	\$ 315,031	\$ 313,065	\$ (1,966)	(0.6)%		
Workmen's Comp. Fee											
Fund	10,147,153	13,081,783	14,301,392	1,219,609	9.3	13,081,783	14,301,392	1,219,609	9.3		
Unemployment Insurance											
Administration Fund	22,299,234	20,954,783	18,372,317	(2,582,466)	(12.3)	20,954,783	18,372,317	(2,582,466)	(12.3)		
Unemployment Insurance											
Trust Fund	281,261,422	300,070,343	243,400,000	(56,670,343)	(18.9)	300,070,343	243,400,000	(56,670,343)	(18.9)		
All Other Funds	13,693,482	5,653,673	5,673,673	20,000	0.4	5,653,673	5,673,673	20,000	0.4		
TOTAL	\$ 327,680,482	\$ 340,075,613	\$ 282,060,447	\$ (58,015,166)	(17.1)%	\$ 340,075,613	\$ 282,060,447	\$ (58,015,166)	(17.1)%		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$314,903 for the Department of Labor in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$128, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016.

This adjustment changes the FY 2016 approved State General Fund to \$315,031. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 315,031	\$ 315,031	\$ 0	\$ 315,031	\$ 0
All Other Funds	326,857,452	342,712,282	15,854,830	342,712,282	15,854,830
TOTAL	\$ 327,172,483	\$ 343,027,313	\$ 15,854,830	\$ 343,027,313	\$ 15,854,830
FTE Positions	230.0	216.4	(13.5)	216.4	(13.5)

The **agency** requests a revised FY 2016 budget totaling \$343.0 million, including \$315,031 from the State General Fund. The request is an increase of \$15.9 million, or 4.8 percent and all from special revenue funds, above the approved FY 2016 amount. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE position reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$24.9 million, including \$182,331 from the State General Fund. The request is an all funds decrease of \$310,936, or 1.2 percent, and a State General Fund increase of \$15,777, or 9.5 percent, from the approved amount. The all funds decrease is primarily due to reductions in wages for the Unemployment Insurance and Workers' Compensation programs. Wages for the Unemployment Insurance program are decreasing due to projected workload decreases, and wages for the Workers' Compensation

program are decreasing due to the agency leaving several vacant positions open as current staffing levels are sufficient;

- **Contractual Services.** The agency requests \$9.2 million, including \$115,819 from the State General Fund. The request is an all funds increase of \$1.5 million, or 19.8 percent, and a State General Fund increase of \$15,648, or 15.6 percent, above the approved amount. The all funds increase is primarily due to additional grant funding from the U.S. Department of Labor for IT projects. The agency indicates the funding will be used to purchase new computers and servers, improve its IT security, and develop an incarceration database to cross-match unemployment claims with a listing of individuals in correctional facilities;
- **Commodities.** The agency requests \$316,427, including \$15,179 from the State General Fund. The request is an all funds decrease of \$44,915, or 12.4 percent, including a State General Fund decrease of \$31,297, or 67.3 percent, below the approved amount. The all funds decrease is primarily due to reduced purchases of supplies for the Administration program and fewer expenditures on commodities for the Labor Market Information Services program as a result of a reduction in U.S. Bureau of Labor Statistics and One-Stop Career Center grant funding;
- **Capital Outlay.** The agency requests \$5.3 million, including \$1,702 from the State General Fund. The request is an increase of \$2.0 million, or 59.9 percent and all from special revenue funds, above the approved amount. The increase is primarily due to additional grant funding from the U.S. Department of Labor for information technology projects. The agency indicates the funding will be used to purchase new computers and servers, improve its IT security, and develop an incarceration database to cross-match unemployment claims with a listing of individuals in correctional facilities;
- **Other Assistance.** The agency requests \$300.1 million, all from special revenue funds. The request is an increase of \$12.8 million, or 4.4 percent, above the approved amount. The increase is due to an increase in projected unemployment insurance benefit payments; and
- **Debt Service.** The agency requests \$198,078, all from special revenue funds, for debt service interest payments. The request is unchanged from the approved amount.

The **Governor** concurs with the agency's FY 2016 estimate.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

No changes were requested to the FY 2017 approved State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 313,065	\$ 313,065	\$ 0	\$ 313,065	\$ 0
All Other Funds	282,425,227	282,477,382	52,155	282,477,382	52,155
TOTAL	\$ 282,738,292	\$ 282,790,447	\$ 52,155	\$ 282,790,447	\$ 52,155
FTE Positions	230.0	216.4	(13.5)	216.4	(13.5)

The **agency** requests a revised FY 2017 budget totaling \$282.8 million, including \$313,065 from the State General Fund. The request is an increase of \$52,155, or less than 0.1 percent and all from special revenue funds, above the approved FY 2017 amount. The request includes 216.4 FTE positions, which is a reduction of 13.5 FTE positions below the approved amount. The FTE position reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$25.7 million, including \$188,689 from the State General Fund. The request is an all funds decrease of \$412,645, or 1.6 percent, and a State General Fund increase of \$16,093, or 9.3 percent, from the approved amount. The all funds decrease is primarily due to reductions in wages for the Unemployment Insurance and Workers' Compensation programs. Wages for the Unemployment Insurance program are decreasing due to projected workload decreases, and wages for the Workers' Compensation program are decreasing due to the agency leaving several vacant positions open as current staffing levels are sufficient;
- **Contractual Services.** The agency requests \$8.3 million, including \$100,304 from the State General Fund. The request is an all funds increase of \$484,850, or 6.2 percent, and a State General Fund decrease of \$2,134, or 2.1 percent, from the approved amount. The all funds increase is primarily due to fees associated with the implementation of the agency's incarceration cross-matching database;
- **Commodities.** The agency requests \$279,584, including \$22,338 from the State General Fund. The request is an all funds decrease of \$1,279, or 0.5 percent, including a State General Fund decrease of \$13,959, or 38.5 percent, below the approved amount. The State General Fund decrease is due to the agency restructuring cost allocations based on square footage, resulting in reduced expenditures within the Administration program, which is funded in part by the State General Fund;
- **Capital Outlay.** The agency requests \$4.2 million, including \$1,734 from the State General Fund. The request is an all funds decrease of \$41,771, or 1.0 percent, below the approved amount. The State General Fund request remains unchanged from the approved amount. The all funds decrease is primarily due to a reduction in software expenditures resulting from the agency using its IT grant funding in FY 2016;

- **Other Assistance.** The agency requests \$243.4 million, all from special revenue funds. The request is a decrease of \$102,000, or less than 0.1 percent, below the approved amount; and
- **Debt Service.** The agency requests \$63,923, all from special revenue funds, for debt service interest payments. The request is unchanged from the approved amount.

The **Governor** concurs with the agency's FY 2017 estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.1 %	0.1 %
Employment Security Fund - Benefits Account	86.1	86.1
Employment Security Administration Fund	6.5	6.5
Workmen's Compensation Fee Fund	5.2	5.2
All Other Funds	2.1	2.1
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Employment Security Fund Analysis

Unemployment Insurance benefits are paid out through the Employment Security Fund, which consists of the following three accounts:

- *Clearing account:* Receipts into the clearing account are unemployment insurance taxes collected from employers;
- *Trust account:* Receipts into the trust account are transfers from the clearing account along with interest earnings on the Unemployment Insurance Trust Fund balance and deposits made by the federal government for payment of benefits to ex-federal employees, ex-military, and the Temporary Extended Unemployment Compensation (TEUC); and
- *Benefit account:* Receipts into the benefit account are transfers from the Unemployment Insurance Trust Fund to pay unemployment insurance benefits.

The state authorization for this fund is found in KSA 44-712.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 223,993,000	\$ 389,494,199	\$ 389,494,199	\$ 493,361,191	\$ 493,361,191
Revenue	37,048,935	7,414,572	7,414,572	9,491,912	9,491,912
Transfers in	423,771,942	390,000,000	390,000,000	340,000,000	340,000,000
Total Funds Available	\$ 684,813,877	\$ 786,908,771	\$ 786,908,771	\$ 842,853,103	\$ 842,853,103
Less: Expenditures	8,909,725	0	0	0	0
Transfers Out	286,288,483	293,547,580	293,547,580	235,010,000	235,010,000
Off Budget Expenditures	121,470	0	0	0	0
Ending Balance	<u>\$ 389,494,199</u>	<u>\$ 493,361,191</u>	<u>\$ 493,361,191</u>	<u>\$ 607,843,103</u>	<u>\$ 607,843,103</u>
Ending Balance as Percent of Expenditures	4371.6%	--	--	--	--
	May	May	May	May	May
Month Highest Ending Balance	\$ 573,684,600	\$ 739,185,799	\$ 739,185,799	\$ 843,052,791	\$ 843,052,791
	March	March	March	March	March
Month Lowest Ending Balance	\$ 121,884,200	\$ 287,385,399	\$ 287,385,399	\$ 391,252,391	\$ 391,252,391

Workmen's Compensation Fee Fund Analysis

The Workmen's Compensation Fee Fund is supported by fees paid by insurance companies and employers based on an assessment rate applied to insurance benefit payments. The assessment rate for FY 2016 is 2.79 percent. The fund is authorized under KSA 74-715.

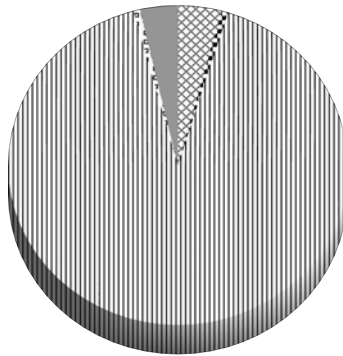
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 25,183,090	\$ 27,593,877	\$ 27,593,877	\$ 25,810,286	\$ 25,810,286
Revenue	12,791,377	11,500,000	11,500,000	11,200,000	11,200,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 37,974,467	\$ 39,093,877	\$ 39,093,877	\$ 37,010,286	\$ 37,010,286
Less: Expenditures	10,349,950	13,269,383	13,269,383	14,634,142	14,634,142
Transfers Out	0	0	0	0	0
Off Budget Expenditures	30,640	14,208	14,208	14,505	14,505
Ending Balance	<u>\$ 27,593,877</u>	<u>\$ 25,810,286</u>	<u>\$ 25,810,286</u>	<u>\$ 22,361,639</u>	<u>\$ 22,361,639</u>
Ending Balance as Percent of Expenditures	266.6%	194.5%	194.5%	152.8%	152.8%
	June	July	July	July	July
Month Highest Ending Balance	\$ 27,368,841	\$ 26,900,881	\$ 26,900,881	\$ 25,117,290	\$ 25,117,290
	April	April	April	April	April
Month Lowest Ending Balance	\$ 17,632,447	\$ 16,990,837	\$ 16,900,837	\$ 15,207,246	\$ 15,207,246

PROGRAM DETAIL

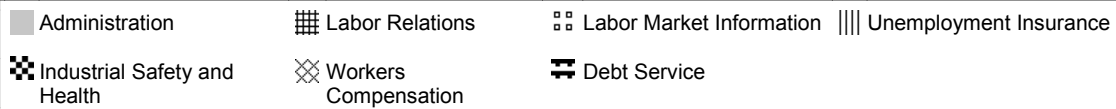
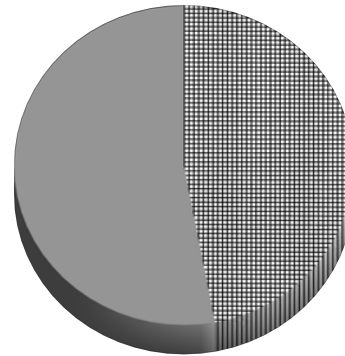
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 10,216,253	3.6 %	\$ 165,751	52.9 %
Labor Market Information Services	1,704,352	0.6	0	0.0
Unemployment Insurance	256,443,825	90.9	0	0.0
Industrial Safety and Health	1,638,139	0.6	0	0.0
Workers' Compensation	11,753,271	4.2	0	0.0
Labor Relations	240,684	0.1	147,314	47.1
Debt Service	63,923	0.0	0	0.0
TOTAL	\$ 282,060,447	100.0 %	\$ 313,065	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	29.8	25.5	25.5	25.5	25.5
Labor Market Information Services	12.0	11.0	11.0	11.0	11.0
Unemployment Insurance	111.5	109.1	109.1	109.1	109.1
Industrial Safety and Health	7.9	5.4	5.4	5.4	5.4
Workers Compensation	66.8	63.5	63.5	63.5	63.5
Labor Relations	2.0	2.0	2.0	2.0	2.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	230.0	216.4	216.4	216.4	216.4

A. Administration

The Administration program includes the central management and administrative support function of the Department of Labor. Two sub-programs support the activities of the agency's programs: General Administration and Support Services. Five divisions make up the Support Services sub-program: Communications, Fiscal, Human Resources, Information Systems and Technology, and Legal.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,537,596	\$ 5,974,392	\$ 5,974,392	\$ 6,170,443	\$ 6,170,443
Contractual Services	5,230,253	4,754,539	4,754,539	3,860,507	3,860,507
Commodities	78,652	89,334	89,334	97,956	97,956
Capital Outlay	1,703,309	2,096,265	2,096,265	87,347	87,347
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,549,810</i>	<i>\$ 12,914,530</i>	<i>\$ 12,914,530</i>	<i>\$ 10,216,253</i>	<i>\$ 10,216,253</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	60,215	75,000	75,000	0	0
TOTAL	\$ 12,610,025	\$ 12,989,530	\$ 12,989,530	\$ 10,216,253	\$ 10,216,253
Financing:					
State General Fund	\$ 124,312	\$ 169,405	\$ 169,405	\$ 165,751	\$ 165,751
All Other Funds	12,485,713	12,820,125	12,820,125	10,050,502	10,050,502
TOTAL	\$ 12,610,025	\$ 12,989,530	\$ 12,989,530	\$ 10,216,253	\$ 10,216,253
FTE Positions	29.8	25.5	29.8	25.5	25.5
Non-FTE Uncl. Perm. Pos.	52.7	57.0	52.7	57.0	57.0
TOTAL	82.5	82.5	82.5	82.5	82.5

The **agency** requests FY 2017 expenditures of \$10.2 million, including \$165,751 from the State General Fund, for the Administration program. The request is an all funds decrease of \$73,880, or 0.7 percent, including a State General Fund decrease of \$36,522, or 18.1 percent, below the approved amount. The request includes 25.5 FTE positions, which is a reduction of 4.3 FTE positions below the approved amount. The reduction is due to the agency FTE converting positions from classified to unclassified non-FTE positions. Major changes in categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$6.2 million, including \$68,287 from the State General Fund. The request is an all funds increase of \$226,372, or 3.8 percent, and a State General Fund decrease of \$6,660, or 8.9 percent, from the approved amount. The all funds increase is primarily due to the hiring of an Attorney in the Legal department and a Telecommunications Specialist in the IT department, as well as an increase in employer contributions for employee health insurance;
- **Contractual Services.** The agency requests \$3.9 million, including \$74,081 from the State General Fund. The request is an all funds decrease of \$93,341, or 2.4 percent, including a State General Fund decrease of \$15,903, or 17.7 percent, below the approved amount. The all funds decrease is primarily due to additional grant funding being used in FY 2016 as well as the agency restructuring cost allocations based on square footage, resulting in reduced expenditures within the Administration program;
- **Commodities.** The agency requests \$97,956, including \$21,751 from the State General Fund. The request is an all funds decrease of \$12,452, or 11.3 percent, including a State General Fund decrease of \$13,959, or 39.1 percent, below the approved amount. The all funds decrease is primarily due to a reduction in supplies and materials; and
- **Capital Outlay.** The agency requests \$87,347, including \$1,632 from the State General Fund. The request is an all funds decrease of \$92,459, or 51.4 percent, below the approved amount. The State General Fund request remains unchanged from the approved amount. The all funds decrease is primarily due to a reduction in software expenditures resulting from the agency using its IT grant funding in FY 2016.

The **Governor** concurs with the agency's FY 2017 estimate for the Administration program.

B. Labor Market Information Services

The Labor Market Information Services program is the major research and statistical arm of the agency. The Labor Market Information Services program maintains the state's reporting requirements for the US Department of Labor - Bureau of Labor Statistics. The Labor Market Information Services program is responsible for the following items.

- Calculating and reporting the monthly and annual unemployment rates for the state, each county, and the metropolitan statistical areas of the state;
- Calculating the number of employed in each industrial sector;

- Preparing periodic reports and surveys concerning the labor market in Kansas; and
- Serving as the actuarial trustee for the Unemployment Insurance Trust Fund.

LABOR MARKET INFORMATION SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,385,884	\$ 1,535,921	\$ 1,535,921	\$ 1,588,363	\$ 1,588,363
Contractual Services	223,121	121,609	121,609	106,416	106,416
Commodities	5,920	35,508	35,508	6,360	6,360
Capital Outlay	12,948	19,150	19,150	3,213	3,213
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,627,873</i>	<i>\$ 1,712,188</i>	<i>\$ 1,712,188</i>	<i>\$ 1,704,352</i>	<i>\$ 1,704,352</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,627,873	\$ 1,712,188	\$ 1,712,188	\$ 1,704,352	\$ 1,704,352
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,627,873	1,712,188	1,712,188	1,704,352	1,704,352
TOTAL	\$ 1,627,873	\$ 1,712,188	\$ 1,712,188	\$ 1,704,352	\$ 1,704,352
FTE Positions	12.0	11.0	11.0	11.0	11.0
Non-FTE Uncl. Perm. Pos.	14.0	15.0	15.0	15.0	15.0
TOTAL	26.0	26.0	26.0	26.0	26.0

The **agency** requests FY 2017 expenditures of \$1.7 million, all from special revenue funds, for the Labor Market Information Services program. The request is an all funds decrease of \$32,375, or 1.9 percent, below the approved amount. The request includes 11.0 FTE positions, which is a reduction of 1.0 FTE position below the approved amount. The FTE reduction is due to the agency converting a FTE position from classified to unclassified non-FTE position. Major changes in categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$1.6 million, which is an all funds decrease of \$32,135, or 2.0 percent, below the approved amount. The all funds decrease is largely due to reduced wages resulting from positions that have been vacated and filled at a lower rate; and
- **Contractual Services.** The agency requests \$106,416, which is an all funds decrease of \$240, or 0.2 percent, below the approved amount.

The **Governor** concurs with the agency's FY 2017 estimate for the Labor Market Information Services program.

C. Unemployment Insurance

The Unemployment Insurance program provides benefits to eligible applicants to replace part of the wages lost from involuntary unemployment. The agency collects funds for benefits from employers and deposits the revenue in a federally controlled Trust Fund account. The federal Employment Security Administration Fund (ESAF) provides funding for Unemployment Insurance Services Administration expenditures. The Federal Unemployment Tax Act allows the IRS to collect taxes from employers to administer the Unemployment Insurance program. Unemployment Insurance Services receives a base budget from the ESAF. The program can also receive contingency funds from ESAF in proportion to increases in workload. Unemployment Insurance Services (also known as the Employment Security Division) operates through the following units:

- **Benefits Section.** This unit is responsible for processing unemployment insurance claims and oversees the call center that takes claims;
- **Contributions Section.** This unit is responsible for ensuring that employers in Kansas pay unemployment taxes on qualifying employees;
- **Appeals Section.** This unit is composed of unemployment insurance hearing judges who review appeals of determinations concerning unemployment insurance benefits eligibility and whether employers are charged for provided benefits; and
- **Board of Review.** This unit confirms, denies, or changes any appeal made by the unemployment insurance judges.

UNEMPLOYMENT INSURANCE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 10,524,808	\$ 10,428,045	\$ 10,428,045	\$ 10,738,167	\$ 10,738,167
Contractual Services	2,608,522	2,092,800	2,092,800	2,134,586	2,134,586
Commodities	93,001	87,325	87,325	89,072	89,072
Capital Outlay	86,788	82,000	82,000	82,000	82,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 13,313,119	\$ 12,690,170	\$ 12,690,170	\$ 13,043,825	\$ 13,043,825
Aid to Local Units	0	0	0	0	0
Other Assistance	290,171,147	300,070,343	300,070,343	243,400,000	243,400,000
TOTAL	\$ 303,484,266	\$ 312,760,513	\$ 312,760,513	\$ 256,443,825	\$ 256,443,825
Financing:					
State General Fund	\$ 3,899	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	303,480,367	312,760,513	312,760,513	256,443,825	256,443,825
TOTAL	\$ 303,484,266	\$ 312,760,513	\$ 312,760,513	\$ 256,443,825	\$ 256,443,825
FTE Positions	111.5	109.1	109.1	109.1	109.1
Non-FTE Uncl. Perm. Pos.	95.6	98.0	98.0	98.0	98.0
TOTAL	207.1	207.1	207.1	207.1	207.1

The **agency** requests FY 2017 expenditures of \$256.4 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds increase of \$93,954, or less than 0.1 percent, above the approved amount. The request includes 109.1 FTE positions, which is a reduction of 2.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$10.7 million, which is an all funds decrease of \$280,817, or 2.5 percent, below the approved amount. The decrease is primarily due to projected workload reductions and reduced funding from the Unemployment Insurance Administration grant;
- **Contractual Services.** The agency requests \$2.1 million, which is an all funds increase of \$302,328, or 16.5 percent, above the approved amount. The increase is primarily due to fees associated with the implementation of the agency's incarceration database;
- **Commodities.** The agency requests \$89,072, which is an all funds increase of \$14,923, or 20.1 percent, above the approved amount. The increase is primarily due to an increase in office supplies expenditures;
- **Capital Outlay.** The agency requests \$82,000, which is an all funds increase of \$57,520, or 235.0 percent, above the approved amount. The increase is primarily due to software expenditures associated with the implementation of the agency's incarceration database; and
- **Other Assistance.** The agency requests \$243.4 million, which is the same as the approved amount. This category of expenditure reflects unemployment insurance benefit payments to unemployment persons.

The **Governor** concurs with the agency's FY 2017 estimate for Unemployment Insurance program.

D. Industrial Safety and Health

The Industrial Safety and Health program coordinates six programs: Accident Prevention, 21(d) Consultation Project, Public Sector Compliance, Kansas Workplace Health and Safety, Annual Safety and Health Conference, and Amusement Ride Inspections. The Annual Safety and Health Conference program is funded by attendee and vendor registration fees. Accident Prevention and Public Sector Compliance receive funding from the Division of Workers' Compensation Assessments. These funds also supply the state funded match for the 21(d) Consultation Project, which derives up to 90.0 percent of its funding from a federal government grant. Additional information regarding the programs follows.

- **Workers' Compensation Accident Prevention** is responsible for reviewing the quantity and quality of safety and health services provided by insurance companies. The Workers' Compensation Act requires insurance carriers to provide these services for their clients. This program is administered by the

Industrial Safety and Health. However, it is funded through Workers' Compensation Fee Fund;

- **21(d) Consultation Project** is partially funded by a federal grant and offers free and confidential advice to small- and medium-sized businesses with priority given to high-hazard work sites. Consultants from the Kansas Department of Labor work with employers to identify workplace hazards, provide advice on compliance with OSHA standards, and assist in establishing safety and health management systems;
- **Public Sector Compliance** covers state and local government workers who are excluded from federal coverage under the Occupational Safety and Health Act of 1970;
- **Kansas Workplace Health and Safety** is operated with the Department of Health and Environment and provides free safety and health consultations to state agencies;
- **Annual Safety and Health Conference** is fee-funded and offers workplace health and safety education and training education for emergency personnel, employers, employees, and safety professionals; and
- **Amusement Ride Inspections** ensures carnival owners comply with the Kansas Amusement Ride Act.

INDUSTRIAL SAFETY AND HEALTH SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,171,840	\$ 1,169,160	\$ 1,169,160	\$ 1,209,142	\$ 1,209,142
Contractual Services	385,230	390,123	390,123	405,200	405,200
Commodities	17,323	36,181	36,181	17,757	17,757
Capital Outlay	20,136	6,000	6,000	6,040	6,040
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,594,529	\$ 1,601,464	\$ 1,601,464	\$ 1,638,139	\$ 1,638,139
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,594,529	\$ 1,601,464	\$ 1,601,464	\$ 1,638,139	\$ 1,638,139
Financing:					
State General Fund	\$ 71	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,594,458	1,601,464	1,601,464	1,638,139	1,638,139
TOTAL	\$ 1,594,529	\$ 1,601,464	\$ 1,601,464	\$ 1,638,139	\$ 1,638,139
FTE Positions	7.9	5.4	5.4	5.4	5.4
Non-FTE Uncl. Perm. Pos.	10.4	12.9	12.9	12.9	12.9
TOTAL	18.3	18.3	18.3	18.3	18.3

The **agency** requests FY 2017 expenditures of \$1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The request is an all funds increase of \$62,042, or 3.9 percent, above the approved amount. The request includes 5.4 FTE positions, which is a reduction of 2.5 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$1.2 million, which is an all funds decrease of \$878, or 0.1 percent, below the approved amount;
- **Contractual Services.** The agency requests \$405,200, which is an all funds increase of \$64,280, or 18.9 percent, above the approved amount. The increase is primarily due to increased expenditures on travel and training for new employees; and
- **Commodities.** The agency requests \$17,757, which is an all funds decrease of \$1,360, or 7.1 percent, below the approved amount. The decrease is primarily due to a reduction in supplies and materials.

The **Governor** concurs with the agency's FY 2017 estimate for the Industrial Safety and Health program.

E. Workers' Compensation

The Workers' Compensation program administers the Kansas Workers' Compensation Act, KSA 44-501, *et seq.* The program files and maintains required reports of industrial accidents and discretionary notices of the employment of disabled workers; directs and audits physical and vocational rehabilitation for injured workers; provides the trial court, appellate review, and records repository for contested workers compensation claims; certifies qualified employers as self-insured; and, through its Claims Advisory Section, provides information and claims assistance to injured workers, insurance carriers, employers, and attorneys. Workers' Compensation Services is fee-funded by assessments from insurance carriers and self-insured employers. Assessments are based on paid claims during the most recent calendar year in relation to the approved budget. The program is funded entirely from special revenue funds.

**WORKERS' COMPENSATION
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,876,374	\$ 5,626,398	\$ 5,626,398	\$ 5,826,066	\$ 5,826,066
Contractual Services	1,867,875	1,809,427	1,809,427	1,790,272	1,790,272
Commodities	70,647	66,929	66,929	67,265	67,265
Capital Outlay	28,131	3,075,000	3,075,000	4,069,668	4,069,668
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,843,027</i>	<i>\$ 10,577,754</i>	<i>\$ 10,577,754</i>	<i>\$ 11,753,271</i>	<i>\$ 11,753,271</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 7,843,027</u>	<u>\$ 10,577,754</u>	<u>\$ 10,577,754</u>	<u>\$ 11,753,271</u>	<u>\$ 11,753,271</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,843,027	10,577,754	10,577,754	11,753,271	11,753,271
TOTAL	<u>\$ 7,843,027</u>	<u>\$ 10,577,754</u>	<u>\$ 10,577,754</u>	<u>\$ 11,753,271</u>	<u>\$ 11,753,271</u>
FTE Positions	66.8	63.5	63.5	63.5	63.5
Non-FTE Uncl. Perm. Pos.	16.8	20.0	20.0	20.0	20.0
TOTAL	<u>83.5</u>	<u>83.5</u>	<u>83.5</u>	<u>83.5</u>	<u>83.5</u>

The **agency** requests FY 2017 expenditures of \$11.8 million, all from special revenue funds, for the Workers' Compensation program. The request is an all funds decrease of \$141,748, or 1.2 percent, below the approved amount. The request includes 63.5 FTE positions, which is a reduction of 3.3 FTE positions below the approved amount. The FTE reduction is due to the agency converting FTE positions from classified to unclassified non-FTE positions. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$5.8 million, which is an all funds decrease of \$330,578, or 5.4 percent, below the approved amount. The decrease is largely due to reduced wages resulting from the agency leaving several vacant positions unfilled as current staffing levels are sufficient;
- **Contractual Services.** The agency requests \$1.8 million, which is an all funds increase of \$198,052, or 12.4 percent, above the approved amount. The increase is primarily due to professional fees and software maintenance fees related to the upgrade of the Workers' Compensation division's IT security system;
- **Commodities.** The agency requests \$67,265, which is an all funds decrease of \$2,390, or 3.4 percent, below the approved amount. The decrease is due to a reduction in office supplies expenditures; and

- **Capital Outlay.** The agency requests \$4.1 million, which is an all funds decrease of \$6,832, or 0.2 percent, below the approved amount. The decrease is due to a reduction in computer expenditures.

The **Governor** concurs with the agency's FY 2017 estimate for the Workers' Compensation program.

F. Labor Relations

The Labor Relations program enforces laws relating to employment standards, labor relations, and public employee relations.

- **Employment Standards** is primarily responsible for the enforcement of minimum wage, wage payment, and child labor laws and regulates private employment agencies. The Employment Standards Section consists of the Labor Relations and Employment Standards program and the Public Employee Relations Board (PERB);
- **Labor Relations** provides assistance in the organizational or collective bargaining process to employers and employees in the private sector who are exempt from federal laws, agricultural employers and employees, and all public employers and employees of the state and its agencies as well as other public employers who elect to be brought under the provisions of KSA 75-4321, *et seq.* Assistance provided by staff includes holding bargaining unit determination hearings, conducting elections, and holding hearings to resolve prohibited practice charges. Mediation, fact finding, and arbitration services are available in the event of an impasse; and
- **Public Employee Relations** administers the Public Employer-Employee Relations Act (PEERA). PEERA covers employees of the state and its agencies, cities, counties, fire districts, school districts (except for teachers), and some colleges.

LABOR RELATIONS SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 206,512	\$ 194,002	\$ 194,002	\$ 200,628	\$ 200,000
Contractual Services	59,444	40,734	40,734	38,678	38,678
Commodities	703	1,150	1,150	1,174	1,174
Capital Outlay	110	200	200	204	204
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 266,769</i>	<i>\$ 236,086</i>	<i>\$ 236,086</i>	<i>\$ 240,684</i>	<i>\$ 240,056</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 266,769	\$ 236,086	\$ 236,086	\$ 240,684	\$ 240,056
Financing:					
State General Fund	\$ 150,909	\$ 145,626	\$ 145,626	\$ 147,314	\$ 147,314
All Other Funds	115,860	90,460	90,460	93,370	93,370
TOTAL	\$ 266,769	\$ 236,086	\$ 236,086	\$ 240,684	\$ 240,684
FTE Positions	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
TOTAL	3.0	3.0	3.0	3.0	3.0

The **agency** requests FY 2017 expenditures of \$240,684, including \$147,314 from the State General Fund, for the Labor Relations program. The request is an all funds increase of \$19,162, or 8.7 percent, including a State General Fund increase of \$36,522, or 33.0 percent, above the approved amount. The request includes 2.0 FTE positions, which is the same as the approved amount. Major categories of expenditures are detailed below.

- **Salaries and Wages.** The agency requests \$200,628, including \$120,402 from the State General Fund. The request is an all funds increase of \$5,391, or 2.8 percent, including a State General Fund increase of \$22,753, or 23.3 percent, above the approved amount. The all funds increase is largely due to greater employer contributions for employee health insurance;
- **Contractual Services.** The agency requests \$38,678, including \$26,223 from the State General Fund. The request is an all funds increase of \$13,771, or 55.3 percent, including a State General Fund increase of \$13,769, or 110.6 percent, above the approved amount. The all funds increase is due to increased fees to the Office of Administrative Hearings for wage payment hearings.

The **Governor** concurs with the agency's FY 2017 estimate for the Labor Relations program.

G. Debt Service

The Debt Service program includes the interest expenditures for repayment of two bonds: the Lease Revenue Bond, Series 2002H for the acquisition and renovation of the 401 SW Topeka Blvd. headquarters building and the UI Modernization Bond. The Lease Revenue bond was obtained in 2002 for \$3,765,000 and was issued for fifteen years. The UI Modernization Bond was issued for \$21.0 million in 2005 and is amortized over ten years.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	253,993	198,078	198,078	63,923	63,923
<i>Subtotal - Operations</i>	<i>\$ 253,993</i>	<i>\$ 198,078</i>	<i>\$ 198,078</i>	<i>\$ 63,923</i>	<i>\$ 63,923</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 253,993	\$ 198,078	\$ 198,078	\$ 63,923	\$ 63,923
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	253,993	198,078	198,078	63,923	63,923
TOTAL	\$ 253,993	\$ 198,078	\$ 198,078	\$ 63,923	\$ 63,923
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0

The **agency** requests FY 2017 expenditures of \$63,923, all from special revenue funds, which is the same as the approved amount. The funding is for the interest payments on the 401 SW Topeka remodeling bond. The request includes 0.0 FTE positions, which is the same as the approved amount.

The **Governor** concurs with the agency's FY 2017 estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000
Debt Service - Principal	2,720,000	2,720,000	215,000	215,000
1309 SW Topeka Basement Restrooms Reno.	60,000	60,000	0	0
1309 SW Topeka Basement Lighting Reno.	6,700	6,700	0	0
1309 SW Topeka Basement Reno.	40,000	40,000	0	0
2650 East Circle Drive South Lighting Reno.	10,000	10,000	0	0
Maintenance Building Construction	0	0	300,000	300,000
1309 SW Topeka First Floor Restrooms Reno.	0	0	60,000	60,000
1309 SW Topeka First Floor Reno.	0	0	40,000	40,000
TOTAL	\$ 2,951,700	\$ 2,951,700	\$ 730,000	\$ 730,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,951,700	2,951,700	730,000	730,000
TOTAL	\$ 2,951,700	\$ 2,951,700	\$ 730,000	\$ 730,000

FY 2016 – Current Year. The agency requests a revised capital improvements budget of \$3.0 million, all from special revenue funds. The request is a decrease of \$73,300, or 2.4 percent, below the approved amount. The decrease is due to the agency delaying all capital improvement projects during FY 2015 after discovering that the Employment Security Administration Property Sales Fund could not be used to fund capital improvements. The agency will replace that funding source with the Special Employment Security Fund and has resumed capital improvement projects in FY 2016. However, some projects originally planned for FY 2016 have been shifted to future fiscal years. Included in the agency request are the following.

- **Rehabilitation and Repair.** The agency requests \$115,000 for general rehabilitation and repair of agency-owned buildings. The rehabilitation and repair work includes roofing, painting, carpeting, caulking, replacing sidewalks, and overlaying parking lots;
- **Debt Service - Principal.** The agency requests \$2,720,000 for debt service principal payments for the UI Modernization bond and the 401 SW Topeka Blvd. remodel bond;

- **1309 SW Topeka Basement Restrooms Renovation.** This project involves removal of current walls, flooring, and ceiling in the two restrooms located on the basement floor of 1309 SW Topeka. The renovated restrooms will meet current ADA and energy use standards;
- **1309 SW Topeka Basement Lighting Renovation.** This project involves upgrading the lighting throughout the entire basement floor of 1309 SW Topeka;
- **1309 SW Topeka Basement Renovation.** This project involves renovating the basement floor at 1309 SW Topeka. This includes new painting and carpeting throughout the floor, including in hallways, office space, training and conference rooms, and the break room area; and
- **2650 East Circle Drive South Lighting Renovation.** This project involves renovating and upgrading the lighting that was not replaced in previous renovation projects in the Eastman Building at 2650 East Circle Drive South.

The **Governor** concurs with the agency's FY 2016 capital improvements estimate.

FY 2017 – Budget Year. The **agency** requests a revised capital improvements budget of \$730,000, all from special revenue funds. The request is an increase of \$125,000, or 20.7 percent, above the approved amount. The increase is due to the agency delaying all capital improvement projects during FY 2015 after discovering that the Employment Security Administration Property Sales Fund could not be used to fund capital improvements. The agency will replace that funding source with the Special Employment Security Fund and has resumed capital improvement projects in FY 2016. As a result, the agency has shifted the renovation of first floor restrooms at 1309 SW Topeka from FY 2015 to FY 2017. Additionally, the agency is requesting an additional \$100,000 for the construction of a maintenance building at 427 SW Topeka. Included in the agency request are the following.

- **Rehabilitation and Repair.** The agency requests \$115,000 for general rehabilitation and repair of agency-owned buildings. The rehabilitation and repair work includes roofing, painting, carpeting, caulking, replacing sidewalks, and overlaying parking lots;
- **Debt Service - Principal.** The agency requests \$215,000 for debt service principal payments for the 401 SW Topeka Blvd. remodel bond;
- **Maintenance Building Construction.** This project involves constructing a new maintenance building at 427 SW Topeka, adjacent to the agency's primary administrative office. The proposed project will consist of removing the existing building at this location and constructing a new building approximately 50 feet by 100 feet, which will house the agency's maintenance facilities. Construction of a new maintenance facility will allow the agency to vacate most of the space at 414 to 420 SW Jackson, after which the buildings could be sold;
- **1309 SW Topeka First Floor Restrooms Renovation.** This project involves removal of current walls, flooring, and ceiling in the two restrooms located on the

first floor of 1309 SW Topeka. The renovated restrooms will meet current ADA and energy use standards; and

- **1309 SW Topeka First Floor Renovation.** This project involves renovating the first floor at 1309 SW Topeka. This includes new painting, carpeting, and other updates throughout the floor, including in hallways, office space, and conference rooms.

The **Governor** concurs with the agency's FY 2017 capital improvements estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Administration				
Average number of days to process vouchers for payment	2.0	2.0	2.0	2.0
Labor Market Information Services				
Percent of labor market requests processed within three days	95.0%	97.2%	95.0%	95.0%
Number of requests received	350	571	600	600
Unemployment Insurance				
Number of initial claims filed for benefits	153,843	155,152	154,992	156,836
Percent of intrastate claimants to be issued first payment within 14 days	88.0%	91.3%	88.0%	88.0%
Average duration of unemployment benefits (in weeks)	14.0	12.9	13.6	13.5
Number of claimants exhausting unemployment benefits	28,470	28,705	23,076	23,941
Industrial Safety and Health				
Number of consultations performed under federal contract	353	477	410	475
Number of serious or imminent hazards identified	1,500	1,501	1,800	2,000
Workers Compensation				
Number of accident reports	61,000	52,314	55,000	55,000
Average number of days from initial report of fraud or abuse to investigation completion	90	50	60	60
Number of fraud abuse cases reviewed	350	489	350	350
Average number of days from hearing to issued order from appeal of final award	30	40	30	30
Labor Relations				
Number of impasse cases	165	21	25	25
Number of prohibited practice cases processed	10	7	7	7
Number of wage claims filed	725	878	900	900
Amount of wages collected/recovered	\$600,000	\$554,853	\$650,000	\$700,000

KANSAS GUARDIANSHIP PROGRAM

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 1,142,052	\$ 1,153,945	\$ 1,149,265	\$ 1,154,095	\$ 1,149,415
Other Funds	0	0	0	0	0
TOTAL	\$ 1,142,052	\$ 1,153,945	\$ 1,149,265	\$ 1,154,095	\$ 1,149,415
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 1,142,052	\$ 1,153,945	\$ 1,149,265	\$ 1,154,095	\$ 1,149,415
Percentage Change:					
Operating Expenditures					
State General Fund	(1.4) %	1.0 %	0.6 %	0.0 %	0.0 %
All Funds	(1.4)	1.0	0.6	0.0	0.0
FTE Positions	10.0	10.0	10.0	10.0	10.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	10.0	10.0	10.0	10.0	10.0

AGENCY OVERVIEW

The Kansas Guardianship Program is a quasi-state agency which was established in 1995. Prior to that time, the program had been a part of Kansas Advocacy and Protective Services, Inc. (KAPS). A 1994 federal audit found a conflict of interest with KAPS administering the state's guardianship program. As a result, 1995 SB 342 established the Kansas Guardianship Program as a distinct legal entity whose employees are not considered to be state employees. The entire agency is financed through the State General Fund.

The Kansas Guardianship Program serves adults who, through either physical or mental impairment or disability, are in need of a court-appointed guardian or conservator. The Kansas Guardianship Program serves adults who are without family or financial resources and who are identified by the Department for Children and Families (DCF) or the Kansas Department for Aging and Disability Services (KDADS) as in need of a court appointed guardian or conservator. The Kansas Guardianship Program recruits volunteers who become qualified and trained to serve in that capacity. The State serves as the surety on the bond for volunteer conservators serving in the Kansas Guardianship Program. Program volunteers receive a monthly stipend of \$30 to defray out-of-pocket expenses incurred while providing service to their wards or conservatees.

The program is governed by a seven-member board of directors, six of whom are appointed by the Governor and one by the Chief Justice of the Kansas Supreme Court.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** added \$160,080, all from the State General Fund, in FY 2007 to increase the monthly stipends volunteers receive from \$20 to \$30 per volunteer per ward or conservatee. These funds help cover the cost of the volunteer's out-of-pocket expenses incurred while serving as guardians and conservators.

The **2007 Legislature** added \$37,495, all from the State General Fund, in FY 2008 to increase the base salary for agency employees.

The **2008 Legislature** added \$8,500, all from the State General Fund, to re-establish a regional office in Kansas City. The Legislature also added \$5,000, all from the State General Fund, for additional travel expenditures to fund consistent travel to recruit, train and support new and existing volunteers.

The **2009 Legislature** directed the staff of the Guardianship Program to be included as part of the State Employee Health Plan to partially offset budgetary reductions of \$47,448, all from the State General Fund, in FY 2010. In November 2009 the Governor allotted \$34,632 from the agency State General Fund budget for FY 2010.

During the **2010 Session**, SB 372 granted court orders establishing and governing guardianship or conservatorship in other states full faith and credit within Kansas, except when doing so would violate Kansas law.

The **2011 Legislature** added \$44,418, all from the State General Fund, in FY 2012 to restore funding to FY 2011 levels.

The **2015 Legislature** added \$46,493 for both FY 2016 and FY 2017, all from the State General Fund, to restore reductions in operating expenditures.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$1,153,945, all from the State General Fund in FY 2016. There are no changes from the approved amount.

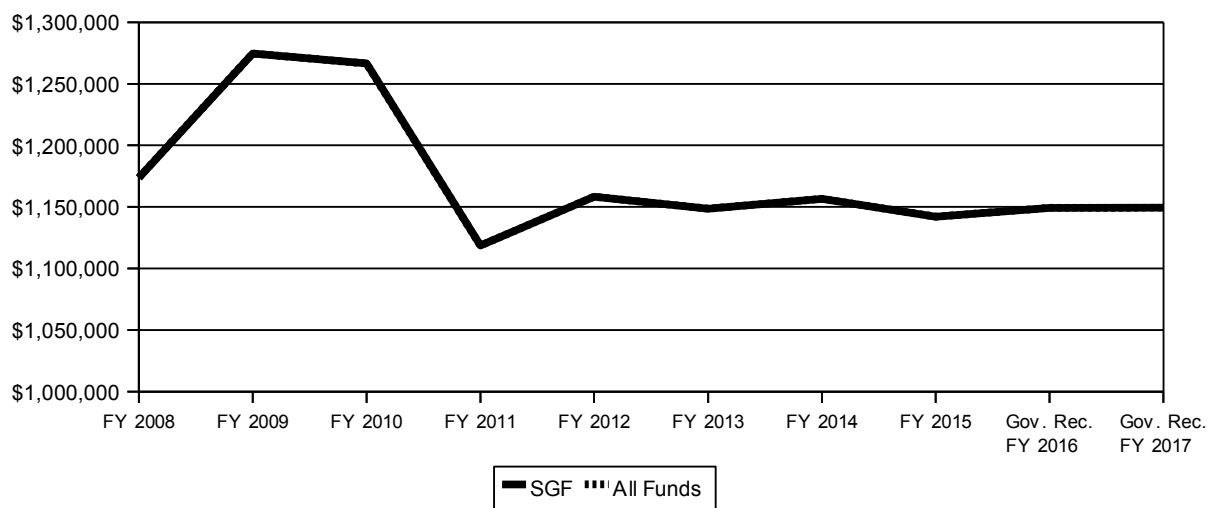
The **Governor** recommends operating expenditures of \$1,149,265, all from the State General Fund. This is a decrease of \$4,680, or 0.4 percent, below the agency's revised estimate. The reduction is recommended from contractual services due to reduced estimates of wards or conservatees based on actual served over the past three years.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$1,154,095, all from the State General Fund for FY 2017. There are no changes from the approved amount. There is an increase of \$150, or less than 0.1 percent, above the previous year estimate.

The **Governor** recommends operating expenditures of \$1,149,415, all from the State General Fund. This is a decrease of \$4,680, or 0.4 percent, below the agency's revised estimate. The reduction is recommended from contractual services due to reduced estimates of wards or conservatees based on actual served over the past three years.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 1,274,692	8.6 %	\$ 1,274,692	8.6 %	12.0
2009	1,266,501	(0.6)	1,266,501	(0.6)	12.0
2010	1,118,640	(11.7)	1,118,640	(11.7)	12.0
2011	1,158,265	3.5	1,158,265	3.5	11.0
2012	1,148,577	(0.8)	1,148,577	(0.8)	11.0
2013	1,156,598	0.7	1,156,598	0.7	10.0
2014	1,158,250	0.1	1,158,250	0.1	10.0
2015	1,142,052	(1.4)	1,142,052	(1.4)	10.0
2016 Gov. Rec.	1,149,265	0.6	1,149,265	0.6	10.0
2017 Gov. Rec.	1,149,415	0.0	1,149,415	0.0	10.0
Ten-Year Change Dollars/Percent	\$ (125,277)	(9.8)%	\$ (125,277)	(9.8)%	(2.0)

Summary of Operating Budget FY 2015 - FY 2017

Kansas Guardianship Program

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Administration	\$	1,142,052	\$ 1,153,945	\$ 1,154,095	\$ 150	0.0 %	\$ 1,149,265	\$ 1,149,415	\$ 150	0.0 %
By Major Object of Expenditure:										
Salaries and Wages	\$	577,126	\$ 570,272	\$ 584,239	\$ 13,967	2.4 %	\$ 570,272	\$ 584,239	\$ 13,967	2.4 %
Contractual Services		555,519	515,177	563,581	48,404	9.4	570,497	558,901	(11,596)	(2.0)
Commodities		7,781	8,496	6,275	(2,221)	(26.1)	8,496	6,275	(2,221)	(26.1)
Capital Outlay		1,626	0	0	0	--	0	0	0	--
Debt Service		0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$	1,142,052	\$ 1,093,945	\$ 1,154,095	\$ 60,150	5.5 %	\$ 1,149,265	\$ 1,149,415	\$ 150	0.0 %
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		0	0	0	0	--	0	0	0	--
TOTAL	\$	1,142,052	\$ 1,093,945	\$ 1,154,095	\$ 60,150	5.5 %	\$ 1,149,265	\$ 1,149,415	\$ 150	0.0 %
Financing:										
State General Fund	\$	1,142,052	\$ 1,153,945	\$ 1,154,095	\$ 150	0.0 %	\$ 1,149,265	\$ 1,149,415	\$ 150	0.0 %
All Other Funds		0	0	0	0	--	0	0	0	--
TOTAL	\$	1,142,052	\$ 1,153,945	\$ 1,154,095	\$ 150	0.0 %	\$ 1,149,265	\$ 1,149,415	\$ 150	0.0 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$1,153,945 for the Kansas Guardianship Program in FY 2016. Two adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$4,445, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016; and
- A reduction of \$4,445, on July 30 as a result of the authority given under 2015 Senate Sub. for HB 2135.

These adjustments do not result in a net change to the FY 2016 approved State General Fund. The approved amount is reflected in the table below.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 1,153,945	\$ 1,153,945	\$ 0	\$ 1,149,265	\$ (4,680)
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,153,945	\$ 1,153,945	\$ 0	\$ 1,149,265	\$ (4,680)
FTE Positions	10.0	10.0	0.0	10.0	0.0

The **agency** requests a revised estimate of \$1,153,945, all from the State General Fund. There are no changes from the approved amount.

The **Governor** recommends operating expenditures of \$1,149,265, all from the State General Fund. This is a decrease of \$4,680, or 0.4 percent, below the agency's revised estimate. The reduction is recommended from contractual services due to reduced estimates of wards or conservatees based on actual served over the past three years.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the

Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
<u>Allotment</u>	<u>SGF</u>	<u>All Funds</u>	<u>FTE</u>
July Special Allotment			
Lapse Reappropriations	\$ (4,445)	\$ (4,445)	0.0
TOTAL	\$ (4,445)	\$ (4,445)	0.0

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$1,154,095 for the Kansas Guardianship Program in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 1,154,095	\$ 1,154,095	\$ 0	\$ 1,149,415	\$ (4,680)
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,154,095	\$ 1,154,095	\$ 0	\$ 1,149,415	\$ (4,680)
FTE Positions	10.0	10.0	0.0	10.0	0.0

The **agency** requests a revised estimate of \$1,154,095, all from the State General Fund. There are no changes from the approved amount. There is an increase of \$150, or less than 0.1 percent, above the FY 2016 estimate. Changes from the FY 2016 estimate include an increase in salaries and wages of \$13,967, or 2.4 percent, with offsetting decreases in contractual services and commodities. This shift was made in order for the agency to maintain cost of living increases for employees without requesting additional funds. The increases were approved by the agency's board effective in FY 2016.

The **Governor** recommends operating expenditures of \$1,149,415, all from the State General Fund. This is a decrease of \$4,680, or 0.4 percent, below the agency's revised estimate. The reduction is recommended from contractual services due to reduced estimates of wards or conservatees based on actual served over the past three years.

Funding Sources

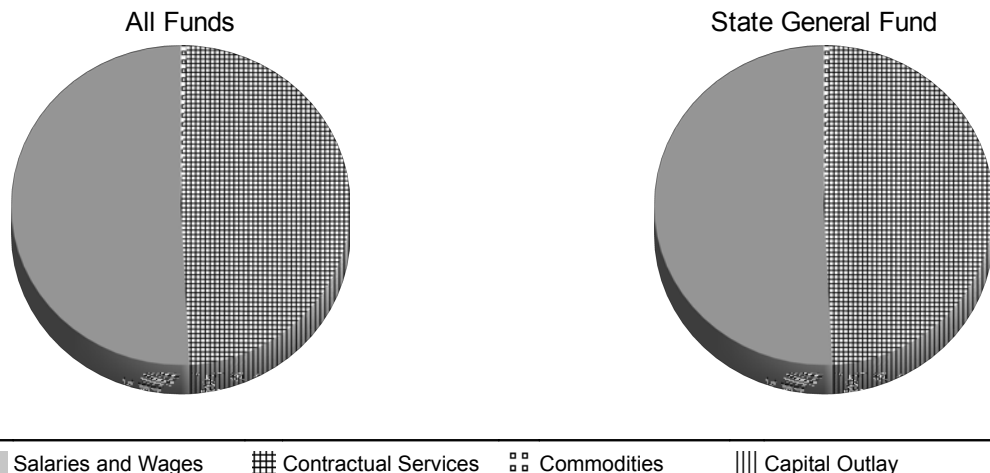
Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Expenditures by Category

Governor's FY 2017 Recommendation



Category	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 584,239	50.8 %	\$ 584,239	50.8 %
Contractual Services	558,901	48.6	558,901	48.6
Commodities	6,275	0.5	6,275	0.5
Capital Outlay	0	0.0	0	0.0
TOTAL	\$ 1,149,415	100.0 %	\$ 1,149,415	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

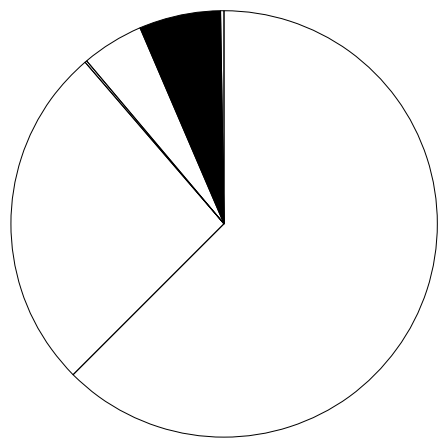
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	10.0	10.0	10.0	10.0	10.0

PERFORMANCE MEASURES

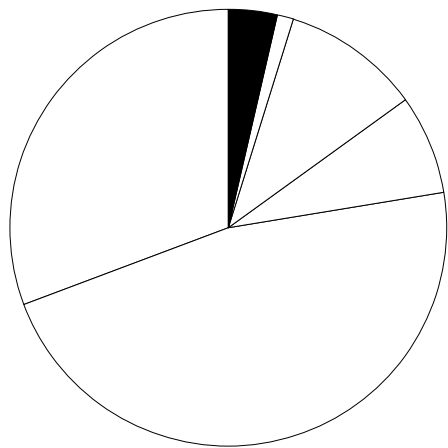
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of wards and conservatees served	1,447	1,448	1,462	1,462
Number of volunteers	782	762	769	769

PUBLIC SAFETY

State General Fund



All Funds



Public Safety provides safety and security to Kansas citizens. This function includes law enforcement agencies and correctional facilities including the Adjutant General's Department, the Kansas Bureau of Investigation, the Kansas Commission on Peace Officers' Standards and Training, the Emergency Medical Services Board, the State Fire Marshall, the Highway Patrol, the Sentencing Commission, and the Department of Corrections and its eight adult facilities and two juvenile facilities.

The Governor's FY 2017 recommendation for the Public Safety function totals \$582.4 million from all funding sources, including \$397.0 million from the State General Fund.

Agencies in this Function:

<i>Department of Corrections.....</i>	<i>1257</i>
<i>El Dorado Correctional Facility.....</i>	<i>1308</i>
<i>Ellsworth Correctional Facility.....</i>	<i>1308</i>
<i>Hutchinson Correctional Facility.....</i>	<i>1308</i>
<i>Lansing Correctional Facility.....</i>	<i>1308</i>
<i>Larned Correctional Mental Health Facility.....</i>	<i>1308</i>
<i>Norton Correctional Facility.....</i>	<i>1308</i>
<i>Topeka Correctional Facility.....</i>	<i>1308</i>
<i>Winfield Correctional Facility.....</i>	<i>1308</i>
<i>Kansas Juvenile Correctional Complex.....</i>	<i>1308</i>
<i>Larned Juvenile Correctional Facility.....</i>	<i>1308</i>
<i>Adjutant General's Department.....</i>	<i>1308</i>
<i>Kansas Bureau of Investigation.....</i>	<i>1342</i>
<i>Kansas Commission on Peace Officers' Standards and Training</i>	<i>1365</i>
<i>.....</i>	<i>1365</i>
<i>Emergency Medical Services Board.....</i>	<i>1375</i>
<i>State Fire Marshal.....</i>	<i>1390</i>
<i>Kansas Highway Patrol.....</i>	<i>1401</i>
<i>Kansas Sentencing Commission.....</i>	<i>1431</i>

The FY 2017 recommendation represents a State General Fund increase of 1.2 percent or \$4.7 million above FY 2016. Expenditures from all funds increase by less than 0.1 percent or \$382,615 above FY 2016.

A total of 4,700.5 FTE positions are recommended by the Governor for the Public Safety function for FY 2017, a decrease of 25.0 FTE from FY 2016. Of all state FTE positions, 12.9 percent are in this function.

Agencies in this function comprise 6.2 percent of the total State General Fund budget for FY 2017, unchanged from FY 2016. They comprise 3.6 percent of expenditures from all funding sources in FY 2017, a decrease from 3.7 percent in FY 2016.

DEPARTMENT OF CORRECTIONS

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 354,863,864	\$ 353,887,877	\$ 352,616,802	\$ 369,685,043	\$ 358,815,706
Other Funds	30,784,591	31,558,974	31,456,589	33,226,850	32,817,200
TOTAL	\$ 385,648,455	\$ 385,446,851	\$ 384,073,391	\$ 402,911,893	\$ 391,632,906
Capital Improvements:					
State General Fund	\$ 2,436,865	\$ 335,000	\$ 335,000	\$ 370,000	\$ 370,000
Other Funds	11,444,548	15,351,701	15,351,701	10,271,936	10,271,936
TOTAL	\$ 13,881,413	\$ 15,686,701	\$ 15,686,701	\$ 10,641,936	\$ 10,641,936
GRAND TOTAL	\$ 399,529,868	\$ 401,133,552	\$ 399,760,092	\$ 413,553,829	\$ 402,274,842
Percentage Change:					
Operating Expenditures					
State General Fund	2.4 %	(0.3) %	(0.6) %	4.5 %	1.8 %
All Funds	0.6	(0.1)	(0.4)	4.5	2.0
FTE Positions	3,492.5	3,451.5	3,451.5	3,468.5	3,451.5
Non-FTE Perm.Uncl.Pos.	196.0	218.0	218.0	217.0	217.0
TOTAL	3,688.5	3,669.5	3,669.5	3,685.5	3,668.5

AGENCY OVERVIEW

The Kansas Department of Corrections (DOC) provides supervision to adult felony offenders in the state, including inmates incarcerated in one of the eight correctional facilities, post-release supervision (parole), and community-based supervision (probation and treatment-oriented sentencing). The system consists of the DOC central office and eight adult correctional facilities. While all nine components are independent agencies, the system structure allows for some commonly utilized items to be budgeted in a central location, such as the inmate health care contract. Beginning in FY 2014, the DOC added the two juvenile correctional facilities into its system and abolished the Juvenile Justice Authority (JJA). The annual appropriations bill also grants the Secretary of Corrections the authority to transfer State General Fund dollars between the facilities and central office.

MAJOR ISSUES FROM PRIOR YEARS

The **2013 Legislature** approved Executive Reorganization Order No. 42, abolishing the JJA and moving all functions, duties, and commissioner of the JJA into the Department of Corrections underneath the Secretary of Corrections. Executive Reorganization Order No. 42 added \$63.8 million, including \$48.8 million from the State General Fund, and 18.0 FTE positions for FY 2014.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** estimates revised FY 2016 total expenditures for the Department of Corrections System of \$401.1 million, including \$354.2 million from the State General Fund. The estimate is an increase of \$4.6 million, or 1.2 percent, including a State General Fund increase of \$701,075, or 0.2 percent, above the approved amount. The estimate includes 3,451.5 FTE positions and 218.0 non-FTE positions.

The **agency** estimates revised FY 2016 total expenditures for Central Office of \$208.2 million, including \$166.8 million from the State General Fund. The estimate is an increase of \$699,695, or 0.3 percent, including a State General Fund increase of \$376,394, or 0.2 percent, above the approved amount. The increase is mainly attributable to a supplemental of \$376,394, all from the State General Fund, for cloud-based email and capital improvement expenditures for Correctional Industries. **Absent the supplemental**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 298.0 FTE positions, which is a decrease of 17.0 FTE positions below the approved amount. The agency converted numerous FTE positions from classified to unclassified non-FTE service.

The **agency** estimates revised FY 2016 total expenditures for all DOC facilities of \$192.9 million, including \$187.4 million from the State General Fund. The estimate is an increase of \$3.9 million, or 2.0 percent, including a State General Fund increase of \$324,681, or 0.2 percent, above the approved amount. The increase is due to supplemental requests from the Norton Correctional Facility and Winfield Correctional Facility totaling \$324,681, all from the State General Fund, and capital improvement expenditures based on the Department of Corrections System's five year capital improvement plan. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 3,153.5 FTE positions, which is a decrease of 19.0 FTE positions below the approved amount. The agency converted numerous FTE positions from classified to unclassified non-FTE service.

The **Governor** recommends FY 2016 total expenditures for the Department of Corrections System of \$399.8 million, including \$353.0 million from the State General Fund. The recommendation is a decrease of \$1.4 million, or 0.3 percent, including a State General Fund decrease of \$1.3 million, or 0.4 percent, below the agency's estimate. The Governor's recommendation concurs with the agency's FTE estimate.

The **Governor** recommends FY 2016 total expenditures for DOC Central Office of \$207.2 million, including \$165.9 million from the State General Fund. The recommendation is a decrease of \$1.0 million, or 0.5 percent, including a State General Fund decrease of \$946,394, or 0.6 percent, below the agency's estimate. The decrease is due to the Governor not recommending the agency's supplemental request and fall consensus caseload estimates, partially offset by a transfer from the Correctional Industries Fund for the food service contract based on prison population projections. The Governor concurs with the agency's FTE estimate.

The **Governor** recommends FY 2016 total expenditures for all DOC facilities of \$192.6 million, including \$187.1 million from the State General Fund. The recommendation is a decrease of \$324,681, or 0.2 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the supplemental requests for the Norton Correctional Facility and the Winfield Correctional Facility. The Governor concurs with the agency's FTE estimate.

FY 2017 – Budget Year. The **agency** estimates revised FY 2017 total expenditures for the Department of Corrections System of \$413.6 million, including \$370.1 million from the State General Fund. The estimate is an increase of \$8.3 million, or 2.1 percent, including a State General Fund increase of \$8.1 million, or 2.3 percent, above the approved amount. The estimate includes 3,468.5 FTE positions and 217.0 non-FTE positions.

The **agency** estimates revised FY 2017 total expenditures for Central Office of \$216.9 million, including \$175.4 million from the State General Fund. The estimate is an increase of \$5.4 million, or 2.6 percent, including a State General Fund increase of \$5.1 million, or 3.0 percent, above the approved amount. The increase is primarily attributable to supplementals totaling \$5.1 million, all from the State General Fund, for replacing vehicles, cloud-based email conversion, Corrections KPERS conversion for qualified parole and juvenile corrections employees, numerous information technology (IT) upgrades, a third sex offender program site and capital improvement expenditures for Correctional Industries. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 298.0 FTE positions, which is a decrease of 18.0 FTE positions below the approved amount. The agency converted numerous positions from classified to unclassified non-FTE service.

The **agency** estimates revised FY 2017 total expenditures for all DOC facilities of \$196.7 million, including \$194.6 million from the State General Fund. The estimate is an increase of \$2.9 million, or 1.5 percent, including a State General Fund increase of \$3.1 million, or 1.6 percent, above the approved amount. The increase is predominantly due to supplemental requests from the El Dorado Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Larned Correctional Mental Health Facility, Topeka Correctional Facility, and Winfield Correctional Facility totaling \$3.1 million, all from the State General Fund, and capital improvement expenditures based on the Department of Corrections System's five-year capital improvement plan. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 3,170.5 FTE positions, which is a decrease of 2.0 FTE positions below the approved amount. The agency converted FTE positions from classified to unclassified non-FTE service, partially offset by El Dorado's supplemental request which includes 17.0 FTE positions.

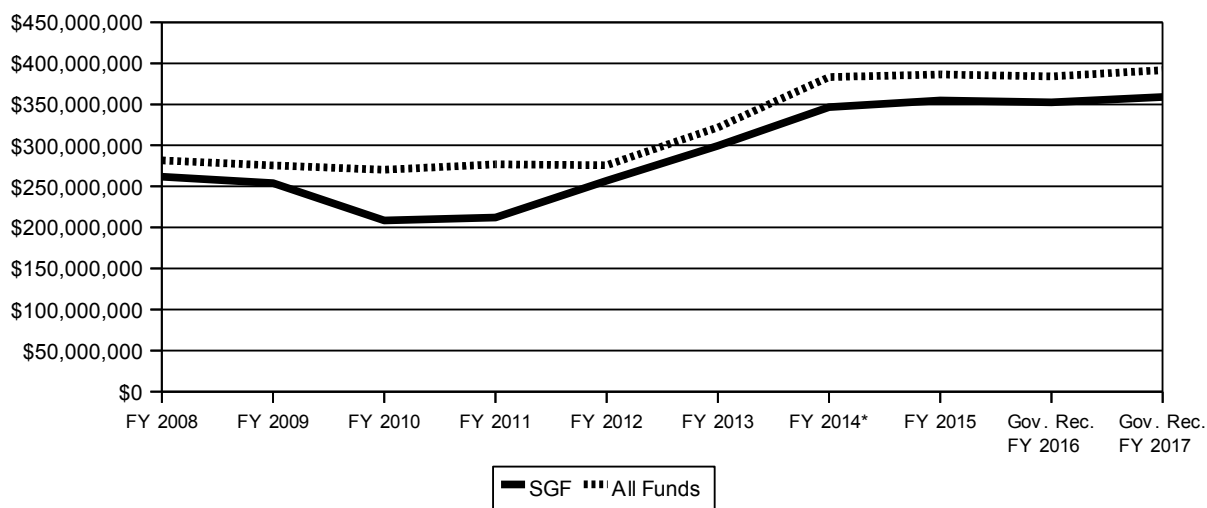
The **Governor** recommends FY 2017 total expenditures for the Department of Corrections System of \$402.3 million, including \$359.2 million from the State General Fund. The recommendation is a decrease of \$11.3 million, or 2.7 percent, including a State General Fund decrease of \$10.9 million, or 2.9 percent, below the agency's estimate. The Governor's recommendation includes 3,451.5 FTE positions and 217.0 non-FTE positions.

The **Governor** recommends FY 2017 total expenditures for DOC Central Office of \$208.7 million, including \$167.7 million from the State General Fund. The recommendation is a decrease of \$8.2 million, or 3.8 percent, including a State General Fund decrease of \$7.8 million, or 4.4 percent, below the agency's estimate. The decrease is attributable to the Governor not recommending any of the agency's supplemental requests (\$5.1 million, all from the State General Fund), fall consensus caseload estimates (\$1.5 million, including \$673,000 from the State General Fund), and operating reductions for community corrections (\$1.1 million, all from the State General Fund) and graduated sanctions (\$1.0 million, all from the State General Fund), partially offset by a transfer from the Correctional Industries Fund for the food service contract based on prison population projections. The Governor concurs with the agency's FTE estimate.

The **Governor** recommends FY 2017 total expenditures for all DOC facilities of \$193.6 million, including \$191.5 million from the State General Fund. The recommendation is a decrease of \$3.1 million, or 1.6 percent, all from the State General Fund, below the agency's estimate. The decrease is due to the Governor not recommending any of the facility supplemental requests. The recommendation includes 3,153.5 FTE positions, which is a decrease of 17.0 FTE positions below the agency's estimate. The decrease is part of the Governor not recommending El Dorado Correctional Facility's supplemental request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



* During FY 2014, the Juvenile Justice Authority was consolidated into the Department of Corrections by Executive Reorganization No. 42.

OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 261,850,939	9.0 %	\$ 281,651,151	8.5 %	3,094.7
2009	253,923,933	(3.0)	275,546,239	(2.2)	3,109.7
2010	208,460,697	(17.9)	270,330,091	(1.9)	3,039.7
2011	212,063,412	1.7	276,852,271	2.4	3,050.5
2012	256,993,688	21.2	275,770,501	(0.4)	3,013.5
2013	299,408,983	16.5	321,795,284	16.7	3,496.5
2014	346,709,721	15.8	383,248,969	19.1	3,493.0
2015	354,863,864	2.4	385,648,455	0.6	3,492.5
2016 Gov. Rec.	352,616,802	(0.6)	384,073,391	(0.4)	3,451.5
2017 Gov. Rec.	358,815,706	1.8	391,632,906	2.0	3,451.5
Ten-Year Change Dollars/Percent	\$ 96,964,767	37.0 %	\$ 109,981,755	39.0 %	356.8

Summary of Central Office's Operating Budget FY 2015 - FY 2017

		Agency Estimate				Governor's Recommendation			
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 12,270,356	\$ 11,987,715	\$ 13,570,086	\$ 1,582,371	13.2 %	\$ 11,611,321	\$ 11,748,494	\$ 137,173	1.2 %
Community Supervision	38,202,875	33,898,616	36,176,369	2,277,753	6.7	33,898,616	34,404,900	506,284	1.5
Inmate Healthcare	57,515,966	60,977,804	63,907,975	2,930,171	4.8	60,977,804	63,907,975	2,930,171	4.8
Juvenile Services	48,450,705	49,127,466	52,228,975	3,101,509	6.3	47,829,466	47,478,975	(350,491)	(0.7)
Offender Programs	8,001,687	12,235,056	12,415,291	180,235	1.5	12,235,056	12,115,291	(119,765)	(1.0)
Victim Services	677,007	677,067	641,404	(35,663)	(5.3)	677,067	641,404	(35,663)	(5.3)
Prisoner Review Board	423,235	417,242	431,367	14,125	3.4	417,242	431,367	14,125	3.4
Food Service Contract	14,896,548	15,122,343	15,432,755	310,412	2.1	15,747,958	15,880,105	132,147	0.8
Correctional Industries	10,396,751	10,545,870	10,565,818	19,948	0.2	10,545,870	10,565,818	19,948	0.2
Debt Service	2,728,848	1,062,462	865,462	(197,000)	(18.5)	1,062,462	865,462	(197,000)	(18.5)
TOTAL	<u>\$ 193,563,978</u>	<u>\$ 196,051,641</u>	<u>\$ 206,235,502</u>	<u>\$ 10,183,861</u>	<u>5.2 %</u>	<u>\$ 195,002,862</u>	<u>\$ 198,039,791</u>	<u>\$ 3,036,929</u>	<u>1.6 %</u>
By Major Object of Expenditure:									
Salaries and Wages	\$ 27,465,879	\$ 26,926,333	\$ 29,741,118	\$ 2,814,785	10.5 %	\$ 26,926,333	\$ 27,801,118	\$ 874,785	3.2 %
Contractual Services	85,728,446	91,114,562	95,024,089	3,909,527	4.3	91,363,783	93,455,547	2,091,764	2.3
Commodities	5,182,385	5,249,122	5,409,813	160,691	3.1	5,249,122	5,409,813	160,691	3.1
Capital Outlay	2,526,514	1,151,973	2,004,181	852,208	74.0	1,151,973	898,481	(253,492)	(22.0)
Debt Service	2,728,848	1,062,462	865,462	(197,000)	(18.5)	1,062,462	865,462	(197,000)	(18.5)
Subtotal - Operations	\$ 123,632,072	\$ 125,504,452	\$ 133,044,663	\$ 7,540,211	6.0 %	\$ 125,753,673	\$ 128,430,421	\$ 2,676,748	2.1 %
Aid to Local Units	46,553,251	46,100,420	48,681,579	2,581,159	5.6	46,100,420	46,630,110	529,690	1.1
Other Assistance	23,378,655	24,446,769	24,509,260	62,491	0.3	23,148,769	22,979,260	(169,509)	(0.7)
TOTAL	<u>\$ 193,563,978</u>	<u>\$ 196,051,641</u>	<u>\$ 206,235,502</u>	<u>\$ 10,183,861</u>	<u>5.2 %</u>	<u>\$ 195,002,862</u>	<u>\$ 198,039,791</u>	<u>\$ 3,036,929</u>	<u>1.6 %</u>
Financing:									
State General Fund	\$ 164,378,990	\$ 166,462,151	\$ 175,067,764	\$ 8,605,613	5.2 %	\$ 165,515,757	\$ 167,281,703	\$ 1,765,946	1.1 %
Federal Funds	4,669,258	4,669,164	6,258,787	1,589,623	34.0	3,941,164	5,401,787	1,460,623	37.1
Correctional Industries	10,396,751	10,545,870	10,565,818	19,948	0.2	10,545,870	10,565,818	19,948	0.2
All Other Funds	14,118,979	14,374,456	14,343,133	(31,323)	(0.2)	15,000,071	14,790,483	(209,588)	(1.4)
TOTAL	<u>\$ 193,563,978</u>	<u>\$ 196,051,641</u>	<u>\$ 206,235,502</u>	<u>\$ 10,183,861</u>	<u>5.2 %</u>	<u>\$ 195,002,862</u>	<u>\$ 198,039,791</u>	<u>\$ 3,036,929</u>	<u>1.6 %</u>

Summary of Facilities' Operating Budget FY 2015 - FY 2017

Department of Corrections

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Ellsworth CF	\$ 14,363,474	\$ 14,136,438	\$ 14,401,751	\$ 265,313	1.9 %	\$ 14,136,438	\$ 14,401,751	\$ 265,313	1.9 %		
El Dorado CF	28,214,369	27,690,030	29,893,795	2,203,765	8.0	27,690,030	28,357,847	667,817	2.4		
Hutchinson CF	30,965,573	30,390,965	31,293,634	902,669	3.0	30,390,965	31,209,634	818,669	2.7		
Lansing CF	40,565,911	40,065,959	41,763,139	1,697,180	4.2	14,888,035	15,095,507	207,472	1.4		
Larned Correctional MHF	10,641,076	10,401,626	10,767,819	366,193	3.5	40,065,959	41,067,744	1,001,785	2.5		
Norton CF	15,514,255	15,549,711	15,741,132	191,421	1.2	10,401,626	10,636,969	235,343	2.3		
Topeka CF	15,006,405	14,935,098	15,560,481	625,383	4.2	8,260,664	8,492,598	231,934	2.8		
Winfield CF	13,219,224	13,076,684	13,666,535	589,851	4.5	15,328,390	15,741,132	412,742	2.7		
Kansas Juvenile CC	14,998,784	14,888,035	15,095,507	207,472	1.4	14,935,098	15,309,656	374,558	2.5		
Larned Juvenile CF	8,595,406	8,260,664	8,492,598	231,934	2.8	12,973,324	13,280,277	306,953	2.4		
TOTAL	<u>\$ 192,084,477</u>	<u>\$ 189,395,210</u>	<u>\$ 196,676,391</u>	<u>\$ 7,281,181</u>	<u>3.8 %</u>	<u>\$ 189,070,529</u>	<u>\$ 193,593,115</u>	<u>\$ 4,522,586</u>	<u>2.4 %</u>		
By Major Object of Expenditure:											
Salaries and Wages	\$ 158,535,033	\$ 158,942,453	\$ 165,078,623	\$ 6,136,170	3.9 %	\$ 158,942,453	\$ 164,227,158	\$ 5,284,705	3.3 %		
Contractual Services	19,158,339	19,947,424	20,189,756	242,332	1.2	19,844,064	19,956,240	112,176	0.6		
Commodities	10,801,468	9,713,938	9,411,307	(302,631)	(3.1)	9,693,938	9,282,141	(411,797)	(4.2)		
Capital Outlay	3,375,062	661,029	1,954,061	1,293,032	195.6	459,708	84,932	(374,776)	(81.5)		
Debt Service	16,094	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 191,885,996	\$ 189,264,844	\$ 196,633,747	\$ 7,368,903	3.9 %	\$ 188,940,163	\$ 193,550,471	\$ 4,610,308	2.4 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	198,481	130,366	42,644	(87,722)	(67.3)	130,366	42,644	(87,722)	(67.3)		
TOTAL	<u>\$ 192,084,477</u>	<u>\$ 189,395,210</u>	<u>\$ 196,676,391</u>	<u>\$ 7,281,181</u>	<u>3.8 %</u>	<u>\$ 189,070,529</u>	<u>\$ 193,593,115</u>	<u>\$ 4,522,586</u>	<u>2.4 %</u>		
Financing:											
State General Fund	\$ 190,484,874	\$ 187,425,726	\$ 194,617,279	\$ 7,191,553	3.8 %	\$ 187,101,045	\$ 191,534,003	\$ 4,432,958	2.4 %		
Federal Funds	655,043	679,063	691,946	12,883	1.9	679,063	691,946	12,883	1.9		
All Other Funds	944,560	1,290,421	1,367,166	76,745	5.9	1,290,421	1,367,166	76,745	5.9		
TOTAL	<u>\$ 192,084,477</u>	<u>\$ 189,395,210</u>	<u>\$ 196,676,391</u>	<u>\$ 7,281,181</u>	<u>3.8 %</u>	<u>\$ 189,070,529</u>	<u>\$ 193,593,115</u>	<u>\$ 4,522,586</u>	<u>2.4 %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$355,581,942, for the Department of Corrections System in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$266,859, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016; and
- A reduction of \$2.3 million, as the result of the Governor's July 30, 2015 State General Fund allotment.

These adjustments change the FY 2016 approved State General Fund to \$353,521,802. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 353,521,802	\$ 354,222,877	\$ 701,075	\$ 352,951,802	\$ (570,000)
All Other Funds	43,051,079	46,910,675	3,859,596	46,808,290	3,757,211
TOTAL	\$ 396,572,881	\$ 401,133,552	\$ 4,560,671	\$ 399,760,092	\$ 3,187,211
FTE Positions	3,487.5	3,451.5	(36.0)	3,451.5	(36.0)

The **agency** estimates revised FY 2016 total expenditures for Central Office of \$208.2 million, including \$166.8 million from the State General Fund. The estimate is an increase of \$699,695, or 0.3 percent, including a State General Fund increase of \$376,394, or 0.2 percent, above the approved amount. The estimate includes a supplemental of \$376,394, all from the State General Fund, for cloud-based email conversion. **Absent the supplemental**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 298.0 FTE positions, which is a decrease of 17.0 FTE positions below the approved amount. The agency converted numerous FTE positions from classified to unclassified non-FTE service. The major changes in FY 2016 are outlined below.

- **Salaries and Wages.** The agency estimates \$26.9 million for salaries and wages. The estimate is a decrease of \$720,478, or 2.6 percent, below the

approved amount. The decrease is mainly due to a higher shrinkage rate based on budget reductions in the Governor's July 30th State General Fund allotment.

- **Contractual Services.** The agency estimates \$91.1 million for contractual services. The estimate is an increase of \$1.9 million, or 2.2 percent, above the approved amount. The increase is primarily attributable to transfers from other funding sources for contract beds for inmates based on prison population projections, rising IT costs, and a supplemental for cloud-based email.
- **Commodities.** The agency estimates \$5.2 million for commodities. The estimate is a decrease of \$1.0 million, or 16.2 percent, below the approved amount. The decrease is predominantly due to a reduction in manufacturing supplies for Correctional Industries.
- **Capital Outlay.** The agency estimates \$1.2 million for capital outlay. The estimate is a decrease of \$455,285, or 28.3 percent, below the approved amount. The decrease is attributable to the agency eliminating all budgeted capital outlay expenditures for Central Office, partially offset by capital outlay purchases made by Correctional Industries.
- **Aid to Local Units.** The agency estimates \$46.1 million for aid to local units. The estimate is a decrease of \$1.1 million, or 2.3 percent, below the approved amount. The decrease is mainly due to budget reductions in the Governor's July 30th State General Fund allotment and transfers out of community corrections funding for the Topeka Parole Office, contract jail beds based on prison population projections, and an increase in the food service contract.
- **Other Assistance.** The agency estimates \$24.4 million for other assistance. The estimate is a decrease of \$1.9 million, or 7.4 percent, below the approved amount. The decrease is primarily attributable to reduced expenditures for juvenile Out-Of-Home Placements caseloads.

The **agency** estimates revised FY 2016 total expenditures for all DOC facilities of \$192.9 million, including \$187.4 million from the State General Fund. The estimate is an increase of \$3.9 million, or 2.0 percent, including a State General Fund increase of \$324,681, or 0.2 percent, above the approved amount. The State General Fund increase is attributable to supplemental requests from the Norton Correctional Facility and Winfield Correctional Facility. The all funds increase is due to capital improvement expenditures based on the Department of Corrections System's five year capital improvement plan. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 3,153.5 FTE positions, which is a decrease of 19.0 FTE positions below the approved amount. The agency converted numerous FTE positions from classified to unclassified non-FTE service.

The **Governor** recommends FY 2016 total expenditures for DOC Central Office of \$207.2 million, including \$165.9 million from the State General Fund. The recommendation is a decrease of \$1.0 million, or 0.5 percent, including a State General Fund decrease of \$946,394, or 0.6 percent, below the agency's estimate. The decrease is due to the Governor not recommending the agency's supplemental request and fall consensus caseload estimates, partially offset by a transfer from the Correctional Industries Fund for the food service contract based on prison population projections. The Governor concurs with the agency's FTE estimate.

The **Governor** recommends FY 2016 total expenditures for all DOC facilities of \$192.6 million, including \$187.1 million from the State General Fund. The recommendation is a decrease of \$324,681, or 0.2 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the supplemental requests for the Norton Correctional Facility and the Winfield Correctional Facility. The Governor concurs with the agency's FTE estimate.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Central Office	\$ 376,394	\$ 376,394	0.0	\$ 0	\$ 625,615	0.0
Norton CF	221,321	221,321	0.0	0	0	0.0
Winfield CF	103,360	103,360	0.0	0	0	0.0
TOTAL	\$ 701,075	\$ 701,075	0.0	\$ 0	\$ 625,615	0.0

The **agency** requests supplementals totaling \$701,075, all from the State General Fund. The supplemental requests in FY 2016 are outlined below by facility.

- **Central Office.** The agency requests a supplemental of \$376,394, all from the State General Fund, for cloud-based email conversion. The agency states Office of Information Technology Services (OITS) is consolidating email systems state-wide and the agency does not have approved funding for the conversion costs.
- **Norton Correctional Facility.** The agency requests supplementals totaling \$221,321, all from the State General Fund, for eight vehicle replacements, IT upgrades, and new security equipment.
- **Winfield Correctional Facility.** The agency requests a supplemental totaling \$103,360, all from the State General Fund, for utility expenses for a new building at the Kansas Veterans Home.

The **Governor** recommends a supplemental of \$625,615, all from the Correctional Industries Fund. After the agency submitted its budget, up-to-date prison population projections revealed a shortfall in the agency's food service contract. The Governor recommends a transfer from the Correctional Industries Fund in order to fully fund food services for the agency. The Governor does not recommend funding any facility supplemental requests.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund, up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the State General Fund for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except

the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various State General Fund lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the State General Fund Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly State General Fund receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
<u>Allotment</u>	<u>SGF</u>	<u>All Funds</u>	<u>FTE</u>
July Special Allotment			
Lapse Reappropriations	\$ (266,859)	\$ (266,859)	0.0
Operating Reduction	(2,060,140)	(2,060,140)	
TOTAL	<u>\$ (2,326,999)</u>	<u>\$ (2,326,999)</u>	<u>0.0</u>

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$361,910,175 for the Department of Corrections System in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 361,910,175	\$ 370,055,043	\$ 8,144,868	\$ 359,185,706	\$ (2,724,469)
All Other Funds	43,314,344	43,498,786	184,442	43,089,136	(225,208)
TOTAL	\$ 405,224,519	\$ 413,553,829	\$ 8,329,310	\$ 402,274,842	\$ (2,949,677)
FTE Positions	3,488.5	3,468.5	(20.0)	3,451.5	(37.0)

The **agency** estimates revised FY 2017 total expenditures for Central Office of \$216.9 million, including \$175.4 million from the State General Fund. The estimate is an increase of \$5.4 million, or 2.6 percent, including a State General Fund increase of \$5.1 million, or 3.0 percent, above the approved amount. The estimate includes supplementals totaling \$5.1 million, all from the State General Fund, for replacing vehicles, cloud-based email conversion, Corrections KPERS conversion for qualified parole and juvenile corrections employees, numerous IT upgrades, and a third sex offender program site. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 298.0 FTE positions, which is a decrease of 18.0 FTE positions below the approved amount. The agency converted numerous positions from classified to unclassified service. The major changes in FY 2017 are outlined below.

- **Salaries and Wages.** The agency estimates \$29.7 million for salaries and wages. The estimate is an increase of \$1.3 million, or 4.5 percent, above the approved amount. The increase is primarily due to enhancements totaling \$1.9 million, all from the State General Fund, for a Corrections KPERS conversion for qualified parole and juvenile corrections employees, partially offset by lower than projected employee health care costs and the loss of federal grant funding for a Victim Services position.
- **Contractual Services.** The agency estimates \$95.0 million for contractual services. The estimate is an increase of \$3.2 million, or 3.4 percent, above the approved amount. The increase is mainly attributable to enhancements totaling \$2.0 million, all from the State General Fund, for cloud-based email conversion, a third sex offender program site, and continuing an Out-Of-Home Placements pilot program, a transfer from the community corrections appropriation for contract beds based on prison population projections, and higher monumental surcharge and enterprise application fees.
- **Commodities.** The agency estimates \$5.4 million for commodities. The estimate is a decrease of \$1.1 million, or 17.0 percent, below the approved amount. The decrease is predominantly due to a reduction in manufacturing supplies for Correctional Industries and inmate production materials.
- **Capital Outlay.** The agency estimates \$2.0 million for capital outlay. The estimate is an increase of \$1.5 million, or 321.2 percent, above the approved amount. The increase is primarily attributable to supplementals totaling \$1.1 million, all from the State General Fund, for replacing vehicles, numerous IT upgrades, and new equipment for Correctional Industries.

- **Aid to Local Units.** The agency estimates \$48.7 million for aid to local units. The estimate is an increase of \$1.7 million, or 3.6 percent, above the approved amount. The increase is mainly due to the agency anticipating federal reimbursements for administration services that were not being previously provided, partially offset by transfers to the Topeka Parole Office for rent and monumental surcharge, agency expenditures for contract beds, and the food service contract for an increase in pricing.
- **Other Assistance.** The agency estimates \$24.5 million for other assistance. The estimate is a decrease of \$2.0 million, or 7.4 percent, below the approved amount. The decrease is predominantly attributable to reduced expenditures for juvenile Out-Of-Home Placements caseloads.

The **agency** estimates revised FY 2017 total expenditures for all DOC facilities of \$196.7 million, including \$194.6 million from the State General Fund. The estimate is an increase of \$2.9 million, or 1.5 percent, including a State General Fund increase of \$3.0 million, or 1.6 percent, above the approved amount. The State General Fund increase is attributable to supplemental requests from the El Dorado Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Larned Correctional Mental Health Facility, Topeka Correctional Facility, and Winfield Correctional Facility. The all funds increase is due to capital improvement expenditures based on the Department of Corrections System's five year capital improvement plan. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 3,170.5 FTE positions, which is a decrease of 2.0 FTE positions below the approved amount. The agency converted FTE positions from classified to unclassified non-FTE service, partially offset by El Dorado's supplemental which includes 17.0 FTE positions.

The **Governor** recommends FY 2017 total expenditures for DOC Central Office of \$208.7 million, including \$167.7 million from the State General Fund. The recommendation is a decrease of \$8.2 million, or 3.8 percent, including a State General Fund decrease of \$7.8 million, or 4.4 percent, below the agency's estimate. The decrease is attributable to the Governor not recommending any of the agency's supplemental requests (\$5.1 million, all from the State General Fund), fall consensus caseload estimates (\$1.5 million, including \$673,000 from the State General Fund), and operating reductions for community corrections (\$1.1 million, all from the State General Fund) and graduated sanctions (\$1.0 million, all from the State General Fund), partially offset by a transfer from the Correctional Industries Fund for the food service contract based on prison population projections. The Governor concurs with the agency's FTE estimate.

The **Governor** recommends FY 2017 total expenditures for all DOC facilities of \$193.6 million, including \$191.5 million from the State General Fund. The recommendation is a decrease of \$3.1 million, or 1.6 percent, all from the State General Fund, below the agency's estimate. The decrease is due to the Governor not recommending any of the facility supplemental requests. The recommendation includes 3,153.5 FTE positions, which is a decrease of 17.0 FTE positions below the agency's estimate. The decrease is part of the Governor not recommending El Dorado Correctional Facility's supplemental request.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Central Office	\$ 5,061,592	\$ 5,061,592	0.0	\$ 0	\$ 447,350	0.0
EDCF	1,535,948	1,535,948	17.0	0	0	0.0
HCF	84,000	84,000	0.0	0	0	0.0
LCF	695,395	695,395	0.0	0	0	0.0
LCMHF	130,850	130,850	0.0	0	0	0.0
TCF	250,825	250,825	0.0	0	0	0.0
WCF	386,258	386,258	0.0	0	0	0.0
TOTAL	\$ 8,144,868	\$ 8,144,868	17.0	\$ 0	\$ 447,350	0.0

The **agency** requests supplementals totaling \$8.1 million, all from the State General Fund, and 17.0 FTE positions. The supplemental requests for FY 2017 are outlined below by facility.

- **Central Office.** The agency requests supplementals totaling \$5.1 million, all from the State General Fund. The request includes replacing five vehicles, cloud-based email conversion, Corrections KPERs conversion for qualified parole and juvenile corrections employees, numerous IT upgrades, and a third sex offender program site.
- **El Dorado Correctional Facility.** The agency requests supplementals totaling \$1.5 million, all from the State General Fund, for three vehicle replacements, new security equipment, a new washer and four new dryers, new IT equipment, and 17.0 new FTE positions and applicable equipment to properly enforce the Prison Rape Elimination Act (PREA).
- **Hutchinson Correctional Facility.** The agency requests a supplemental of \$84,000, all from the State General Fund, for three new vehicle replacements.
- **Lansing Correctional Facility.** The agency requests supplementals totaling \$695,395, all from the State General Fund, for new facility capital outlay including laundry and maintenance products, new IT equipment, and five vehicle replacements.
- **Larned Correctional Mental Health Facility.** The agency requests supplementals totaling \$130,850, all from the State General Fund, for IT equipment upgrades and five vehicle replacements.
- **Topeka Correctional Facility.** The agency requests supplementals totaling \$250,825, all from the State General Fund, for replacing a high capacity washer, five vehicle replacements, new IT equipment, and a new package scanner.
- **Winfield Correctional Facility.** The agency requests supplementals totaling \$386,258, all from the State General Fund, for utility expenses for a new building

at the Kansas Veterans' Home, six vehicle replacements, and IT equipment replacement.

The **Governor** recommends \$447,350, all from the Correctional Industries Fund. After the agency submitted its budget, up-to-date prison population projections revealed a shortfall in the agency's food service contract. The Governor recommends a transfer from the Correctional Industries Fund in order to fully fund food services for the agency. The Governor does not recommend funding any facility supplemental requests.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	91.8 %	91.6 %
Federal Funds	1.7	1.6
Correctional Industries	2.6	2.7
All Other Funds	3.9	4.1
TOTAL	100.0 %	100.0 %

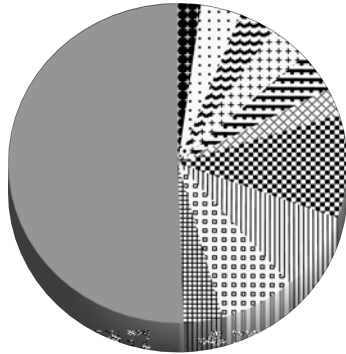
Note: Details may not add to totals due to rounding.

FACILITY DETAIL

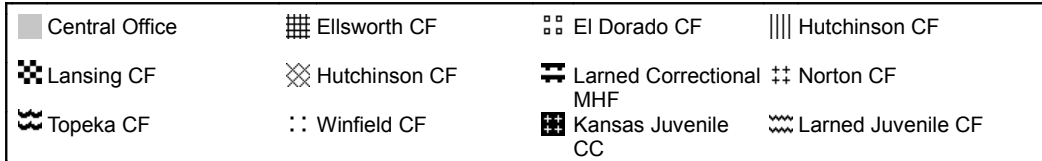
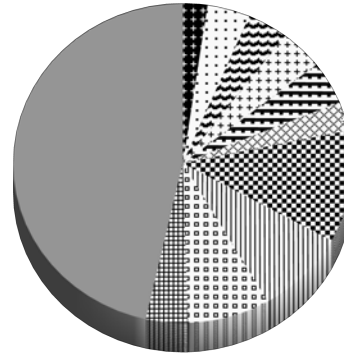
Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



State General Fund



Facility	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Central Office	\$ 198,039,791	50.6 %	\$ 167,281,703	46.6 %
Ellsworth CF	14,401,751	3.7	14,334,891	4.0
El Dorado CF	28,357,847	7.2	28,337,847	7.9
Hutchinson CF	31,209,634	8.0	31,024,792	8.6
Lansing CF	41,067,744	10.5	40,727,744	11.4
Larned Correctional MHF	10,636,969	2.7	10,625,969	3.0
Norton CF	15,741,132	4.0	15,568,713	4.3
Topeka CF	15,309,656	3.9	14,865,914	4.1
Winfield CF	13,280,277	3.4	12,997,184	3.6
Kansas Juvenile CC	15,095,507	3.9	14,655,013	4.1
Larned Juvenile CF	8,492,598	2.2	8,395,936	2.3
TOTAL	\$ 391,632,906	100.0 %	\$ 358,815,706	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Central Office	320.0	298.0	298.0	298.0	298.0
Ellsworth CF	232.0	235.0	235.0	235.0	235.0
El Dorado CF	483.0	480.0	480.0	497.0	480.0
Hutchinson CF	504.0	501.0	501.0	501.0	501.0
Lansing CF	681.0	678.0	678.0	678.0	678.0
Larned Correctional MHF	184.0	184.0	184.0	184.0	184.0
Norton CF	262.0	261.0	261.0	261.0	261.0
Topeka CF	255.0	255.0	255.0	255.0	255.0
Winfield CF	198.0	197.0	197.0	197.0	197.0
Kansas Juvenile CC	236.5	226.5	226.5	226.5	226.5
Larned Juvenile CF	137.0	136.0	136.0	136.0	136.0
TOTAL	3,492.5	3,451.5	3,451.5	3,468.5	3,451.5

A. Administration

The Administration program includes the activities of the Secretary of Corrections and other administrative and support personnel for the operation of the Department of Corrections and the management and oversight of correctional facilities and programs providing services to inmates, parolees, and other offenders. The program also includes information systems and communications personnel who are responsible for planning, operation, and support of all technology and telecommunications functions.

ADMINISTRATION
SUMMARY OF EXPENDITURES FY 2015 – FY 2017

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 7,088,098	\$ 6,831,882	\$ 6,831,882	\$ 7,070,869	\$ 7,070,869
Contractual Services	4,292,390	4,941,414	4,565,020	5,198,777	4,482,885
Commodities	140,152	129,975	129,975	110,296	110,296
Capital Outlay	634,487	0	0	1,105,700	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,155,127</i>	<i>\$ 11,903,271</i>	<i>\$ 11,526,877</i>	<i>\$ 13,485,642</i>	<i>\$ 11,664,050</i>
Aid to Local Units	6,000	0	0	0	0
Other Assistance	109,229	84,444	84,444	84,444	84,444
TOTAL	\$ 12,270,356	\$ 11,987,715	\$ 11,611,321	\$ 13,570,086	\$ 11,748,494
Financing:					
State General Fund	\$ 11,149,463	\$ 10,125,762	\$ 9,749,368	\$ 11,696,412	\$ 9,874,820
All Other Funds	1,120,893	1,861,953	1,861,953	1,873,674	1,873,674
TOTAL	\$ 12,270,356	\$ 11,987,715	\$ 11,611,321	\$ 13,570,086	\$ 11,748,494
FTE Positions	71.0	69.0	69.0	69.0	69.0
Non-FTE Uncl. Perm. Pos.	37.0	42.0	42.0	42.0	42.0
TOTAL	108.0	111.0	111.0	111.0	111.0

The **agency** estimates revised FY 2017 operating expenditures of \$13.6 million, including \$11.7 million from the State General Fund. The estimate is an increase of \$2.7 million, or 24.9 percent, including a State General Fund increase of \$2.3 million, or 25.1 percent, above the approved amount. The estimate includes supplementals totaling \$1.8 million, all from the State General Fund, for cloud-based email conversion, IT upgrades for bandwidth and security, server replacements, replacement of 25.0 percent of the agency's total IT equipment, and five vehicle replacements. **Absent the supplementals**, the agency estimates operating expenditures of \$11.7 million, including \$9.9 million from the State General Fund. The estimate includes 69.0 FTE positions, which is 3.0 FTE positions below the approved amount. The agency converted FTE positions to non-FTE positions. The major changes for FY 2017 are outlined below.

- **Salaries and Wages.** The agency estimates \$7.1 million in salaries and wages. The estimate is an increase of \$49,622, or 0.7 percent, above the approved amount. The increase is mainly due to a reduced salaries and wages shrinkage rate.
- **Contractual Services.** The agency estimates \$5.2 million for contractual services. The estimate is an increase of \$2.1 million, or 68.0 percent, above the approved amount. The increase is primarily attributable to an enhancement of \$715,892, all from the State General Fund, for cloud-based email conversion, a transfer from the community corrections appropriation for contract beds based on prison population projections, and higher monumental surcharge and enterprise

application fees. **Absent the supplemental**, the agency estimates \$4.5 million for contractual services.

- **Commodities.** The agency estimates \$110,296 for commodities. The estimate is a decrease of \$127,238, or 53.6 percent, below the approved amount. The decrease is due to a reduction in inmate production supplies.
- **Capital Outlay.** The agency estimates \$1.1 million for capital outlay. The estimate is an increase of \$721,375, or 187.7 percent, above the approved amount. The increase is attributable to supplementals totaling \$1.1 million, all from the State General Fund, for IT upgrades for bandwidth and security, server replacements, replacement of 25.0 percent of the agency's total IT equipment, and five vehicle replacements. **Absent the supplementals**, the agency does not estimate any capital outlay expenditures.

The **Governor** recommends operating expenditures of \$11.7 million, including \$9.9 million from the State General Fund. The recommendation is a decrease of \$1.8 million, or 13.4 percent, all from the State General Fund, below the agency's estimate. The decrease is due to the Governor not recommending the agency's supplemental request. The Governor concurs with the agency's FTE estimate.

B. Community Supervision

The Community Supervision program consists of correctional programs, services, and sanctions that are administered in the community rather than a correctional facility. Offenders covered under the program include probationers and those sentenced under the alternative drug sentencing policy (2003 SB 123) as well as offenders who have been released from correctional facilities on parole. In addition to supervision and assessment of probationers and parolees, the program also operates residential facilities for adult felony probationers designed to increase accountability by helping offenders find employment and develop good work habits. The community corrections subprogram (2007 SB 14) is a grant program administered at the county level, and currently there are 31 community corrections agencies across the state.

**COMMUNITY SUPERVISION
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 11,837,926	\$ 8,873,105	\$ 8,873,105	\$ 9,872,645	\$ 9,152,645
Contractual Services	3,311,311	2,351,308	2,351,308	2,348,839	2,348,839
Commodities	214,283	178,589	178,589	165,302	165,302
Capital Outlay	186,172	50,000	50,000	50,000	50,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$15,549,692</i>	<i>\$ 11,453,002</i>	<i>\$ 11,453,002</i>	<i>\$ 12,436,786</i>	<i>\$ 11,716,786</i>
Aid to Local Units	22,039,368	22,249,777	22,249,777	23,543,746	22,492,277
Other Assistance	613,815	195,837	195,837	195,837	195,837
TOTAL	<u>\$38,202,875</u>	<u>\$ 33,898,616</u>	<u>\$ 33,898,616</u>	<u>\$ 36,176,369</u>	<u>\$ 34,404,900</u>
Financing:					
State General Fund	\$34,562,069	\$ 30,766,888	\$ 30,766,888	\$ 33,031,308	\$ 31,259,839
All Other Funds	3,640,806	3,131,728	3,131,728	3,145,061	3,145,061
TOTAL	<u>\$38,202,875</u>	<u>\$ 33,898,616</u>	<u>\$ 33,898,616</u>	<u>\$ 36,176,369</u>	<u>\$ 34,404,900</u>
FTE Positions	153.0	152.0	152.0	152.0	152.0
Non-FTE Uncl. Perm. Pos.	63.0	15.0	15.0	15.0	15.0
TOTAL	<u>216.0</u>	<u>167.0</u>	<u>167.0</u>	<u>167.0</u>	<u>167.0</u>

The **agency** estimates revised FY 2017 operating expenditures of \$36.2 million, including \$33.0 million from the State General Fund. The estimate is a decrease of \$3.3 million, or 8.5 percent, including a State General Fund decrease of \$3.2 million, or 8.8 percent, below the approved amount. The estimate includes a supplemental of \$720,000, all from the State General Fund, for transferring parole officers, parole supervisors, and special agents to KPERS Corrections - Group A. **Absent the supplemental**, the agency estimates operating expenditures of \$35.5 million, including \$32.3 million from the State General Fund. The estimate includes 167.0 total positions, which is a decrease of 1.0 FTE position and 48.0 non-FTE unclassified positions, below the approved amount. The decrease is due to the agency consolidating the Re-Entry Services program with the Offender Programs program. The major changes for FY 2017 are outlined below.

- **Salaries and Wages.** The agency estimates \$9.9 million for salaries and wages. The estimate is a decrease of \$2.2 million, or 18.0 percent, below the approved amount. The decrease is primarily attributable to the agency consolidating the Re-Entry Services program with the Offender Programs program, partially offset by a supplemental of \$720,000, all from the State General Fund, for transferring parole officers, parole supervisors, and special agents to KPERS Corrections - Group A.
- **Contractual Services.** The agency estimates \$2.3 million for contractual services. The estimate is a decrease of \$534,566, or 18.5 percent, below the approved amount. The decrease is predominantly due to the agency

consolidating the Re-Entry Services program with the Offender Programs program.

- **Commodities.** The agency estimates \$165,302 for commodities. The estimate is a decrease of \$68,073, or 29.2 percent, below the approved amount. The decrease is mainly due to the agency consolidating the Re-Entry Services program with the Offender Programs program and a reduction in inmate drug testing supplies.
- **Capital Outlay.** The agency estimates \$50,000 for capital outlay. The estimate is a decrease of \$10,000, or 16.7 percent, below the approved amount. The decrease is attributable to purchasing less security equipment for parole officers.
- **Aid to Local Units.** The agency estimates \$23.5 million for aid to local units. The estimate is a decrease of \$515,004, or 2.1 percent, below the approved amount. The decrease is due to transfers to the Topeka Parole Office for rent and monumental surcharge, agency operating expenditures for contract beds, and the food service contract for an increase in pricing.
- **Other Assistance.** The agency estimates \$195,837 for other assistance. The estimate is a decrease of \$47,386, or 19.5 percent, below the approved amount. The decrease is primarily attributable to the agency consolidating the Re-Entry Services program with the Offender Programs program.

The **Governor** recommends operating expenditures of \$34.4 million, including \$31.3 million from the State General Fund. The recommendation is a decrease of \$1.8 million, or 4.9 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the agency's supplement request for parole officers and reducing community corrections funding by \$1.1 million. The Governor concurs with the agency's FTE estimate.

C. Inmate Health Care

Inmate health care is provided for by a new all-inclusive contract with Corizon. The contract covers medical, dental, and mental health services for all inmates and juveniles. The department entered into a nine and a half year contract with Corizon that became effective on January 1, 2014, and comes with four renewal options beginning on July 1, 2015. Due to changes in Medicaid and Health Resources and Services Administration requirements that took effect January 1, 2014, the previous contract with Correct Care Solutions was terminated early and expired on December 31, 2013. Included in the Inmate Health Care program are expenditures for Medicaid services billed to the federal government.

**INMATE HEALTH CARE
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,595,146	\$ 1,313,093	\$ 1,313,093	\$ 1,359,067	\$ 1,359,067
Contractual Services	54,954,387	58,612,079	58,612,079	61,495,649	61,495,649
Commodities	97,862	0	0	0	0
Capital Outlay	419,243	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 57,066,638</i>	<i>\$ 59,925,172</i>	<i>\$ 59,925,172</i>	<i>\$ 62,854,716</i>	<i>\$ 62,854,716</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	449,328	1,052,632	1,052,632	1,053,259	1,053,259
TOTAL	\$ 57,515,966	\$ 60,977,804	\$ 60,977,804	\$ 63,907,975	\$ 63,907,975
Financing:					
State General Fund	\$ 56,668,178	\$ 60,080,217	\$ 60,080,217	\$ 62,998,035	\$ 62,998,035
All Other Funds	847,788	897,587	897,587	909,940	909,940
TOTAL	\$ 57,515,966	\$ 60,977,804	\$ 60,977,804	\$ 63,907,975	\$ 63,907,975
FTE Positions	27.0	20.0	20.0	20.0	20.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	27.0	20.0	20.0	20.0	20.0

The **agency** estimates revised FY 2017 operating expenditures of \$63.9 million, including \$63.0 million from the State General Fund. The estimate is a decrease of \$15,060, or less than 0.1 percent, below the approved amount. The decrease is attributable to 7.0 FTE positions converting from state employees to Corizon employees (provider of inmate health care services). The agency converts positions to Corizon as they become vacant and deducts those salaries from the total the agency continues to pay.

The **Governor** concurs with agency's estimate.

D. Juvenile Services

The Juvenile Services division was established following the merger of JJA and DOC on July 1, 2013. This division is responsible for administering state and federal funds and coordinating with other agencies for the operation of a continuum of juvenile justice services statewide. Kansas juvenile justice reform efforts of the mid 1990s established the foundation upon which services are delivered today. Services are delivered through grants to local boards of county commissioners for the development, implementation, operation, and improvement of community based juvenile justice programs through contracts for community placements, grants for the operation of psychiatric residential treatment facilities, and the operation of two state juvenile correction facilities (JCF). The JCFs submit separate agency budgets. The Juvenile Services program also provides technical assistance and support, consultation, oversight, resources, and training to enhance successful partnerships with local juvenile justice stakeholders for the implementation and operation of comprehensive juvenile justice services in the community.

**JUVENILE SERVICES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,035,564	\$ 1,144,057	\$ 1,144,057	\$ 2,402,065	\$ 1,182,065
Contractual Services	609,472	1,062,491	1,062,491	1,562,586	562,586
Commodities	47,870	13,275	13,275	2,491	2,491
Capital Outlay	70,747	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,763,653</i>	<i>\$ 2,219,823</i>	<i>\$ 2,219,823</i>	<i>\$ 3,967,142</i>	<i>\$ 1,747,142</i>
Aid to Local Units	24,507,883	23,850,643	23,850,643	25,137,833	24,137,833
Other Assistance	22,179,169	23,057,000	21,759,000	23,124,000	21,594,000
TOTAL	<u>\$ 48,450,705</u>	<u>\$ 49,127,466</u>	<u>\$ 47,829,466</u>	<u>\$ 52,228,975</u>	<u>\$ 47,478,975</u>
Financing:					
State General Fund	\$ 42,094,381	\$ 42,189,972	\$ 41,619,972	\$ 43,566,555	\$ 39,673,555
All Other Funds	6,356,324	6,937,494	6,209,494	8,662,420	7,805,420
TOTAL	<u>\$ 48,450,705</u>	<u>\$ 49,127,466</u>	<u>\$ 47,829,466</u>	<u>\$ 52,228,975</u>	<u>\$ 47,478,975</u>
FTE Positions	11.0	9.0	9.0	9.0	9.0
Non-FTE Uncl. Perm. Pos.	6.0	9.0	9.0	9.0	9.0
TOTAL	<u>17.0</u>	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>

The **agency** estimates revised FY 2017 operating expenditures of \$52.2 million, including \$43.6 million from the State General Fund. The estimate is an increase of \$2.7 million, or 5.4 percent, including a State General Fund increase of \$2.3 million, or 5.5 percent, above the approved amount. The increase is mainly due to supplementals totaling \$2.2 million, all from the State General Fund, for transferring juvenile correctional officers and qualified non-uniformed staff to KPERS Corrections - Group A and continuance of the Functional Family Therapy pilot program the 2015 Legislature appropriated \$500,000, all from the State General Fund, in FY 2016 for Out-Of-Home Placements. **Absent the supplementals**, the agency estimates operating expenditures of \$50.0 million, including \$41.3 million from the State General Fund. The estimate includes 9.0 FTE positions, which is 2.0 less FTE positions than the approved amount. The agency converted FTE positions to non-FTE positions. The major changes for FY 2017 are outlined below.

- **Salaries and Wages.** The agency estimates \$2.4 million for salaries and wages. The estimate is an increase of \$1.4 million, or 133.6 percent, above the approved amount. The increase is primarily attributable to a supplemental for KPERS Corrections and increased employee health care costs.
- **Contractual Services.** The agency estimates \$1.6 million for contractual services. The estimate is an increase of \$999,986, or 177.7 percent, above the approved amount. The increase is due to a supplemental of \$1.0 million, all from the State General Fund, for continuing an Out-Of-Home Placements program.

- **Commodities.** The agency estimates \$2,491 for commodities. The estimate is a decrease of \$3,705, or 59.8 percent, below the approved amount. The agency reduced commodities expenditures to stay within their appropriation.
- **Aid to Local Units.** The agency estimates \$25.1 million for aid to local units. The estimate is an increase of \$2.2 million, or 9.6 percent, above the approved amount. The increase is predominantly attributable to the agency anticipating federal reimbursements for administration services that were not being previously provided.
- **Other Assistance.** The agency estimates \$23.1 million for other assistance. The estimate is a decrease of \$1.9 million, or 7.6 percent, below the approved amount. The decrease is primarily due to reduced expenditures for juvenile Out-Of-Home Placements caseloads.

The **Governor** recommends operating expenditures of \$47.5 million, including \$39.7 million from the State General Fund. The recommendation is a decrease of \$4.8 million, or 9.1 percent, including a State General Fund decrease of \$3.9 million, or 8.9 percent, below the agency's estimate. The decrease is due to the Governor not recommending any of the agency's supplemental requests, Fall Consensus Caseload estimates, and a reduction in graduated sanctions. The Governor concurs with the agency's FTE estimate.

E. Offender Programs

Offender programs provide direct program services to inmates and parolees. The agency bases its plan of treatment and programs on what is termed the evidence-based research literature, which identifies basic principles for guiding effective correctional programs and practice. As a result, the agency strives to provide the following services and programs to as many offenders as is financially possible, if those offenders are identified as capable of benefiting from the services or programs based on these guiding principles: (1) Special, vocational, and academic education; (2) Substance abuse treatment for incarcerated offenders; (3) Community-based resources to assist offenders when they transition back into the community (Community Based Intermediate Treatment, Outpatient Treatment, and Community Residential Beds); (4) Sex offender treatment services; and (5) Other programs. Starting in FY 2016, the Department of Corrections has combined the Re-Entry Services program with Offender programs. Due to the similar goals of both programs, the agency sought more efficient budgeting, tracking, and reporting of expenditures related to the successful reintegration of offenders into society.

**OFFENDER PROGRAMS
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,698,356	\$ 4,506,802	\$ 4,506,802	\$ 4,624,176	\$ 4,624,176
Contractual Services	6,291,071	7,667,570	7,667,570	7,730,327	7,430,327
Commodities	2,870	10,684	10,684	10,788	10,788
Capital Outlay	9,390	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,001,687</i>	<i>\$ 12,185,056</i>	<i>\$ 12,185,056</i>	<i>\$ 12,365,291</i>	<i>\$ 12,065,291</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	50,000	50,000	50,000	50,000
TOTAL	\$ 8,001,687	\$ 12,235,056	\$ 12,235,056	\$ 12,415,291	\$ 12,115,291
Financing:					
State General Fund	\$ 3,999,803	\$ 7,316,361	\$ 7,316,361	\$ 7,490,450	\$ 7,190,450
All Other Funds	4,001,884	4,918,695	4,918,695	4,924,841	4,924,841
TOTAL	\$ 8,001,687	\$ 12,235,056	\$ 12,235,056	\$ 12,415,291	\$ 12,115,291
FTE Positions	1.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	35.0	83.0	83.0	83.0	83.0
TOTAL	36.0	85.0	85.0	85.0	85.0

The **agency** estimates revised FY 2017 operating expenditures of \$12.4 million, including \$7.5 million from the State General Fund. The estimate is an increase of \$2.7 million, or 27.7 percent, including a State General Fund increase of \$3.5 million, or 89.7 percent, above the approved amount. The estimate includes 85.0 total positions, which is an increase of 49.0 positions above the approved amount. The increase in funding and positions is predominantly attributable to the agency consolidating the Re-Entry Services program into the Offender Programs program and a supplemental of \$300,000, all from the State General Fund, for a third sex offender program site to ensure the agency can reach every sex offender being released with the Sex Offender Treatment Program. **Absent the supplemental**, the agency estimates operating expenditures of \$12.1 million, including \$7.2 million from the State General Fund.

The **Governor** recommends operating expenditures of \$12.1 million, including \$7.2 million from the State General Fund. The recommendation is a decrease of \$300,000, or 2.4 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request. The Governor concurs with the agency's FTE estimate.

F. Victim Services

The Victim Services program provides services to victims of crimes and inmates in DOC. These services include notification of changes in offender status, apology repository, public comment session advocacy, tours, victim/offender dialogue, visitation screenings, cease correspondence orders, safety planning/family reintegration, parole violation hearings, and victim impact classes.

VICTIM SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 634,801	\$ 651,627	\$ 651,627	\$ 615,964	\$ 615,964
Contractual Services	21,555	20,540	20,540	20,540	20,540
Commodities	4,894	4,900	4,900	4,900	4,900
Capital Outlay	1,152	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 662,402</i>	<i>\$ 677,067</i>	<i>\$ 677,067</i>	<i>\$ 641,404</i>	<i>\$ 641,404</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	14,605	0	0	0	0
TOTAL	\$ 677,007	\$ 677,067	\$ 677,067	\$ 641,404	\$ 641,404
Financing:					
State General Fund	\$ 353,138	\$ 362,971	\$ 362,971	\$ 374,409	\$ 374,409
All Other Funds	323,869	314,096	314,096	266,995	266,995
TOTAL	\$ 677,007	\$ 677,067	\$ 677,067	\$ 641,404	\$ 641,404
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	12.0	12.0	12.0	11.0	11.0
TOTAL	12.0	12.0	12.0	11.0	11.0

The **agency** estimates revised FY 2017 operating expenditures of \$641,404, including \$374,409 from the State General Fund. The estimate is an overall decrease of \$60,349, or 8.6 percent, below the approved amount, partially offset by a State General Fund increase of \$22,122, or 6.3 percent. The decrease is due to the projected end of the Violence Against Women Act grant which was funding 1.0 unclassified non-FTE position.

The **Governor** concurs with the agency's estimate.

G. Prisoner Review Board

The Prisoner Review Board was created in 2011 through Executive Reorganization Order No. 34, which abolished the Parole Board and transferred its duties and powers to the Prisoner Review Board. The Board consists of three members who conduct parole suitability hearings, final violation hearings and revocation consideration, public comment sessions, and other duties. The Chairperson is a full-time employee while the two other members served part-time on the Board while performing other duties within the agency until April 15, 2012. All three members are now full-time employees.

**PRISONER REVIEW BOARD
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 409,858	\$ 403,567	\$ 403,567	\$ 417,692	\$ 417,692
Contractual Services	11,966	12,175	12,175	12,175	12,175
Commodities	1,411	1,500	1,500	1,500	1,500
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 423,235</i>	<i>\$ 417,242</i>	<i>\$ 417,242</i>	<i>\$ 431,367</i>	<i>\$ 431,367</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 423,235	\$ 417,242	\$ 417,242	\$ 431,367	\$ 431,367
Financing:					
State General Fund	\$ 326,282	\$ 320,394	\$ 320,394	\$ 330,978	\$ 330,978
All Other Funds	96,953	96,848	96,848	100,389	100,389
TOTAL	\$ 423,235	\$ 417,242	\$ 417,242	\$ 431,367	\$ 431,367
FTE Positions	3.0	3.0	3.0	3.0	3.0
Non-FTE Uncl. Perm. Pos.	3.0	3.0	3.0	3.0	3.0
TOTAL	6.0	6.0	6.0	6.0	6.0

The **agency** estimates revised FY 2017 operating expenditures of \$431,367, including \$330,978 from the State General Fund. The estimate is a decrease of \$12,959, or 2.9 percent, including a State General Fund decrease of \$13,202, or 3.8 percent, below the approved amount. The estimate includes 3.0 FTE positions, which is the same as the approved amount. The decrease in funding is mainly attributable to reduced salaries for staff retirements and cost indices for commodities, partially offset by an increase in contractual services for in-state travel and training costs.

The **Governor** concurs with the agency's estimate.

H. Food Services Contract

The Department of Corrections entered into a contract with ARAMARK Correctional Services, Inc., in July 1997. ARAMARK is responsible for all labor, food, supplies, and other materials required for the delivery of food services at all of the correctional facilities with the exception of Larned Correctional Mental Health Facility. At Larned Correctional Mental Health Facility, ARAMARK is responsible for labor only as the meals are prepared for Larned Correctional Mental Health Facility by Larned State Hospital. The current contract with ARAMARK was renegotiated in 2011 and will run through 2022.

FY 2016 Food Service Contract - Agency Estimate				
Facilities	8,989 ADP x 3 x 365 =	9,842,955 meals x \$1.480/meal	\$	14,567,573
Larned Correctional Mental Health Facility		365 days x 573.00/day		209,145
Monitor Meals		36,500 meals x 1.25/meal		45,625
Equipment Maintenance and Replacement Fund				300,000
TOTAL			\$	15,122,343

The **agency** estimates revised FY 2016 operating expenditures of \$15.1 million, including \$15.1 million from the State General Fund. The estimate is an increase of \$132,149, or 0.9 percent, including a State General Fund increase of \$126,255, or 0.8 percent, above the FY 2016 approved amount. The increase is due to a meal price increase of 2.9 percent.

The **Governor** recommends operating expenditures of \$15.7 million, including \$15.1 million from the State General Fund. The recommendation is an increase of \$625,615, or 4.1 percent, all from special revenue funds, above the agency's estimate. The Governor recommends a supplemental of \$625,615, all from the Correctional Industries Fund, based off of projected inmate population projections.

FY 2017 Food Service Contract - Agency Estimate				
Facilities	8,998 ADP x 3 x 365 =	9,852,810 meals x \$1.510/meal	\$	14,873,802
Larned Correctional Mental Health Facility		365 days x 584.46/day		213,328
Monitor Meals		36,500 meals x 1.25/meal		45,625
Equipment Maintenance and Replacement Fund				300,000
TOTAL			\$	15,432,755

The **agency** estimates FY 2017 operating expenditures of \$15.4 million, all from the State General Fund. The estimate is an increase of \$134,926, or 0.9 percent, above the FY 2016 approved amount. The increase is due to a meal price increase of 2.0 percent.

The **Governor** recommends operating expenditures of \$15.9 million, including \$15.4 million from the State General Fund. The recommendation is an increase of \$447,350, or 2.9 percent, all from special revenue funds, above the agency's estimate. The Governor recommends a supplemental of \$447,350, all from the Correctional Industries Fund, based off of projected inmate population projections.

I. Correctional Industries

Kansas Correctional Industries (KCI) manufactures a variety of products at correctional facilities using inmate labor. These products are sold to government units or not-for-profit organizations. KCI employs 11.0 percent of the total inmate population. Approximately 60.0 percent of sales are with other state agencies, with the balance divided among the other eligible organizations.

**CORRECTIONAL INDUSTRIES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,166,130	\$ 3,202,200	\$ 3,202,200	\$ 3,378,640	\$ 3,378,640
Contractual Services	1,339,746	1,324,642	1,324,642	1,222,441	1,222,441
Commodities	4,673,043	4,910,199	4,910,199	5,114,536	5,114,536
Capital Outlay	1,205,323	1,101,973	1,101,973	848,481	848,481
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 10,384,242</i>	<i>\$ 10,539,014</i>	<i>\$ 10,539,014</i>	<i>\$ 10,564,098</i>	<i>\$ 10,564,098</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	12,509	6,856	6,856	1,720	1,720
TOTAL	\$ 10,396,751	\$ 10,545,870	\$ 10,545,870	\$ 10,565,818	\$ 10,565,818
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	10,396,751	10,545,870	10,545,870	10,565,818	10,565,818
TOTAL	\$ 10,396,751	\$ 10,545,870	\$ 10,545,870	\$ 10,565,818	\$ 10,565,818
FTE Positions	54.0	43.0	43.0	43.0	43.0
Non-FTE Uncl. Perm. Pos.	4.0	14.0	14.0	14.0	14.0
TOTAL	58.0	57.0	57.0	57.0	57.0

The **agency** estimates revised FY 2017 operating expenditures of \$10.6 million, all from special revenue funds. The estimate is a decrease of \$191,966, or 1.8 percent, below the approved amount. The estimate includes 43.0 FTE positions, which is 6.0 FTE positions below the approved amount. The agency converted FTE positions to non-FTE positions. The major changes for FY 2017 are outlined below.

- **Salaries and Wages.** The agency estimates \$3.4 million for salaries and wages. The estimate is a decrease of \$164,320, or 4.6 percent, below the approved amount. The decrease is primarily attributable to lower than projected employee health care costs and KPERS employer contribution amounts.
- **Contractual Services.** The agency estimates \$1.2 million for contractual services. The estimate is an increase of \$78,065, or 6.8 percent, above the approved amount. The increase is mainly due to farming and fabric services and workers compensation rates for working inmates.
- **Commodities.** The agency estimates \$5.1 million for commodities. The estimate is a decrease of \$910,422, or 15.1 percent, below the approved amount. The decrease is predominantly attributable to a reduction in manufacturing supplies.
- **Capital Outlay.** The agency estimates \$848,481 for capital outlay. The estimate is an increase of \$816,981, or 2,593.6 percent, above the approved amount. The agency states it will need equipment replacement for the Metal Products division,

the Lansing and Hutchinson warehouses, the Textiles division, and the print shop.

The **Governor** concurs with the agency's estimate.

J. Debt Service

The Department of Corrections is responsible for managing the construction and financing of facilities' structures throughout the state correctional system. The interest payments on the system's debt is funded under the Department's operations budget.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	2,728,848	1,062,462	1,062,462	865,462	865,462
<i>Subtotal - Operations</i>	<i>\$ 2,728,848</i>	<i>\$ 1,062,462</i>	<i>\$ 1,062,462</i>	<i>\$ 865,462</i>	<i>\$ 865,462</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,728,848	\$ 1,062,462	\$ 1,062,462	\$ 865,462	\$ 865,462
Financing:					
State General Fund	\$ 329,128	\$ 183,137	\$ 183,137	\$ 146,862	\$ 146,862
All Other Funds	2,399,720	879,325	879,325	718,600	718,600
TOTAL	\$ 2,728,848	\$ 1,062,462	\$ 1,062,462	\$ 865,462	\$ 865,462
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0

The **agency** estimates operating expenditures of \$865,462, including \$146,862 from the State General Fund for FY 2017. This is the same as the approved amount. The interest payments are in accordance with established schedules and cover three different bonds.

The **Governor** concurs with the agency's estimate.

K. Ellsworth Correctional Facility

Planning for Ellsworth Correctional Facility began in 1986 in response to the need for additional bed space due to a rapidly increasing inmate population. The first inmate was received in August 1988. Expansion projects were completed in the 632-bed medium and minimum-custody facility for male offenders in 1995 at a total construction cost of \$19.7 million.

The 2000 Legislature approved expenditures of \$6.1 million for the construction of a 100-cell housing unit at the facility. Due to the need for medium custody beds, the KDOC has opted to house 200 medium-custody inmates in the unit that was completed in May 2002. Also constructed during this time, using Violent Offender Incarceration/Truth in Sentencing funds and ten percent state matching funds, was the expansion (completed in March 2002) of the existing warehouse, a Staff Development building completed in September 2002, and an Industrial Building completed in November 2002.

In June 2002, the InnerChange Freedom Initiative (IFI) was transferred from the Winfield Correctional Facility to Ellsworth Correctional Facility. Working with the State of Kansas and Prison Fellowship, IFI advances the KDOC objectives of rehabilitation and recidivism reduction by exposing offenders to work, education, support groups, and victim-offender reconciliation.

ELLSWORTH CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 11,497,904	\$ 11,731,215	\$ 11,731,215	\$ 11,986,707	\$ 11,986,707
Contractual Services	1,308,342	1,431,900	1,431,900	1,468,075	1,468,075
Commodities	819,328	962,249	962,249	943,563	943,563
Capital Outlay	717,968	0	0	0	0
Debt Service	1,720	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 14,345,262</i>	<i>\$ 14,125,364</i>	<i>\$ 14,125,364</i>	<i>\$ 14,398,345</i>	<i>\$ 14,398,345</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	18,212	11,074	11,074	3,406	3,406
TOTAL	\$ 14,363,474	\$ 14,136,438	\$ 14,136,438	\$ 14,401,751	\$ 14,401,751
Financing:					
State General Fund	\$ 14,344,625	\$ 14,071,934	\$ 14,071,934	\$ 14,334,891	\$ 14,334,891
All Other Funds	18,849	64,504	64,504	66,860	66,860
TOTAL	\$ 14,363,474	\$ 14,136,438	\$ 14,136,438	\$ 14,401,751	\$ 14,401,751
FTE Positions	232.0	235.0	235.0	235.0	235.0
Non-FTE Uncl. Perm. Pos.	3.0	0.0	0.0	0.0	0.0
TOTAL	235.0	235.0	235.0	235.0	235.0

The **agency** estimates revised FY 2016 operating expenditures of \$14.1 million, including \$14.1 million from the State General Fund. The estimate is the same as the approved amount. The agency increased salaries and wages expenditures by reducing its shrinkage rate and offset the costs primarily by reducing advertising and clothing expenditures. The estimate includes 235.0 FTE positions, which is 3.0 more FTE positions than the approved amount. The agency converted 3.0 unclassified positions to classified positions to accurately reflect it's FTE total.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$14.4 million, including \$14.3 million from the State General Fund. The estimate is the same as the approved amount. The agency increased salaries and wages expenditures by reducing its shrinkage rate and offset the costs mainly by reduced workers compensation and employee health care costs, lower advertising expenditures, and decreased cost estimates for commodities. The estimate includes 235.0 FTE positions, which is 3.0 more FTE positions than the approved amount. The agency converted 3.0 unclassified positions to classified positions to accurately reflect its FTE total.

The **Governor** concurs with the agency's FY 2017 estimate.

L. El Dorado Correctional Facility

The 1989 Legislature authorized the construction of the El Dorado Correctional Facility at a cost of \$58.0 million. Initially built with a capacity of 640 beds, a multi-housing dormitory was added in 1995 and two additional cell houses were added in 2001 at a cost of \$17.5 million, bringing the capacity at the Central Unit to 1,365 inmates.

El Dorado Correctional Facility houses special management, maximum, medium and minimum-custody inmates. Two of the Central Unit's five cell houses are designated for long-term involuntary segregation inmates in single cells. For security and control reasons, these inmates cannot be maintained in general population status at any other correctional facility. A third Central Unit cell house is available as needed for segregation purposes and an Intensive Management Unit (IMU) was added in January 2003. The addition divides the cell house's inmate capacity equally between segregation inmates and IMU inmates. The other two Central Unit cell houses provide medium-custody beds.

The Reception and Diagnostic Unit (RDU) became the state's central intake point for all male offenders committed to the custody of the Secretary of Corrections. Inmates are classified at the maximum-custody level until they are processed, evaluated, classified, and designated to be delivered to one of the state's correctional facilities. The transfer of the RDU center from the Topeka Correctional Facility began in 1998 when the Legislature appropriated funds to plan construction of two new housing units and the RDU transfer. The effort continued until 2002 when full-year RDU funding was placed in the El Dorado Correctional Facility budget.

**EL DORADO CORRECTIONAL FACILITY
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 23,701,241	\$ 23,094,909	\$ 23,094,909	\$ 25,038,649	\$ 24,187,184
Contractual Services	2,588,951	2,684,057	2,684,057	2,673,988	2,638,988
Commodities	1,543,109	1,589,391	1,589,391	1,642,368	1,530,107
Capital Outlay	364,223	315,399	315,399	537,222	0
Debt Service	7,237	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 28,204,761</i>	<i>\$ 27,683,756</i>	<i>\$ 27,683,756</i>	<i>\$ 29,892,227</i>	<i>\$ 28,356,279</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	9,608	6,274	6,274	1,568	1,568
TOTAL	\$ 28,214,369	\$ 27,690,030	\$ 27,690,030	\$ 29,893,795	\$ 28,357,847
Financing:					
State General Fund	\$ 28,172,721	\$ 27,669,908	\$ 27,669,908	\$ 29,873,795	\$ 28,337,847
All Other Funds	41,648	20,122	20,122	20,000	20,000
TOTAL	\$ 28,214,369	\$ 27,690,030	\$ 27,690,030	\$ 29,893,795	\$ 28,357,847
FTE Positions	483.0	480.0	480.0	497.0	480.0
Non-FTE Uncl. Perm. Pos.	2.0	5.0	5.0	5.0	5.0
TOTAL	485.0	485.0	485.0	502.0	485.0

The **agency** estimates revised FY 2016 operating expenditures of \$27.7 million, including \$27.7 million from the State General Fund. The estimate is an increase of \$122, or less than 0.1 percent, below the approved amount. The agency increased expenditures for utility costs, vehicle replacements, and facility supplies and offset the costs by decreased salaries and wages expenditures due to staff retirements and cost estimates for commodities. The estimate includes 480.0 FTE positions, which is a decrease of 3.0 FTE positions below the approved amount. The agency converted 3.0 positions from FTE positions to non-FTE positions.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$29.9 million, including \$29.9 million from the State General Fund. The estimate is an increase of \$1.5 million, or 5.4 percent, all from the State General Fund, above the approved amount. The estimate includes 497.0 FTE positions, which is an increase of 17.0 positions above the approved amount. The increase in funding and FTE positions is attributable to supplementals totaling \$1.5 million, all from the State General Fund, for three vehicle replacements, new security equipment, a new washer and four new dryers, new IT equipment, and 17.0 new FTE positions and applicable equipment to properly enforce the PREA. **Absent the supplementals**, the agency's estimate is the same as the approved amount.

The **Governor** recommends operating expenditures of \$28.4 million, including \$28.3 million from the State General Fund. The recommendation is a decrease of \$1.5 million, or 5.1

percent, all from the State General Fund, below the agency's estimate. The decrease is due to the Governor not recommending any of the agency's supplemental requests.

M. Hutchinson Correctional Facility

The history of Hutchinson Correctional Facility dates to 1888 when the Kansas Legislature appropriated \$1.0 million for the Kansas State Industrial Reformatory. Modeled after the Elmira Reformatory of New York, the facility's first cell house, Cell House A, was completed in 1898, which contained 200 single occupancy cells, each 40 square feet in size.

Today, Hutchinson Correctional Facility is a 1,768 bed, multi-unit correctional facility housing male inmates at the minimum, medium, and maximum security levels. The Central Unit houses maximum and medium-custody inmates in the traditional walled and secure prison environment. The East Unit is a medium-custody, fenced-in facility with several treatment programs, including the Industrial program which provides a number of inmate jobs. The South Unit is a minimum-security facility providing community service to the city of Hutchinson and other eligible organizations including several duties for the facility. The purpose of the Work Release Unit, opened in 1972 and contained in the South Unit, is to place inmates in a community job to facilitate their transition from the facility to society.

HUTCHINSON CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 25,223,022	\$ 25,569,393	\$ 25,569,393	\$ 26,487,999	\$ 26,487,999
Contractual Services	2,712,117	2,792,072	2,792,072	2,754,135	2,754,135
Commodities	2,306,840	2,012,500	2,012,500	1,967,500	1,967,500
Capital Outlay	697,493	0	0	84,000	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 30,939,472</i>	<i>\$ 30,373,965</i>	<i>\$ 30,373,965</i>	<i>\$ 31,293,634</i>	<i>\$ 31,209,634</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	26,101	17,000	17,000	0	0
TOTAL	<u>\$ 30,965,573</u>	<u>\$ 30,390,965</u>	<u>\$ 30,390,965</u>	<u>\$ 31,293,634</u>	<u>\$ 31,209,634</u>
Financing:					
State General Fund	\$ 30,743,038	\$ 30,211,949	\$ 30,211,949	\$ 31,108,792	\$ 31,024,792
All Other Funds	222,535	179,016	179,016	184,842	184,842
TOTAL	<u>\$ 30,965,573</u>	<u>\$ 30,390,965</u>	<u>\$ 30,390,965</u>	<u>\$ 31,293,634</u>	<u>\$ 31,209,634</u>
FTE Positions	504.0	501.0	501.0	501.0	501.0
Non-FTE Uncl. Perm. Pos.	5.0	6.0	6.0	6.0	6.0
TOTAL	<u>509.0</u>	<u>507.0</u>	<u>507.0</u>	<u>507.0</u>	<u>507.0</u>

The **agency** estimates revised FY 2016 operating expenditures of \$30.4 million, including \$30.2 million from the State General Fund. The estimate is a decrease of \$43,591, or 0.1 percent, all from special revenue funds, below the approved amount. The decrease is due to reduced general fee fund expenditures based on available revenue. The agency increased

salaries and wages expenditures by reducing its shrinkage rate and offset the costs by lowered cost estimates for commodities, inmate gratuity pay, IT services, and utilities. The estimate includes 501.0 FTE positions, which is 3.0 less FTE positions than the approved amount. The agency converted one FTE position to a non-FTE position and eliminated vacant FTE positions.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$31.3 million, including \$31.1 million from the State General Fund. The estimate is an increase of \$42,360, or 0.1 percent, including a State General Fund increase of \$84,000, or 0.3 percent, above the approved amount. The overall increase is attributable to a supplemental of \$84,000, all from the State General Fund, for three new vehicle replacements, partially offset by reduced general fee fund expenditures based on available revenue. **Absent the supplemental**, the agency's State General Fund estimate is the same as the approved amount. The agency increased salaries and wages expenditures by reducing its shrinkage rate and offset the costs by lowered cost estimates for commodities, inmate gratuity pay, IT services, and utilities. The estimate includes 501.0 FTE positions, which is 3.0 less FTE positions than the approved amount. The agency converted one FTE position to a non-FTE position and eliminated vacant FTE positions.

The **Governor** recommends FY 2017 operating expenditures of \$31.2 million, including \$31.0 million from the State General Fund. The recommendation is a decrease of \$84,000, or 0.3 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request.

N. Lansing Correctional Facility

Lansing Correctional Facility, authorized by the *Kansas Constitution* in 1859 as the Kansas State Penitentiary, is the state's largest facility for the incarceration and rehabilitation of adult male offenders at the minimum-, medium-, and maximum-custody levels. Lansing Correctional Facility is composed of three units with a total capacity of 2,405. The Central Unit has capacity for 1,038 maximum security inmates inside the walled unit that covers 2,637 acres that encompass the Facility's Central and East Units. In 1990, the name of the Kansas State Penitentiary was changed to Lansing Correctional Facility. An additional 743 beds are in the adjacent medium-custody facility. The medium security facility is a pod design rather than the traditional cell house configuration.

The Lansing Correctional Facility complex includes 128 buildings on 2,637 acres of land. The headquarters of Kansas Correctional Industries, as well as many of the Kansas Correctional Industries manufacturing shops, is located on the Lansing Correctional Facility grounds.

**LANSING CORRECTIONAL FACILITY
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 34,321,257	\$ 34,236,724	\$ 34,236,724	\$ 35,323,078	\$ 35,323,078
Contractual Services	3,560,018	3,659,187	3,659,187	3,749,024	3,749,024
Commodities	2,299,993	2,084,239	2,084,239	1,927,615	1,910,710
Capital Outlay	382,542	85,809	85,809	763,422	84,932
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 40,563,810</i>	<i>\$ 40,065,959</i>	<i>\$ 40,065,959</i>	<i>\$ 41,763,139</i>	<i>\$ 41,067,744</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	2,101	0	0	0	0
TOTAL	\$ 40,565,911	\$ 40,065,959	\$ 40,065,959	\$ 41,763,139	\$ 41,067,744
Financing:					
State General Fund	\$ 40,221,237	\$ 39,725,959	\$ 39,725,959	\$ 41,423,139	\$ 40,727,744
All Other Funds	344,674	340,000	340,000	340,000	340,000
TOTAL	\$ 40,565,911	\$ 40,065,959	\$ 40,065,959	\$ 41,763,139	\$ 41,067,744
FTE Positions	681.0	678.0	678.0	678.0	678.0
Non-FTE Uncl. Perm. Pos.	1.0	4.0	4.0	4.0	4.0
TOTAL	682.0	682.0	682.0	682.0	682.0

The **agency** estimates revised FY 2016 operating expenditures of \$40.1 million, including \$39.7 million from the State General Fund. The estimate is the same as the approved amount. The agency increased expenditures for utilities and cost estimates for commodities and offset the costs with a decrease in salaries and wages expenditures. The estimate includes 678.0 FTE positions, which is a decrease of 3.0 positions below the approved amount. The agency converted FTE positions to non-FTE positions.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$41.8 million, including \$41.4 million from the State General Fund. The estimate is an increase of \$695,395, or 1.7 percent, all from the State General Fund, above the approved amount. The increase is due to supplementals totaling \$695,395, all from the State General Fund, for new facility capital outlay including laundry and maintenance products, new IT equipment, and five vehicle replacements. **Absent the supplementals**, the agency estimates \$41.1 million, including \$40.7 million from the State General Fund. The estimate includes 678.0 FTE positions, which is a decrease of 3.0 positions below the approved amount. The agency converted FTE positions to non-FTE positions.

The **Governor** recommends FY 2017 operating expenditures of \$41.1 million including \$40.7 million from the State General Fund. The recommendation is a decrease of \$695,395, or 1.7 percent, all from the State General Fund, below the agency's estimate. The decrease is due to the Governor not recommending the agency's supplemental requests. The Governor concurs with the agency's FTE estimate.

O. Larned Correctional Mental Health Facility

Larned Correctional Mental Health Facility houses and treats inmates who are unable to function in the general population of a correctional facility for mental health reasons but are not in need of acute care or hospitalization. Inmates are referred to Larned Correctional Mental Health Facility by other correctional facilities or by the Larned State Hospital. Larned Correctional Mental Health Facility is a transitional program in which inmates enter and leave the program, rather than remaining at Larned Correctional Mental Health Facility for a specific length of time. Larned Correctional Mental Health Facility was constructed to bring the state into compliance with a United States District Court consent decree order and began receiving inmates in January 1992. The facility's Central Unit contains 150 beds with future expansion capabilities to 300 beds. In addition, the West Unit contains 288 minimum-custody beds, mostly for male inmates who provide work detail labor for Larned State Hospital and local communities. However, some beds are for inmates with medical problems or who attend a chemical dependency recovery program.

The facility has a structured three step program. Step A is the most restrictive with minimal privileges. All inmates entering the program spend at least 72 hours on this level. Step B offers increased out-of-cell time, cafeteria privileges, activity therapy and group therapy in the living unit. Step C provides access to all programs, work assignments and activities. Inmates may gain or lose step status based on program participation and behavior.

Prior to FY 2001, the Chemical Dependency program, which provides intensive evaluation and treatment for inmates, was operated by Larned State Hospital for DOC. The 2000 Legislature shifted the program and funding, including capital improvement funding of \$300,000 from the Correctional Institutions Building Fund, for renovation of space for the program at Larned Correctional Mental Health Facility.

**LARNED CORRECTIONAL MENTAL HEALTH FACILITY
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 9,248,412	\$ 9,255,105	\$ 9,255,105	\$ 9,484,070	\$ 9,484,070
Contractual Services	562,505	596,343	596,343	598,860	598,860
Commodities	738,504	543,578	543,578	552,389	552,389
Capital Outlay	83,895	0	0	130,850	0
Debt Service	329	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 10,633,645</i>	<i>\$ 10,395,026</i>	<i>\$ 10,395,026</i>	<i>\$ 10,766,169</i>	<i>\$ 10,635,319</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	7,431	6,600	6,600	1,650	1,650
TOTAL	\$ 10,641,076	\$ 10,401,626	\$ 10,401,626	\$ 10,767,819	\$ 10,636,969
Financing:					
State General Fund	\$ 10,641,076	\$ 10,401,626	\$ 10,401,626	\$ 10,756,819	\$ 10,625,969
All Other Funds	0	0	0	11,000	11,000
TOTAL	\$ 10,641,076	\$ 10,401,626	\$ 10,401,626	\$ 10,767,819	\$ 10,636,969
FTE Positions	184.0	184.0	184.0	184.0	184.0
Non-FTE Uncl. Perm. Pos.	2.0	0.0	0.0	0.0	0.0
TOTAL	186.0	184.0	184.0	184.0	184.0

The **agency** estimates revised FY 2016 operating expenditures of \$10.4 million, all from the State General Fund. The estimate is the same as the approved amount. The agency increased salaries and wages expenditures due to more budgeted overtime and reducing its shrinkage rate. The agency offset the costs by reducing expenditures for inmate gratuity pay and lowering cost estimates for commodities. The estimate includes 184.0 FTE positions, which is the same as the approved amount.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$10.8 million, including \$10.8 million from the State General Fund. The estimate is an increase of \$141,850, or 1.3 percent, including a State General Fund increase of \$130,850, or 1.2 percent, above the approved amount. The increase is attributable to supplementals totaling \$130,850, all from the State General Fund and increased expenditures from the facility's fee fund for utility costs. **Absent the supplementals**, the agency estimates \$10.6 million, including \$10.6 million from the State General Fund. The estimate includes 184.0 FTE positions, which is the same as the approved amount.

The **Governor** recommends FY 2017 operating expenditures of \$10.6 million, including \$10.6 million from the State General Fund. The recommendation is a decrease of \$130,850, or 1.2 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the agency's supplemental requests. The Governor concurs with the agency's FTE estimate.

P. Norton Correctional Facility

Norton Correctional Facility opened in 1987. Norton Correctional Facility includes a 707 bed facility that houses male offenders and occupies the buildings of the former Norton State Hospital and a 112 bed Stockton facility that was converted from a farm implement dealership building. In FY 2004, Stockton added 16 beds, raising its capacity to 128. Norton Correctional Facility currently has 537 medium- and 296 minimum-security beds for a total capacity of 835. KCI maintains its microfilming operation at Norton Correctional Facility and employs inmate labor.

NORTON CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 13,371,584	\$ 13,512,019	\$ 13,512,019	\$ 13,941,559	\$ 13,941,559
Contractual Services	1,049,923	1,062,917	1,062,917	1,074,515	1,074,515
Commodities	724,378	736,598	716,598	725,058	725,058
Capital Outlay	359,456	231,321	30,000	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 15,505,341	\$ 15,542,855	\$ 15,321,534	\$ 15,741,132	\$ 15,741,132
Aid to Local Units	0	0	0	0	0
Other Assistance	8,914	6,856	6,856	0	0
TOTAL	\$ 15,514,255	\$ 15,549,711	\$ 15,328,390	\$ 15,741,132	\$ 15,741,132
Financing:					
State General Fund	\$ 15,508,703	\$ 15,383,621	\$ 15,162,300	\$ 15,568,713	\$ 15,568,713
All Other Funds	5,552	166,090	166,090	172,419	172,419
TOTAL	\$ 15,514,255	\$ 15,549,711	\$ 15,328,390	\$ 15,741,132	\$ 15,741,132
FTE Positions	262.0	261.0	261.0	261.0	261.0
Non-FTE Uncl. Perm. Pos.	2.0	3.0	3.0	3.0	3.0
TOTAL	264.0	264.0	264.0	264.0	264.0

The **agency** estimates revised FY 2016 operating expenditures of \$15.5 million, including \$15.4 million from the State General Fund. The estimate is an increase of \$222,184, or 1.4 percent, including a State General Fund increase of \$221,321, or 1.5 percent, above the approved amount. The increase is due to supplementals totaling \$221,321, all from the State General Fund, for eight vehicle replacements, IT upgrades, and new security equipment. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The estimate includes 261.0 FTE positions, which is one less FTE position than the approved amount. The agency converted 1.0 FTE position from classified service to unclassified non-FTE service.

The **Governor** recommends FY 2016 operating expenditures of \$15.3 million, including \$15.2 million from the State General Fund. The recommendation is a decrease of \$221,321, or 1.4 percent, all from the State General Fund, below the agency's estimate. The decrease is due

to the Governor not recommending any of the agency's supplemental requests. The Governor concurs with the agency's FTE estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$15.7 million, including \$15.6 million from the State General Fund. The estimate is an increase of \$1,289, or less than 0.1 percent, all from special revenue funds, above the approved amount. The agency increased commodities expenditures and offset the increase by decreasing inmate gratuity pay expenditures and salaries and wages expenditures for employee health insurance, workers compensation costs, and projected overtime pay. The estimate includes 261.0 FTE positions, which is one less FTE position than the approved amount. The agency converted 1.0 FTE position from classified service to unclassified non-FTE service.

The **Governor** concurs with the agency's FY 2017 estimate.

Q. Topeka Correctional Facility

Topeka Correctional Facility dates back to 1961 when legislative action provided the Director of Penal Institutions the authority to convert facilities of the Topeka Technical College into a State Reception and Diagnostic Center (SRDC) with the primary function to perform evaluations of convicted offenders sentenced to the Kansas State Penitentiary and the Kansas State Industrial Reformatory. Inmate work crews from the Penitentiary performed the renovation and the first inmates were received in early 1962.

Topeka Correctional Facility is currently composed of two units, which together house all of the state's incarcerated female offenders. The A-E Compound, formerly the Topeka Technical College, consists of six minimum/medium security dormitories and currently houses up to 474 female inmates. The I-J Compound, a medium/maximum security compound located on the grounds of what was previously the SRDC, currently has a capacity of 314. The Facility's total capacity is 788.

Until March 2001, the RDU, also located on the grounds adjacent to the Central Unit, served as the state's central intake point for all male offenders committed to the custody of the Secretary of Corrections. The 1999 Legislature appropriated funds and bonding authority of \$16.0 million for the construction of two housing units and the transfer of the functions of the RDU to the El Dorado Correctional Facility. Construction was completed in Spring 2001 and the functions were transferred shortly thereafter. Female inmates continue to be evaluated at the Topeka Correctional Facility.

**TOPEKA CORRECTIONAL FACILITY
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 12,679,170	\$ 13,168,328	\$ 13,168,328	\$ 13,516,312	\$ 13,516,312
Contractual Services	1,076,951	1,117,896	1,117,896	1,140,870	1,140,870
Commodities	995,543	626,400	626,400	630,000	630,000
Capital Outlay	231,847	0	0	250,825	0
Debt Service	6,808	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 14,990,319</i>	<i>\$ 14,912,624</i>	<i>\$ 14,912,624</i>	<i>\$ 15,538,007</i>	<i>\$ 15,287,182</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	16,086	22,474	22,474	22,474	22,474
TOTAL	<u>\$ 15,006,405</u>	<u>\$ 14,935,098</u>	<u>\$ 14,935,098</u>	<u>\$ 15,560,481</u>	<u>\$ 15,309,656</u>
Financing:					
State General Fund	\$ 14,835,247	\$ 14,538,740	\$ 14,538,740	\$ 15,116,739	\$ 14,865,914
All Other Funds	171,158	396,358	396,358	443,742	443,742
TOTAL	<u>\$ 15,006,405</u>	<u>\$ 14,935,098</u>	<u>\$ 14,935,098</u>	<u>\$ 15,560,481</u>	<u>\$ 15,309,656</u>
FTE Positions	255.0	255.0	255.0	255.0	255.0
Non-FTE Uncl. Perm. Pos.	8.0	8.0	8.0	8.0	8.0
TOTAL	<u>263.0</u>	<u>263.0</u>	<u>263.0</u>	<u>263.0</u>	<u>263.0</u>

The **agency** estimates revised FY 2016 operating expenditures of \$14.9 million, including \$14.5 million from the State General Fund. The estimate is an increase of \$96,900, or 0.7 percent, all from special revenue funds, above the approved amount. The increase is attributable to higher costs for specialized repair services, utilities, and clothing, partially offset by a decrease in salaries and wages due to staff retirements. The estimate includes 255.0 FTE positions, which is the same as the approved amount.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$15.6 million, including \$15.1 million from the State General Fund. The estimate is an increase of \$145,384, or 0.9 percent, including a State General Fund increase of \$250,825, or 1.7 percent, above the approved amount. The overall increase is primarily due to supplementals totaling \$250,825, all from the State General Fund, for replacing a high capacity washer, five vehicle replacements, new IT equipment, and a new package scanner, partially offset by reducing special revenue funds expenditures based on available revenues. **Absent the supplementals**, the agency estimates \$15.3 million, including \$14.9 million from the State General Fund. The agency's State General Fund estimate is the same as the approved amount. The estimate includes 255.0 FTE positions, which is the same as the approved amount.

The **Governor** recommends FY 2017 operating expenditures of \$15.3 million, including \$14.9 million from the State General Fund. The recommendation is a decrease of \$250,825, or 1.6 percent, all from the State General Fund, below the agency's estimate. The decrease is

attributable to the Governor not recommending the agency's supplemental requests. The Governor concurs with the agency's FTE estimate.

R. Winfield Correctional Facility

Winfield Correctional Facility is a minimum-custody facility for male inmates established in 1984. Until 1986, the facility served as a pre-release center but has since been renovated and remodeled to house 520 inmates in dormitory like settings. During FY 2004, 16 beds were added to C Dorm and 18 in B Dorm, bringing the total capacity to 554. During the 1995 Legislative Session, funds were appropriated to renovate two buildings formerly used by the Winfield State Hospital and Training Center. In 1997, the Legislature appropriated funds to renovate and reoccupy one of the Winfield Correctional Facility dormitories, which reopened in the same year.

In September 1996, DOC shifted the Wichita Work Release Facility and its budget from DOC Central Office to the Winfield Correctional Facility office. The work release's 250-bed capacity increased the total capacity for the combined operation to 804.

WINFIELD CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 10,740,236	\$ 10,613,281	\$ 10,613,281	\$ 10,959,457	\$ 10,959,457
Contractual Services	1,569,011	1,854,932	1,751,572	1,953,056	1,754,540
Commodities	668,738	582,888	582,888	561,036	561,036
Capital Outlay	185,247	0	0	187,742	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 13,163,232</i>	<i>\$ 13,051,101</i>	<i>\$ 12,947,741</i>	<i>\$ 13,661,291</i>	<i>\$ 13,275,033</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	55,992	25,583	25,583	5,244	5,244
TOTAL	\$ 13,219,224	\$ 13,076,684	\$ 12,973,324	\$ 13,666,535	\$ 13,280,277
Financing:					
State General Fund	\$ 12,936,939	\$ 12,802,815	\$ 12,699,455	\$ 13,383,442	\$ 12,997,184
All Other Funds	282,285	273,869	273,869	283,093	283,093
TOTAL	\$ 13,219,224	\$ 13,076,684	\$ 12,973,324	\$ 13,666,535	\$ 13,280,277
FTE Positions	198.0	197.0	197.0	197.0	197.0
Non-FTE Uncl. Perm. Pos.	3.0	4.0	4.0	4.0	4.0
TOTAL	201.0	201.0	201.0	201.0	201.0

The **agency** estimates revised FY 2016 operating expenditures of \$13.1 million, including \$12.8 million from the State General Fund. The estimate is an increase of \$96,092, or 0.7 percent, including a State General Fund increase of \$103,360, or 0.8 percent, above the approved amount. The increase is due to a supplemental totaling \$103,360, all from the State General Fund, for utility expenses for a new building at the Kansas Veterans' Home, partially offset by reduced fee fund expenditures based on available revenues. **Absent the**

supplemental, the agency's State General Fund estimate is the same as the approved amount. The agency increased salaries and wages expenditures by reducing its shrinkage rate and offset the increase by reducing cost estimates for commodities and other facility utility costs. The estimate includes 197.0 FTE positions, which is 1.0 less FTE position than the approved amount. The agency converted 1.0 FTE position from classified service to unclassified non-FTE service.

The **Governor** recommends FY 2016 operating expenditures of \$13.0 million, including \$12.7 million from the State General Fund. The recommendation is a decrease of \$103,360, or 0.8 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request. The Governor concurs with the agency's FTE estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$13.7 million, including \$13.4 million from the State General Fund. The estimate is an increase of \$377,788, or 2.8 percent, including a State General Fund increase of \$386,258, or 3.0 percent, above the approved amount. The increase is due to supplementals totaling \$386,258, all from the State General Fund, for utility expenses for a new building at the Kansas Veterans' Home, six vehicle replacements, and IT equipment replacement, partially offset by reduced fee fund expenditures based on available revenues. **Absent the supplementals**, the agency's State General Fund estimate is the same as the approved amount. The agency increased salaries and wages expenditures by reducing its shrinkage rate and offset the increase by reducing cost estimates for commodities and other facility utility costs. The estimate includes 197.0 FTE positions, which is 1.0 less FTE position than the approved amount. The agency converted 1.0 FTE position from classified service to unclassified non-FTE service.

The **Governor** recommends FY 2017 operating expenditures of \$13.3 million, including \$13.0 million from the State General Fund. The recommendation is a decrease of \$386,258, or 2.8 percent, all from the State General Fund, below the agency's estimate. The decrease is attributable to the Governor not recommending the agency's supplemental requests. The Governor concurs with the agency's FTE estimate.

S. Kansas Juvenile Correctional Complex

The State's first institution for juvenile rehabilitation was established in Topeka. In 1879, the Legislature provided for the selection of a site for a "state reform school," under the control of State Charitable Institutions, with statutory authority contained in KSA 76-2101 *et seq.* Subsequent name changes in 1901 and 1974 occurred, and the facility became known as the "Youth Center at Topeka," until the Juvenile Justice Authority assumed responsibility for operations in July 1997. Executive Reorganization Order No. 42 abolished the Juvenile Justice Authority and moved control of the facility to the Department of Corrections.

The Kansas Juvenile Correctional Complex is one of two juvenile corrections facilities in the Department of Corrections, and provides maximum and medium security beds for the following individuals.

- Adjudicated juveniles committed as juvenile offenders;
- Extended jurisdiction juveniles;
- Youth committed to the Secretary of Corrections; and
- Juvenile felons between the ages of 10 and 22½.

The Kansas Juvenile Correctional Complex facility is divided into an east campus and a west campus and is composed of five general areas: the diagnostic/classification area, maximum- and medium-security housing for male residents, secure female housing in the stand-alone Q/R/S/T building on the east campus, central programs areas, and administrative/support areas. All facility components are located within a secure perimeter fence, with the exception of administration and some general service areas. The facility is currently funded to operate 235 beds.

KANSAS JUVENILE CORRECTIONAL COMPLEX SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 11,282,500	\$ 11,252,357	\$ 11,252,357	\$ 11,585,557	\$ 11,585,557
Contractual Services	3,124,352	3,226,399	3,226,399	3,255,512	3,255,512
Commodities	370,138	365,095	365,095	250,778	250,778
Capital Outlay	191,977	28,500	28,500	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 14,968,967</i>	<i>\$ 14,872,351</i>	<i>\$ 14,872,351</i>	<i>\$ 15,091,847</i>	<i>\$ 15,091,847</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	29,817	15,684	15,684	3,660	3,660
TOTAL	\$ 14,998,784	\$ 14,888,035	\$ 14,888,035	\$ 15,095,507	\$ 15,095,507
Financing:					
State General Fund	\$ 14,610,350	\$ 14,455,172	\$ 14,455,172	\$ 14,655,013	\$ 14,655,013
All Other Funds	388,434	432,863	432,863	440,494	440,494
TOTAL	\$ 14,998,784	\$ 14,888,035	\$ 14,888,035	\$ 15,095,507	\$ 15,095,507
FTE Positions	236.5	226.5	226.5	226.5	226.5
Non-FTE Uncl. Perm. Pos.	6.0	6.0	6.0	6.0	6.0
TOTAL	242.5	232.5	232.5	232.5	232.5

The **agency** estimates revised FY 2016 operating expenditures of \$14.9 million, including \$14.5 million from the State General Fund. The estimate is a decrease of \$37,137, or 0.2 percent, all from special revenue funds, below the approved amount. The agency's State General Fund estimate is the same as the approved amount. The agency increased expenditures for salaries and wages by reducing its shrinkage rate and cost estimates for commodities and offset the increases by reducing educational services expenditures based on up-to-date enrollment projections. The estimate includes 226.5 FTE positions, which is a decrease of 10.0 FTE positions below the approved amount due to the agency eliminating vacant positions.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$15.1 million, including \$14.7 million from the State General Fund. The estimate is a decrease of \$18,721, or 0.1 percent, all from special revenue funds, below the approved amount. The agency's State General Fund estimate is the same as the approved amount. The agency increased expenditures for salaries and wages by reducing its shrinkage rate and offset the costs by reducing projected work study wages for juvenile offenders, cost estimates for commodities,

eliminating capital outlay expenditures, and reducing educational services expenditures based on up-to-date enrollment projections. The estimate includes 226.5 FTE positions, which is a decrease of 10.0 FTE positions below the approved amount due to the agency eliminating vacant positions.

The **Governor** concurs with the agency's FY 2017 estimate.

T. Larned Juvenile Correctional Facility

Larned Juvenile Correctional Facility is one of two state juvenile correctional facilities in Kansas providing custody and care for adjudicated juveniles. The facility is administered by the Department of Corrections and operates as a medium- and maximum-security facility.

LARNED JUVENILE CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 6,469,707	\$ 6,509,122	\$ 6,509,122	\$ 6,755,235	\$ 6,755,235
Contractual Services	1,606,169	1,521,721	1,521,721	1,521,721	1,521,721
Commodities	334,897	211,000	211,000	211,000	211,000
Capital Outlay	160,414	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,571,187</i>	<i>\$ 8,241,843</i>	<i>\$ 8,241,843</i>	<i>\$ 8,487,956</i>	<i>\$ 8,487,956</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	24,219	18,821	18,821	4,642	4,642
TOTAL	\$ 8,595,406	\$ 8,260,664	\$ 8,260,664	\$ 8,492,598	\$ 8,492,598
Financing:					
State General Fund	\$ 8,470,797	\$ 8,164,002	\$ 8,164,002	\$ 8,395,936	\$ 8,395,936
All Other Funds	124,609	96,662	96,662	96,662	96,662
TOTAL	\$ 8,595,406	\$ 8,260,664	\$ 8,260,664	\$ 8,492,598	\$ 8,492,598
FTE Positions	137.0	136.0	136.0	136.0	136.0
Non-FTE Uncl. Perm. Pos.	4.0	4.0	4.0	4.0	4.0
TOTAL	141.0	140.0	140.0	140.0	140.0

The **agency** estimates revised FY 2016 operating expenditures of \$8.3 million, including \$8.2 million from the State General Fund. The estimate is an increase of \$7,844, or less than 0.1 percent, all from special revenue funds, above the approved amount. The all funds increase is attributable to the agency receiving more federal funding than originally anticipated. The agency increased expenditures for salaries and wages by reducing its shrinkage rate and offset the increase by lowering educational services expenditures based on up-to-date enrollment projections. The estimate includes 136.0 FTE positions, which is 1.0 less FTE position than the approved amount. The decrease accurately reflects the agency's current FTE total.

The **Governor** concurs with the agency's FY 2016 estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$8.5 million, including \$8.4 million from the State General Fund. The estimate is an increase of \$7,844, or less than 0.1 percent, all from special revenue funds, above the approved amount. The all funds increase is attributable to the agency receiving more federal funding than originally anticipated. The agency increased expenditures for salaries and wages by reducing its shrinkage rate and offset the costs by lowering educational services expenditures based on up-to-date enrollment projections. The estimate includes 136.0 FTE positions, which is 1.0 less FTE position than the approved amount. The decrease accurately reflects the agency's current FTE total.

The **Governor** concurs with the agency's FY 2017 estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Central Office	\$ 12,168,139	\$ 12,168,139	\$ 10,641,936	\$ 10,641,936
Ellsworth CF	270,797	270,797	0	0
El Dorado CF	305,603	305,603	0	0
Hutchinson CF	532,386	532,386	0	0
Lansing CF	492,247	492,247	0	0
Larned Correctional MHF	378,640	378,640	0	0
Norton CF	243,515	243,515	0	0
Topeka CF	551,448	551,448	0	0
Winfield CF	146,739	146,739	0	0
Kansas Juvenile CC	35,362	35,362	0	0
Larned Juvenile CF	561,825	561,825	0	0
TOTAL	\$ 15,686,701	\$ 15,686,701	\$ 10,641,936	\$ 10,641,936
Financing:				
State General Fund	\$ 335,000	\$ 335,000	\$ 370,000	\$ 370,000
All Other Funds	15,351,701	15,351,701	10,271,936	10,271,936
TOTAL	\$ 15,686,701	\$ 15,686,701	\$ 10,641,936	\$ 10,641,936

FY 2016 – Current Year. The agency estimates revised FY 2016 capital improvement expenditures of \$15.7 million, including \$335,000 from the State General Fund. All capital improvement projects are in accordance with the agency's five year capital improvements plan. Major changes in FY 2016 are outlined below by facility.

- Central Office.** The agency estimates revised FY 2016 capital improvement expenditures of \$12.2 million, including \$335,000 from the State General Fund. The estimate is an increase of \$2.0 million, or 19.8 percent, all from special revenue funds, above the approved amount. The estimate includes debt service principal payments totaling \$4.1 million, including \$335,000 from the State General Fund, for three different bonds and rehabilitation and repair expenditures totaling \$5.9 million, all from special revenue funds, for projects in accordance with the agency's five year capital improvements plan. The overall increase is primarily due to additional Correctional Industries projects being completed at Lansing Correctional Facility and Hutchinson Correctional Facility.
- Ellsworth Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$270,797, all from the Correctional Institutions Building Fund. The estimate is an increase of \$270,797, or 100.0 percent, above the approved amount. Major projects include renovating the facility's clinic and replacing secure touchscreens in one of the cell houses.

- **El Dorado Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$305,603, all from the Correctional Institutions Building Fund. The estimate is an increase of \$305,603, or 100.0 percent, above the approved amount. Major projects include upgrading the facility's security cameras and new package scanners.
- **Hutchinson Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$532,386, all from the Correctional Institutions Building Fund. The estimate is an increase of \$532,386, or 100.0 percent, above the approved amount. Major projects include replacing a sally port and new cell house cameras.
- **Lansing Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$492,247, all from the Correctional Institutions Building Fund. The estimate is an increase of \$492,247, or 100.0 percent, above the approved amount. Major projects include a new emergency power project and a new fire alarm in the service building.
- **Larned Correctional Mental Health Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$378,640, all from the Correctional Institutions Building Fund. The estimate is an increase of \$378,640, or 100.0 percent, above the approved amount. Major projects include a security gate upgrade project and upgrades to one of the facility's boilers.
- **Norton Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$243,515, all from the Correctional Institutions Building Fund. The estimate is an increase of \$243,515, or 100.0 percent, above the approved amount. Major projects include upgrading the facility's lift station, new laundry equipment, and a new sally port building.
- **Topeka Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$551,448, all from the Correctional Institutions Building Fund. The estimate is an increase of \$551,448, or 100.0 percent, above the approved amount. Major projects include renovating J dormitory and upgrading the agency's electrical power grid.
- **Winfield Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$146,739, all from the Correctional Institutions Building Fund. The estimate is an increase of \$146,736, or 100.0 percent, above the approved amount. Major projects include a new concrete parking lot, new surveillance cameras, and new security doors.
- **Kansas Juvenile Correctional Complex.** The agency estimates FY 2016 capital improvement expenditures of \$35,362, all from the State Institutions Building Fund. The estimate is an increase of \$35,362, or 100.0 percent, above the approved amount. Major projects include a fire alarm upgrade and replacing two security doors.
- **Larned Juvenile Correctional Facility.** The agency estimates FY 2016 capital improvement expenditures of \$561,825, all from the State Institutions Building

Fund. The estimate is an increase of \$561,825, or 100.0 percent, above the approved amount. Major projects include retrofitting a metal roof and constructing a new warehouse.

The **Governor** concurs with the agency's capital improvements estimate.

FY 2017 – Budget Year. The agency estimates revised FY 2017 capital improvement expenditures of \$10.6 million, including \$370,000 from the State General Fund. Capital improvement expenditures for FY 2017 for the facilities will be made at the discretion of the Department of Corrections' Central Office. Major changes for FY 2017 are outlined below.

- **Central Office.** The agency estimates revised FY 2017 capital improvement expenditures of \$10.6 million, including \$370,000 from the State General Fund. The estimate is an increase of \$870,000, or 8.9 percent, all from special revenue funds, above the approved amount. The estimate includes debt service principal payments totaling \$4.3 million, including \$370,000 from the State General Fund, for three different bonds and rehabilitation and repair expenditures totaling \$4.6 million, all from special revenue funds, for projects in accordance with the agency's five year capital improvements plan. The overall increase is primarily due to additional projects being completed at Correctional Industries facilities including a new Administration Building and private industries building for a future employer. The agency also requests \$24.9 million in bonding authority to construct two new cell houses at the El Dorado Correctional Facility.

The **Governor** concurs with the agency's capital improvements estimate.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Department of Corrections Central Office				
<i>Operations</i>				
Number of security audits conducted	10	9	10	5
Number of sanitation and safety inspections conducted	10	9	10	10
Number of Community Correction programs requiring technical assistance and oversight by Central Administration	31	31	31	31
<i>Community Supervision</i>				
Community corrections average daily population	12,011	11,771	11,942	12,234
Number of offenders on parole/post-release supervision whose status has been revoked as a result of a condition violation	1,240	1,230	1,218	1,229
<i>Treatment and Programs</i>				
Number of GED program participants	576	388	388	388
Number of vocational program participants	953	317	317	317
Number of special education participants	27	209	209	209
<i>Juvenile Services</i>				
Number of residential provider site visits conducted	26	27	26	26
Number of training sessions provided to agency stakeholders	36	3	26	26
Number of community supervision plans reviewed	267	267	179	179
<i>Prisoner Review Board</i>				
Number of release plan reviews	4,153	5,000	5,000	5,000
<i>Special Programs</i>				
Number of victims who registered for services	--	29,906	31,000	32,000
Number of victims who received services	12,000	8,776	10,500	11,000
<i>Kansas Correctional Industries</i>				
Inmates participating in traditional industries program (ADP)	326	303	303	303
Inmates participating in private industry program (ADP)	915	837	837	837
Ellsworth Correctional Facility				
Number of inmate on inmate batteries	--	15	20	20
Number of inmate assaults on staff	9	8	8	5
EI Dorado Correctional Facility				
Number of inmate on inmate batteries	--	19	25	26
Number of inmate assaults on staff	31	23	36	44
Hutchinson Correctional Facility				
Number of inmate on inmate batteries	--	5	4	4
Number of inmate assaults on staff	36	53	36	36
Lansing Correctional Facility				
Number of inmate on inmate batteries	--	82	79	77
Number of inmate assaults on staff	6	7	5	5
Larned Correctional Mental Health Facility				
Number of inmate on inmate batteries	--	33	28	28
Number of inmate assaults on staff	114	102	95	85
Norton Correctional Facility				
Number of inmates transported	--	930	994	994
Number of miles traveled	--	68,082	65,000	65,000

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Topeka Correctional Facility				
Number of inmate on inmate batteries	--	33	27	27
Number of inmate assaults on staff	4	25	10	10
Winfield Correctional Facility				
Percentage of inmates available for work who are employed	--	90.0%	90.0%	90.0%
Percentage of inmates unemployed because of no jobs available	--	5.0%	7.0%	7.0%
Kansas Juvenile Correctional Complex				
Percent of offenders who showed improvement on standardized academic instruments	75.0%	62.0%	75.0%	75.0%
Percent of juveniles who successfully complete substance abuse treatment	89.0%	28.0%	70.0%	75.0%
Percent of juveniles who successfully complete sex offender treatment	--	87.5%	85.0%	85.0%
Larned Juvenile Correctional Facility				
Percent of offenders who showed improvements on standardized academic instruments in reading	72.0%	71.0%	70.0%	70.0%
Percent of juveniles who successfully complete substance abuse treatment	89.0%	52.0%	60.0%	60.0%
Percent of juveniles who successfully complete sex offender treatment	--	100.0%	90.0%	90.0%

ADJUTANT GENERAL'S DEPARTMENT

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 5,368,224	\$ 7,792,526	\$ 7,989,936	\$ 6,723,789	\$ 6,045,207
Other Funds	34,445,818	39,806,404	39,806,404	37,039,556	37,039,556
TOTAL	\$ 39,814,042	\$ 47,598,930	\$ 47,796,340	\$ 43,763,345	\$ 43,084,763
Capital Improvements:					
State General Fund	\$ 2,748,052	\$ 1,775,459	\$ 1,149,482	\$ 1,658,618	\$ 1,181,689
Other Funds	6,872,142	1,342,298	779,482	1,350,761	776,689
TOTAL	\$ 9,620,194	\$ 3,117,757	\$ 1,928,964	\$ 3,009,379	\$ 1,958,378
GRAND TOTAL	\$ 49,434,236	\$ 50,716,687	\$ 49,725,304	\$ 46,772,724	\$ 45,043,141
Percentage Change:					
Operating Expenditures					
State General Fund	(40.1) %	45.2 %	48.8 %	(13.7) %	(24.3) %
All Funds	(28.1)	19.6	20.0	(8.1)	(9.9)
FTE Positions	185.5	158.5	157.5	134.5	132.5
Non-FTE Perm.Uncl.Pos.	263.6	135.0	135.0	133.0	133.0
TOTAL	449.1	293.5	292.5	267.5	265.5

AGENCY OVERVIEW

The Adjutant General's Department provides for the organization and readiness training of the Kansas Air and Army National Guard, implementation of statewide Emergency Management programs, and Homeland Security for Kansas. The Adjutant General is the Governor's appointed military chief of staff, commanding the National Guard. He also serves as Director of Kansas Emergency Management and Director of Kansas Homeland Security. The Kansas National Guard has over 7,200 members across the state working in full-time civilian jobs and performing federal military duty on scheduled training weekends and summer camps. The agency assists Kansans during events such as winter storms, floods, tornadoes, wild fires, electrical power failures, hazardous material incidents, droughts, dam failures, radiological incidents, urban fires, earthquakes, or any other disaster or civil disturbance, including terrorism.

MAJOR ISSUES FROM PRIOR YEARS

The 2007 Legislature:

- Added a total of \$6.6 million, all from the Statewide Maintenance and Disaster Relief Fund, for hazard mitigation, including language making the expenditure of \$1.6 million for the creation of a Fusion Center. A Fusion Center is a multi-agency team providing homeland security information and analysis; and
- Added \$9.0 million in bonding authority for the creation of the Great Plains Regional Training Center in Salina.

The 2008 Legislature:

- Added \$55.0 million, including \$10.1 million from the State General Fund, for disaster assistance funding in FY 2008, to provide additional assistance required for current expenditure estimates related to the December 2007 ice storm;
- Added \$500,000, all from the State General Fund, in FY 2008 for National Guard death benefits for the families of two National Guard members killed as a result of federal active duty in a combat zone;
- Added \$100,000, all from the State General Fund, in FY 2009 to be used for planning purposes for the creation of the Great Plains Regional Training Site No. 1; and
- Changed the position name of the “Homeland Security Regional Coordinators” to “Regional Emergency Management Coordinators.”

The 2009 Legislature:

- Added \$12.75 million, including \$1.50 million from the State General Fund, for disaster relief in FY 2009, and language to reappropriate any remaining funds in the disaster relief account to FY 2010;
- Added \$250,000, all from the State General Fund, in FY 2009 for a death benefit for one family of a National Guard member killed as a result of federal active duty in a combat zone;
- The Governor recommended special one-time transfers of \$1.9 million, from the Adjutant General Expense Fund – Hazardous Mitigation sub-fund and \$319,657 from the National Guard Life Insurance Premium Reimbursement Payment Fund to the State General Fund. The Legislature accepted the Governor’s recommendation;
- Added \$66.5 million, including \$7.8 million from the State General Fund, for disaster assistance funding for payments on open disasters in FY 2010;

- Added an additional \$157.3 million, including \$18.5 million from the State General Fund, in FY 2010 for disaster relief expenditures for electric cooperatives related to the December 2007 ice storm;
- Reduced the agency's budget by 1.25 percent, during the regular session, as part of an across the board reduction to the Governor's FY 2009 recommended State General Fund operating expenditures excluding debt service payments and caseload estimates in FY 2009 (\$324,446) and FY 2010 (\$324,446); and
- Reduced the agency's budget by 2.75 percent, during Omnibus, as part of an across the board reduction to the Governor's FY 2010 recommended State General Fund operating expenditures excluding debt service payments and caseload estimates in FY 2010 (\$1.2 million, including \$358,727 from the State General Fund).

The 2010 Legislature:

- Added \$459,357, all from the National Guard Museum Assistance Fund, in FY 2010 for the 35th Infantry Division museum expansion. In addition, \$459,357 was transferred from the State General Fund to the National Guard Museum Assistance Fund in FY 2010;
- Added \$101.0 million, including \$10.2 million from the State General Fund, towards disaster relief payments on eleven open disasters in FY 2011; and
- During the 2010 Interim, the State Finance Council authorized expenditures of \$9.0 million, all from the State Emergency Fund, in FY 2011 for the cost of weather-related disasters. These funds allowed the agency to expend \$90.0 million towards disaster relief (\$9.0 million state's share, \$13.5 million local share, \$67.5 million federal match). KSA 75-3712 provides that the State Finance Council may authorize expenditures from the State Emergency Fund, not to exceed \$10.0 million.

The 2011 Legislature:

- Approved federal funds expenditures of \$40.0 million in FY 2011, and \$25.5 million in FY 2012 for the architectural, engineering, and construction costs of the Wichita Field Maintenance Shop and Armory. The 100.0 percent federally funded Armory and Field Maintenance Shop in Wichita houses the 287th Sustainment Brigade;
- Added \$40.0 million, including \$4.0 million from the State General Fund, for disaster relief expenditures in FY 2012;
- Approved a reduced resources budget for FY 2012, which was an all funds reduction of \$458,141, and a State General Fund reduction of \$254,141. State General Fund expenditure reductions across the agency's programs were: \$20,997 from the Administration Program; \$65,108 from the State Military Program; and \$168,036, from the Physical Plant Program;

- Approved reducing the agency's FTE limitation by 20.0 vacant FTE positions, from 219.0 to 199.0 FTE positions in FY 2012; and
- During the 2011 Interim, the State Finance Council authorized expenditures of \$10.0 million, all from the State Emergency Fund, in FY 2012 for the cost of weather-related disasters. These funds allow the agency to expend \$100.0 million towards disaster relief (\$10.0 million state's share, \$15.0 million local share, and \$75.0 million federal match). KSA 75-3712 provides that the State Finance Council may authorize expenditures from the State Emergency Fund, not to exceed \$10.0 million, in a given fiscal year.

The 2013 Legislature:

- Added \$651,428, all from special revenue funds, and 3.0 FTE positions to transfer emergency response deployment personnel and resources from the Kansas Department of Transportation to the Adjutant General from FY 2013 to FY 2015;
- Added \$63,680, including \$141,869 from the State General Fund, to reduce reliance on federal funds in order to support the operations of the Kansas Fusion Center in FY 2014;
- Added \$199,234, including \$180,370 from the State General Fund, for utilities and maintenance at the Wichita Readiness Center in FY 2014;
- Added \$75,620, all from the State General Fund, for crisis city sustainment and to fund a 0.5 FTE position in FY 2014;
- Deleted \$71,002, all from the State General Fund, to reduce operating expenditures in FY 2014; and
- Transferred \$270,670, from the State Highway Fund, to a newly created special revenue fund for the Office of Emergency Communications in FY 2014 and FY 2015.

The 2014 Legislature:

- Added \$155,168 in FY 2014 and \$151,168 in FY 2015, all from special revenue funds, for collecting information from emergency first responders regarding equipment needed for mobile data communications;
- Deleted 15.0 vacant FTE positions in FY 2014 and FY 2015;
- Lapsed \$3.0 million, all from the Disaster Relief Account, in FY 2014; and
- Created and appropriated the Geological Survey Fund as a no limit fund and transferred \$160,000, all from the Disaster Relief Account, to the Geological Survey Fund in FY 2014.

The 2015 Legislature:

- Added \$270,690, all from the Emergency Communications Fund, to provide continued funding for the Office of Emergency Communications for FY 2016 and FY 2017. The source of this funding comes via a transfer from the State Highway Fund;
- Added \$70,811, including \$35,406 from the State General Fund, for FY 2016, and \$74,143, including \$37,070 from the State General Fund, for FY 2017 for an additional non-FTE emergency planner position;
- Added \$82,228 for FY 2016 and \$86,124 for FY 2017, all from the State General Fund, for an additional non-FTE Fusion Center analyst position;
- Added \$472,000, all from the State General Fund, for FY 2016, to fund the design of a new State Emergency Operations and Training Center at the Forbes Field, 190th Air Wing property;
- Added \$163,688 for FY 2016 and \$162,489 for FY 2017, all from the State General Fund, to provide a base level of funding for rehabilitation and repair projects; and
- Deleted \$1.6 million for FY 2016, and added \$244,940 for FY 2017, all from the State General Fund, to provide for new expenditures related to debt service refunding which occurred in FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised FY 2016 estimate totaling \$50.7 million, including \$9.6 million from the State General Fund, which is an all funds increase of \$7.6 million, or 17.6 percent, and a State General Fund decrease of \$1.1 million, or 9.9 percent, from the current approved amounts for FY 2016. The agency's FY 2016 revised estimate includes supplemental funding requests totaling \$1.7 million, including \$1.1 million from the State General Fund. The FY 2016 revised estimate includes 158.5 FTE positions, which is an increase of 11.0 FTE positions above the amount approved by the 2015 Legislature. One of these FTE positions is requested as part of the agency's 2016 supplemental requests, but the agency states that the remaining 10.0 positions are due to an overestimation in the number of FTE positions that would be reduced as part of the closure of the Kansas Readiness Sustainment and Maintenance Site (RSMS) program, and that these maintained positions are federally funded.

The **agency's** revised estimate includes capital improvement expenditures totaling \$3.1 million, including \$1.8 million from the State General Fund, in FY 2016. The revised estimate includes \$870,000, all from the State General Fund for debt service principal payments, and \$2.2 million, including \$905,459 from the State General Fund for projects in FY 2016.

The **Governor** recommends a FY 2016 total budget of \$49.7 million, including \$9.1 million from the State General Fund. This is an all funds decrease of \$991,383, or 2.0 percent, and a State General Fund decrease of \$428,567, or 4.5 percent, below the agency's FY 2016 revised estimate. The difference from the agency's FY 2016 revised estimate is due to the following adjustments included within the Governor's Recommendation:

Operating Adjustments:

- A salaries and wages reduction of \$52,955, all from the State General Fund, and 1.0 FTE due to the Governor not recommending the agency's supplemental request for an accountant II position in FY 2016;
- A contractual services reduction of \$100,000, all from the State General Fund, due to the Governor not recommending the agency's FY 2016 supplemental request for Termination of Exposure Physicals;
- An aid to locals increase of \$350,365, all from the State General Fund, to provide additional disaster relief expenditure authority in FY 2016; and
- A lapse of \$933,388, all from the Disaster Relief Account of the State General Fund, from the unencumbered balance of the account in FY 2016. This lapse provides funds for the agency's supplemental request for \$340,000 for Force Protection expenditures, and further reduces the unencumbered balance of the account.

Capital Improvements Adjustments:

- A reduction of \$158,400, all from the State General Fund, due to the Governor not recommending the agency's FY 2016 supplemental request for Crisis City - Heating, Ventilation and Air Conditioning (HVAC) replacement; and
- A reduction of \$1.0 million, including \$467,577 from the State General Fund, due to the Governor not recommending the agency's FY 2016 supplemental request for additional rehabilitation and repair for statewide armories.

FY 2017 – Budget Year. The **agency** requests a revised FY 2017 estimate totaling \$46.8 million, including \$8.4 million from the State General Fund, which is an all funds increase of \$9.1 million, or 24.2 percent, and a State General Fund decrease of \$103,524, or 1.2 percent, from the current approved amounts for FY 2017. The agency's FY 2017 revised estimate includes supplemental funding requests totaling \$1.2 million, including \$586,841 from the State General Fund. The FY 2017 revised estimate includes 134.5 FTE positions, which is an increase of 2.0 FTE positions above the amount approved by the 2015 Legislature, and is due to the agency's FY 2017 supplemental requests which include requests for 2.0 additional FTE positions.

The **agency's** revised estimate includes capital improvement expenditures totaling \$3.0 million, including \$1.7 million from the State General Fund, for FY 2017. The revised estimate includes \$905,000, all from the State General Fund for debt service principal payments, and \$2.1 million, including \$753,618 from the State General Fund, for projects for FY 2017.

The **Governor** recommends a FY 2017 total budget of \$45.0 million, including \$7.2 million from the State General Fund. This is an all funds decrease of \$1.7 million, or 3.7 percent, and a State General Fund decrease of \$1.2 million, or 13.8 percent, below the agency's FY 2017 revised estimate. The difference from the agency's FY 2017 revised estimate, is due to the following adjustments included within the Governor's Recommendation:

Operating Adjustments:

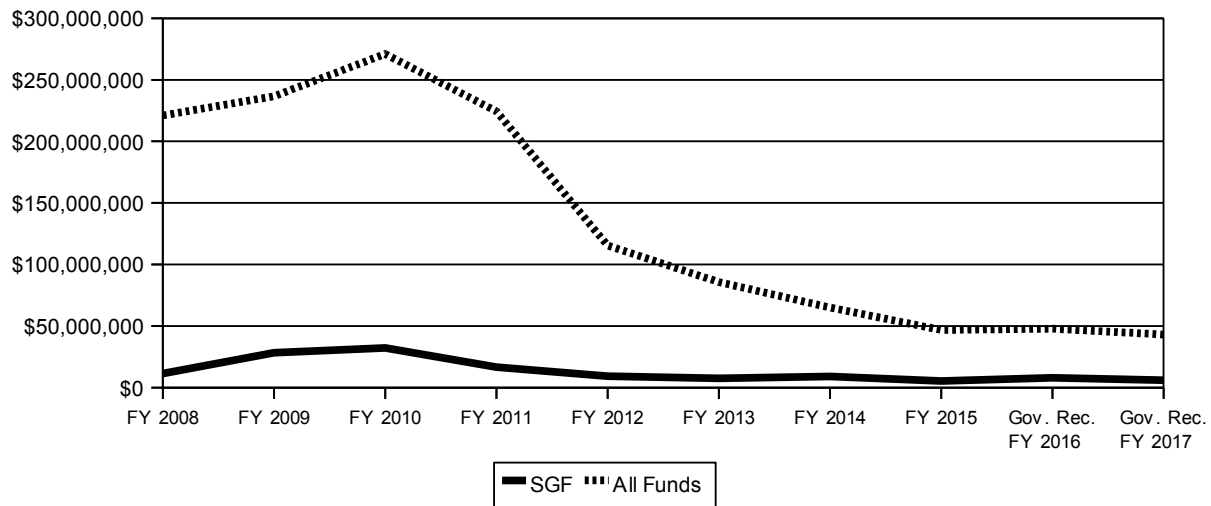
- A salaries and positions wages reduction of \$115,194, all from the State General Fund, and 2.0 FTE due to the Governor not recommending the agency's supplemental requests for two accountant II positions for FY 2017;
- A contractual services addition of \$30,000, all from the State General Fund, due to the Governor including funding for the continuation of the agency's FY 2016 supplemental request into FY 2017 for Expanded Bandwidth for the KIFC; and
- An aid to locals decrease of \$593,388, all from the State General Fund, to reduce budget year disaster relief expenditure authority for FY 2017, related to the lapse of funds recommended in FY 2016.

Capital Improvements Adjustments:

- A reduction of \$1.1 million, including \$476,929 from the State General Fund, due to the Governor not recommending the agency's FY 2017 supplemental request for additional rehabilitation and repair for statewide armories.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 11,416,008	16.2 %	\$ 221,045,720	83.3 %	219.0
2009	28,193,359	147.0	236,670,077	7.1	219.0
2010	32,219,874	14.3	271,008,350	14.5	219.0
2011	16,557,307	(48.6)	224,429,806	(17.2)	219.0
2012	9,179,456	(44.6)	115,452,148	(48.6)	199.0
2013	7,503,792	(18.3)	85,724,171	(25.7)	200.0
2014	8,956,085	19.4	65,005,526	(24.2)	185.5
2015	5,368,224	(40.1)	46,770,744	(28.1)	185.5
2016 Gov. Rec.	7,989,936	48.8	47,796,340	2.2	157.5
2017 Gov. Rec.	6,045,207	(24.3)	43,084,763	(9.9)	132.5
Ten-Year Change Dollars/Percent	\$ (5,370,801)	(47.0)%	\$ (177,960,957)	(80.5)%	(86.5)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Administration	\$	2,056,192	\$ 2,273,715	\$ 2,332,744	\$ 59,029	2.6 %	\$ 2,220,760	\$ 2,275,147	\$ 54,387	2.4 %
Emergency Preparedness		12,025,189	19,007,114	16,776,075	(2,231,039)	(11.7)	19,357,479	16,155,090	(3,202,389)	(16.5)
State Military Service Operations		629,893	354,762	344,098	(10,664)	(3.0)	354,762	344,098	(10,664)	(3.0)
Physical Plant / Central Services		24,214,310	25,585,323	23,968,610	(1,616,713)	(6.3)	25,485,323	23,968,610	(1,516,713)	(6.0)
Debt Service		888,458	378,016	341,818	(36,198)	(9.6)	378,016	341,818	(36,198)	(9.6)
TOTAL	\$	39,814,042	\$ 47,598,930	\$ 43,763,345	\$ (3,835,585)	(8.1) %	\$ 47,796,340	\$ 43,084,763	\$ (4,711,577)	(9.9) %
By Major Object of Expenditure:										
Salaries and Wages	\$	17,300,069	\$ 15,963,880	\$ 15,186,084	\$ (777,796)	(4.9) %	\$ 15,910,925	\$ 15,070,890	\$ (840,035)	(5.3) %
Contractual Services		10,962,651	13,605,547	13,052,071	(553,476)	(4.1)	13,505,547	13,082,071	(423,476)	(3.1)
Commodities		1,501,371	2,485,430	1,933,985	(551,445)	(22.2)	2,485,430	1,933,985	(551,445)	(22.2)
Capital Outlay		764,595	876,550	896,550	20,000	2.3	876,550	896,550	20,000	2.3
Debt Service		888,458	378,016	341,818	(36,198)	(9.6)	378,016	341,818	(36,198)	(9.6)
Subtotal - Operations	\$	31,417,144	\$ 33,309,423	\$ 31,410,508	\$ (1,898,915)	(5.7) %	\$ 33,156,468	\$ 31,325,314	\$ (1,831,154)	(5.5) %
Aid to Local Units		5,083,227	11,056,021	8,865,432	(2,190,589)	(19.8)	11,406,386	8,272,044	(3,134,342)	(27.5)
Other Assistance		3,313,671	3,233,486	3,487,405	253,919	7.9	3,233,486	3,487,405	253,919	7.9
TOTAL	\$	39,814,042	\$ 47,598,930	\$ 43,763,345	\$ (3,835,585)	(8.1) %	\$ 47,796,340	\$ 43,084,763	\$ (4,711,577)	(9.9) %
Financing:										
State General Fund	\$	5,368,224	\$ 7,792,526	\$ 6,723,789	\$ (1,068,737)	(13.7) %	\$ 7,989,936	\$ 6,045,207	\$ (1,944,729)	(24.3) %
Emergency Mgt Disaster Federal Fund		2,348,528	9,722,284	8,090,438	(1,631,846)	(16.8)	9,722,284	8,090,438	(1,631,846)	(16.8)
Other Federal Funds		31,093,183	28,896,544	27,750,930	(1,145,614)	(4.0)	28,896,544	27,750,930	(1,145,614)	(4.0)
All Other Funds		1,004,107	1,187,576	1,198,188	10,612	0.9	1,187,576	1,198,188	10,612	0.9
TOTAL	\$	39,814,042	\$ 47,598,930	\$ 43,763,345	\$ (3,835,585)	(8.1) %	\$ 47,796,340	\$ 43,084,763	\$ (4,711,577)	(9.9) %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$7,437,709 for the Adjutant General's Department in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$3,184,349, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016.

This adjustment changes the FY 2016 approved State General Fund to \$10,622,058. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 10,622,058	\$ 9,567,985	\$ (1,054,073)	\$ 9,139,418	\$ (1,482,640)
All Other Funds	32,500,404	41,148,702	8,648,298	40,585,886	8,085,482
TOTAL	\$ 43,122,462	\$ 50,716,687	\$ 7,594,225	\$ 49,725,304	\$ 6,602,842
FTE Positions	147.5	158.5	11.0	157.5	10.0

The **agency** requests a revised FY 2016 estimate totaling \$50.7 million, including \$9.6 million from the State General Fund, which is an all funds increase of \$7.6 million, or 17.6 percent, and a State General Fund decrease of \$1.1 million, or 9.9 percent, from the current approved amounts for FY 2016. The agency's FY 2016 revised estimate includes supplemental funding requests totaling \$1.7 million, including \$1.1 million from the State General Fund. The FY 2016 revised estimate includes 158.5 FTE positions, which is an increase of 11.0 FTE positions above the amount approved by the 2015 Legislature. One of these FTE positions is requested as part of the agency's 2016 supplemental requests, but the agency states that the remaining 10.0 positions are due to an overestimation in the number of FTE positions that would be reduced as part of the closure of the Kansas Readiness Sustainment and Maintenance Site (RSMS) program, and that these maintained positions are federally funded.

Major Adjustments from the FY 2016 approved budget include:

- **State General Fund.** The State General Fund decrease of \$1.1 million from the FY 2016 approved amount is primarily due to significant reappropriations from FY 2015 totaling \$3,184,349. This amount is comprised of reappropriations in the

following State General Fund accounts: 1) \$3,094,584 from disaster relief, 2) \$3,434 from operations, 3) \$62,217 from incident management team and 4) \$24,114 from Military Activation Payments. The primary decrease from the approved is due to \$2.2 million in unbudgeted disaster relief expenditure authority. This decrease from approved expenditures is offset by the State General Fund portion of the agency's 2016 supplemental requests totaling \$1.1 million, which results in a net decrease of \$1.1 million less than the State General Fund amount approved by the 2015 Legislature as noted in the table above;

- **State's General Fund Disaster Relief Expenditure Authority.** The FY 2016 approved budget includes State General Fund expenditure authority totaling \$3,473,554 for the state's portion of disaster relief expenditures on open disasters (10.0 percent of federally declared disasters). The most recent estimated payout schedules for the State's portion included in the agency's revised request totals \$1,310,831, all from the State General Fund, which is \$2,162,723, or 62.3 percent, below the approved expenditure authority in FY 2016. While below the approved expenditure authority, it is an increase of \$931,861, or 40.7 percent, above the amount requested during the 2015 Session. The agency states that the majority of this increase relates the expenditures for Disaster Declaration 4230 which was declared July 20, 2015, for severe storms, tornadoes, straight-line winds, and flooding;
- **Absent State General Funded supplemental requests and the states portion of disaster relief expenditures,** the agency's 2016 revised estimate for State General Fund expenditures is the same as the amount approved by the 2015 Legislature; and
- **Federal Funds and All Other Funds.** The FY 2016 revised estimate includes all other funds expenditures totaling \$41.1 million, which is an increase of \$8.6 million, or 26.6 percent, above the FY 2016 approved amount. This increase is primarily attributable to an increase in state disaster relief expenditures (\$931,861 SGF, or 10.0 percent of federally declared disasters) resulting in additional federal disaster relief matching funds (\$8.4 million, or 75.0 percent of federally declared disasters), and additional matching federal funds (\$562,816) anticipated to be received as part of the agency's supplemental request for additional capital improvements rehabilitation and repair expenditures.

The **Governor** recommends a FY 2016 total budget of \$49.7 million, including \$9.1 million from the State General Fund. This is an all funds decrease of \$991,383, or 2.0 percent, and a State General Fund decrease of \$428,567, or 4.5 percent, below the agency's FY 2016 revised estimate. The difference from the agency's FY 2016 revised estimate, is due to the following adjustments included within the Governor's Recommendation:

Operating Adjustments:

- A salaries and wages reduction of \$52,955, all from the State General Fund, and 1.0 FTE due to the Governor not recommending the agency's supplemental request for an accountant II position in FY 2016;

- A contractual services reduction of \$100,000, all from the State General Fund, due to the Governor not recommending the agency's FY 2016 supplemental request for Termination of Exposure Physicals;
- An aid to locals increase of \$350,365, all from the State General Fund, to provide additional disaster relief expenditure authority in FY 2016; and
- A lapse of \$933,388, all from the Disaster Relief Account of the State General Fund, from the unencumbered balance of the account in FY 2016. This lapse provides funds for the agency's supplemental request for \$340,000 for Force Protection expenditures, and further reduces the unencumbered balance of the account.

Capital Improvements Adjustments:

- A reduction of \$158,400, all from the State General Fund, due to the Governor not recommending the agency's FY 2016 supplemental request for Crisis City - Heating, Ventilation and Air Conditioning (HVAC) replacement; and
- A reduction of \$1.0 million, including \$467,577 from the State General Fund, due to the Governor not recommending the agency's FY 2016 supplemental request for additional rehabilitation and repair for statewide armories.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Accountant II	\$ 52,955	\$ 52,955	1.0	\$ 0	\$ 0	0.0
Expanded Bandwidth	30,000	30,000	0.0	30,000	30,000	0.0
Force Protection	340,000	340,000	0.0	340,000	340,000	0.0
Termination of Exposure Physicals	100,000	100,000	0.0	0	0	0.0
Debt Service Interest Adjustment	(40,282)	(40,282)	0.0	(40,282)	(40,282)	0.0
Operations Subtotal:	\$ 482,673	\$ 482,673	1.0	\$ 329,718	\$ 329,718	0.0
Capital Improvements:						
Rehabilitation and Repair of Statewide Armories	467,577	1,030,393		0	0	0.0
Crisis City HVAC Replacement	158,400	158,400		0	0	0.0
Capital Improvements Subtotal:	\$ 625,977	\$ 1,188,793	0.0	\$ 0	\$ 0	0.0
TOTAL	\$ 1,108,650	\$ 1,671,466	1.0	\$ 329,718	\$ 329,718	0.0

The **agency** is requesting seven supplemental requests totaling \$1.7 million, including \$1.1 million from the State General Fund, in FY 2016. This request is comprised of **A**) five

operating supplemental requests for \$482,673, all from the State General Fund, and **B)** two capital improvements supplemental requests for \$1.2 million, including \$625,977 from the State General Fund in FY 2016.

A) The agency's supplemental requests in FY 2016 include the following:

- **Accountant II.** The **agency** requests \$52,955, all from the State General Fund, and 1.0 FTE position to hire an Accountant II position to assist the Comptroller's Office with reports, duties, and responsibilities in FY 2016. The agency states that the work load within the Comptroller's Office continues to increase in order to manage new federal requirements and programs, National Guard Bureau audits and initiatives on top of state specific tasks. The agency notes that the office lost a federally funded accountant position as part of the Readiness Sustainment and Maintenance Site closure, and that the agency has had to utilize overtime funding to complete the current and growing responsibilities of the office.

The **Governor** does not recommend the supplemental for an Accountant II in FY 2016.

- **Expanded Bandwidth.** Kansas Intelligence Fusion Center (KIFC). The **agency** requests \$30,000, all from the State General Fund, to provide expanded bandwidth within the KIFC in FY 2016. The agency states that the KIFC will have 12 full time and approximately 60 part time analysts in calendar year 2015, and that the current system's capabilities will be overloaded and begin to negatively affect the intelligence and operational efficiencies of the KIFC.

The **Governor** recommends the supplemental for expanded bandwidth in FY 2016.

- **Force Protection.** The **agency** requests \$340,000, all from the State General Fund, to provide an enhanced level of security at recruiting offices and armories in FY 2016. The agency states that this amount includes \$197,000 for equipment at facilities, \$137,000 for individual/personal equipment, and \$6,000 for shipping and incidentals. Security purchases would include: a) access control, b) ballistic protection, c) armed response, and d) other incident mitigation equipment.

The **Governor** recommends the agency's supplemental request for force protection funding in FY 2016, but recommends that the funding be provided through a lapse from the unencumbered balance of the Disaster Relief account of the State General Fund.

- **Termination of Exposure Physicals.** The **agency** requests \$100,000, all from the State General Fund, to provide physical examinations for approximately 200 individuals for a cost of \$200 to \$500 each in FY 2016. The agency states that the Regional Industrial Hygienist for the National Guard Bureau determined that Readiness Sustainment and Maintenance Site (RSMS) employees were exposed to carcinogens hexavalent chromium and cadmium above the action level for 30 or more days per year during daily operations. The agency states that the testing of these exposed employees will give a baseline that may be beneficial to the State of Kansas if legal action is brought forth against the state in relation to these exposure levels during employment.

The **Governor** does not recommend the agency's supplemental request for termination of exposure physicals in FY 2016.

- **Debt Service Interest Adjustment.** The **agency** included a supplemental change request in order to reduce requested debt service interest payments by \$40,282, all from the State General Fund, to more accurately reflect debt service payments being made in FY 2016.

The **Governor** concurs with the agency's supplemental request for the reduction to debt service interest payments in FY 2016.

B) The agency's capital improvement supplemental requests in FY 2016 include the following:

- **Rehabilitation and Repair of Kansas Army National Guard Armories.** The **agency** requests \$1,030,393, including \$467,577 from the State General Fund, to provide the State's matching share of 50.0 percent of rehabilitation and repair costs of the 76 Kansas Army National Guard facilities (which comprise over 1.3 million square feet of armory facilities) in order to draw down matching federal money as per the Cooperative Agreement with the National Guard Bureau in FY 2016. Expenditures for rehabilitation and repair include: security for arms, ammunition and explosives, fire and safety, physical security, intrusion detection and prevention, heating and cooling, waterproofing, air quality, plumbing, grounds-keeping, code compliance, and electrical systems.

The **Governor** does not recommend the agency's request for rehabilitation and repair funding in FY 2016.

- **Crisis City HVAC Replacement.** The **agency** requests \$158,400, all from the State General Fund, to fund the construction of a new high efficiency heating, ventilation and cooling supply system (HVAC) at the Crisis City Training Facility outside of Salina, Kansas in FY 2016. The agency states that the new system will be a high efficiency ground source heat pump (geothermal) system using either deep wells, horizontal buried coils, or other methods identified. The current system has not worked properly for the last 5 years and three professional companies believe repairs would exceed the cost of a new system. The past winter the agency spent over \$1,000 a month on diesel fuel to keep parts to the building warmed and a staff member was sent to the emergency room last summer for heat exhaustion. The facility is visited by more than 5,000 students annually.

The **Governor** does not recommend the agency's supplemental request for Crisis City HVAC Replacement in FY 2016.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$6,702,178 for the Adjutant General's Department for FY 2017. One adjustment has subsequently been made to that amount. This adjustment changes the budget year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$1,783,753, based on the reappropriation of FY 2016 funding which was not spent in FY 2016 and has shifted to FY 2017.

This adjustment changes the FY 2017 approved State General Fund to \$8,485,931. That amount is reflected in the table below as the currently approved FY 2017 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 8,485,931	\$ 8,382,407	\$ (103,524)	\$ 7,226,896	\$ (1,259,035)
All Other Funds	29,167,079	38,390,317	9,223,238	37,816,245	8,649,166
TOTAL	\$ 37,653,010	\$ 46,772,724	\$ 9,119,714	\$ 45,043,141	\$ 7,390,131
FTE Positions	132.5	134.5	2.0	132.5	0.0

The **agency** requests a revised FY 2017 estimate totaling \$46.8 million, including \$8.4 million from the State General Fund, which is an all funds increase of \$9.1 million, or 24.2 percent, and a State General Fund decrease of \$103,524, or 1.2 percent, from the current approved amounts for FY 2017. The agency's FY 2017 revised estimate includes supplemental funding requests totaling \$1.2 million, including \$586,841 from the State General Fund. The FY 2017 revised estimate includes 134.5 FTE positions, which is an increase of 2.0 FTE positions above the amount approved by the 2015 Legislature, and is due to the agency's FY 2017 supplemental requests which include requests for 2.0 additional FTE positions.

Major Adjustments from the FY 2017 approved budget include:

- **State General Fund.** The State General Fund decrease of \$103,524 from the FY 2017 approved amount is primarily due to reappropriations from FY 2016 totaling \$1,783,753. This amount is all within the agency's Disaster Relief account of the State General Fund. The agency's FY 2017 revised estimate includes \$1.1 million in the State's portion of disaster relief payments. This is a decrease from the approved of \$690,365 in unbudgeted disaster relief expenditure authority. This decrease from approved expenditures is offset by the State General Fund portion of the agency's 2017 supplemental requests totaling \$586,841, which

results in a net decrease of \$103,524 less than the FY 2017 State General Fund amount approved by the 2015 Legislature as noted in the table above;

- **State's General Fund Disaster Relief Expenditure Authority.** The FY 2017 approved budget did not include any State General Fund expenditures for the state's portion of disaster relief on open disasters (10.0 percent of federally declared disasters). The most recent estimated payout schedules for the State's portion included in the agency's FY 2017 revised estimate totals \$1,093,388, all from the State General Fund, which is 100.0 percent increase. While this is an increase from the 2015 Session approved amount, it is \$690,365 below the total reappropriated expenditure authority within the account. The agency states that the majority of this increase relates the expenditures for Disaster Declaration 4230 which was declared July 20, 2015, for severe storms, tornadoes, straight-line winds, and flooding;
- **Absent State General Funded supplemental requests and the states portion of disaster relief expenditures,** the agency's 2017 revised estimate for State General Fund expenditures is the same as the amount approved by the 2015 Legislature; and
- **Federal Funds and All Other Funds.** The FY 2017 revised estimate includes all other funds expenditures totaling \$38.4 million, which is an increase of \$9.2 million, or 31.6 percent, above the FY 2017 approved amount. This increase is primarily attributable to an increase in state disaster relief expenditures (\$1.1 million SGF, or 10.0 percent of federally declared disasters) resulting in additional federal disaster relief matching funds (\$8.2 million, or 75.0 percent of federally declared disasters), and additional matching federal funds (\$574,072) anticipated to be received as part of the agency's supplemental request for additional capital improvements rehabilitation and repair expenditures.

The **Governor** recommends a FY 2017 total budget of \$45.0 million, including \$7.2 million from the State General Fund. This is an all funds decrease of \$1.7 million, or 3.7 percent, and a State General Fund decrease of \$1.2 million, or 13.8 percent, below the agency's FY 2017 revised estimate. The difference from the agency's FY 2017 revised estimate, is due to the following adjustments included within the Governor's Recommendation:

Operating Adjustments:

- A salaries and wages reduction of \$115,194, all from the State General Fund, and 2.0 FTE due to the Governor not recommending the agency's supplemental requests for two accountant II positions for FY 2017;
- A contractual services addition of \$30,000, all from the State General Fund, due to the Governor including funding for the continuation of the agency's FY 2016 supplemental request into FY 2017 for Expanded Bandwidth for the KIFC; and
- An aid to locals decrease of \$593,388, all from the State General Fund, to reduce budget year disaster relief expenditure authority for FY 2017, related to the lapse of funds recommended in FY 2016.

Capital Improvements Adjustments:

- A reduction of \$1.1 million, including \$476,929 from the State General Fund, due to the Governor not recommending the agency's FY 2017 supplemental request for additional rehabilitation and repair for statewide armories.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Accountant II	\$ 57,597	\$ 57,597	1.0	\$ 0	\$ 0	0.0
KIFC Travel and Training	15,000	15,000	0.0	15,000	15,000	0.0
KIFC - IT Hardware and Software	20,000	20,000	0.0	20,000	20,000	0.0
KIFC - Accountant II	57,597	57,597	1.0	0	0	0.0
Expanded Bandwidth	--	--	--	30,000	30,000	0.0
Debt Service Interest Adjustment	(40,282)	(40,282)	0.0	(40,282)	(40,282)	0.0
Operations Subtotal:	\$ 109,912	\$ 109,912	2.0	\$ 24,718	\$ 24,718	0.0
<u>Capital Improvements:</u>						
Rehabilitation and Repair of Statewide Armories	\$ 476,929	\$ 1,051,001	0.0	0	0	0.0
TOTAL	\$ 586,841	\$ 1,160,913	2.0	\$ 24,718	\$ 24,718	0.0

The **agency** is requesting six supplemental requests totaling \$1.2 million, including \$586,841 from the State General Fund, for FY 2017. This request is comprised of **A)** five operating supplementals for \$109,912, all from the State General Fund, and **B)** one capital improvement supplemental for \$1.1 million, including \$476,929 from the State General Fund for FY 2017.

A) The agency's supplemental requests for FY 2017 include the following:

- **Accountant II.** The **agency** requests \$57,597, all from the State General Fund, and 1.0 FTE position to hire an Accountant II position to assist the Comptroller's Office with reports, duties, and responsibilities for FY 2017. The agency states that the work load within the Comptroller's Office continues and increases to manage new federal requirements and programs, National Guard Bureau audits and initiatives on top of state specific tasks. This is the FY 2017 continuation of the position being requested in FY 2016.

The **Governor** does not recommend the agency's supplemental request for an accountant II position for FY 2017.

- **Kansas Intelligence Fusion Center (KIFC). Travel and Training Expenditures.** The **agency** requests \$15,000, all from the State General Fund, to bring in mobile training teams to the KIFC rather than having analysts seek

individual trainings for FY 2017. The agency states that the KIFC facilities are capable of hosting these events, and it would be to the benefit of all agencies and disciplines represented within the Center.

The **Governor** concurs with the agency's supplemental request for KIFC travel and training expenditures for FY 2017.

- **KIFC Hardware and Software Expenditures.** The **agency** requests \$20,000, all from the State General Fund, to update/upgrade fusion center software and equipment for FY 2017. The agency states that it is important to keep current with technology in order for intelligence operations to be the most effective.

The **Governor** concurs with the agency's supplemental request for KIFC hardware and software expenditures for FY 2017.

- **Kansas Intelligence Fusion Center (KIFC) Accountant II.** The **agency** requests \$57,597, all from the State General Fund, and 1.0 FTE position to hire an accountant II for the KIFC for FY 2017. The agency states that the KIFC will have 12 full time and nearly 60 part time analysts before the end of calendar year 2015. The agency states that the analytical support for the part time analysts alone is significant, and the load will continue to increase as more industry partners are added. The agency states that deadlines are being missed due to the lack of support this areas has, and that an administrative assistant is needed to ensure administrative affairs, accounting requirements, certifications, training and partnership outreach efforts are effective and efficient in sustaining KIFC operations.

The **Governor** does not recommend the agency's supplemental request for 1.0 FTE position for a KIFC Accountant II for FY 2017.

- **Expanded Bandwidth.** Kansas Intelligence Fusion Center (KIFC). The agency states that the KIFC will have 12 full time and approximately 60 part time analysts in calendar year 2015, and that the current system's capabilities will be overloaded and begin to negatively affect the intelligence and operational efficiencies of the KIFC. The agency inadvertently excluded the FY 2017 continuance of this FY 2016 request from the original budget submission.

The **Governor's** recommendation includes \$30,000, all from the State General Fund, for the continuation of funding for expanded bandwidth for FY 2017.

- **Debt Service Interest Adjustment.** The **agency** included a supplemental change request in order to reduce requested debt service interest payments by \$40,282, all from the State General Fund, to more accurately reflect debt service payments being made for FY 2017.

The **Governor** concurs with the agency's supplemental request for the reduction to debt service interest payments for FY 2017.

B) The agency's capital improvement supplemental request for FY 2017 includes the following:

- **Rehabilitation and Repair of Kansas Army National Guard Armories.** The **agency** requests \$1,051,001, including \$476,929 from the State General Fund, to provide the State's matching share of 50.0 percent of rehabilitation and repair costs of the 76 Kansas Army National Guard facilities (which comprise over 1.3 million square feet of armory facilities) in order to draw down matching federal money as per the Cooperative Agreement with the National Guard Bureau for FY 2017. Expenditures for rehabilitation and repair include: security for arms, ammunition and explosives, fire and safety, physical security, intrusion detection and prevention, heating and cooling, waterproofing, air quality, plumbing, grounds-keeping, code compliance, and electrical systems.

The **Governor** does not recommend the agency's supplemental request for rehabilitation and repair funding for FY 2017.

Funding Sources

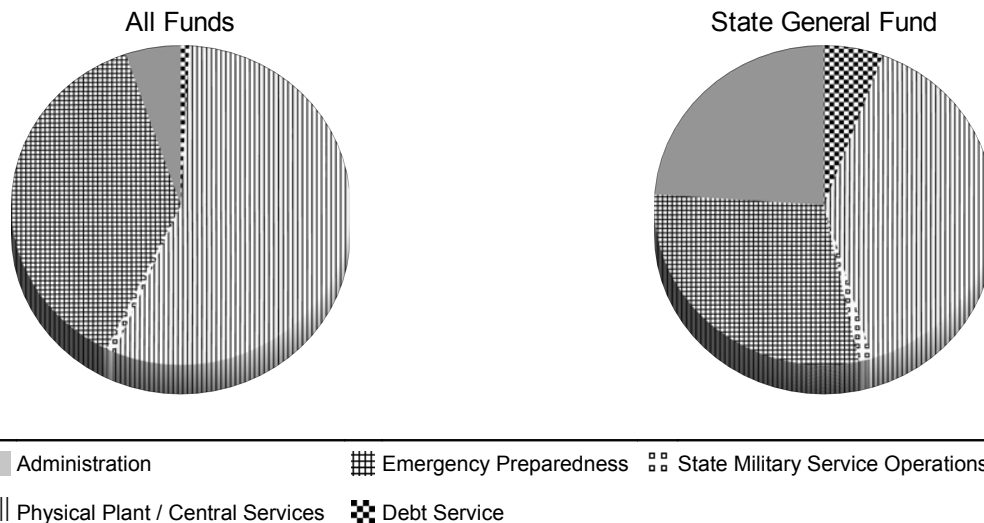
Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	15.4 %	14.0 %
Non-Federal Special Revenue Funds	2.7	2.8
Federal Emergency Assistance Fund	18.5	18.8
Other Federal Funds	63.4	64.4
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 2,275,147	5.3 %	\$ 1,446,822	23.9 %
Emergency Preparedness	16,155,090	37.5	1,776,917	29.4
State Military Service Operations	344,098	0.8	76,322	1.3
Physical Plant / Central Services	23,968,610	55.6	2,403,328	39.8
Debt Service	341,818	0.8	341,818	5.7
TOTAL	\$ 43,084,763	100.0 %	\$ 6,045,207	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	24.5	26.4	25.4	26.4	25.4
Emergency Preparedness	13.5	16.1	16.1	17.1	16.1
State Military Service Ops	0.0	0.0	0.0	0.0	0.0
Physical Plant / Central Services	147.5	116.0	116.0	91.0	91.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	185.5	158.5	157.5	134.5	132.5

A. Administration

This program is responsible for the administrative functions of the agency. Sections include the Adjutant General's Administrative Support Staff, the Office of State Human Resources, Comptroller's Office, Public Information Office, State Facilities Office, Information Technology Office, Archives, and Administrative Services. The Administration program also includes the Civil Air Patrol (CAP) which provides disaster relief assistance, search and rescue, aerospace education training, cadet training, communications, and other functions related to the federal charter of the National Civil Air Patrol. CAP program funding includes salaries and wages for a 0.5 FTE secretary position. This program also includes the functions of the Office of Emergency Communications (OEC), Communications on Wheels (COW), 911 Coordinator, and the State and Local Implementation Grant.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,809,458	\$ 1,978,066	\$ 1,925,111	\$ 2,054,493	\$ 1,996,896
Contractual Services	157,427	206,737	206,737	206,737	206,737
Commodities	38,884	84,692	84,692	71,294	71,294
Capital Outlay	49,212	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,054,981</i>	<i>\$ 2,269,495</i>	<i>\$ 2,216,540</i>	<i>\$ 2,332,524</i>	<i>\$ 2,274,927</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,211	4,220	4,220	220	220
TOTAL	\$ 2,056,192	\$ 2,273,715	\$ 2,220,760	\$ 2,332,744	\$ 2,275,147
Financing:					
State General Fund	\$ 1,303,856	\$ 1,442,165	\$ 1,389,210	\$ 1,504,419	\$ 1,446,822
All Other Funds	752,336	831,550	831,550	828,325	828,325
TOTAL	\$ 2,056,192	\$ 2,273,715	\$ 2,220,760	\$ 2,332,744	\$ 2,275,147
FTE Positions	24.5	26.4	25.4	26.4	25.4
Non-FTE Uncl. Perm. Pos.	11.0	11.4	11.4	11.4	11.4
TOTAL	35.5	37.8	36.8	37.8	36.8

*A special claim against the agency was paid for \$4,000, all from the State General Fund, which is reflected as Other Assistance in FY 2016.

The **agency's** revised estimate for FY 2016 expenditures totals \$2.3 million, including \$1.4 million from the State General Fund, for the Administration program. The revised estimate is an all funds increase of \$108,332, or 5.0 percent, and a State General Fund increase of \$65,388, or 4.7 percent, above the FY 2016 approved amount. The State General Fund increase is primarily due to the agency's FY 2016 supplemental request for an additional accountant II position for the Administration program, and increases to Department of Administration transaction costs. The agency states that the increase in special revenue funds expenditures is due to additional expenditures for 911 Coordinating Council efforts. The agency

notes that the 911 Coordinating Council has one additional employee for which they anticipate purchasing an additional vehicle, and have budgeted for additional travel related expenditures.

The **Governor** recommends FY 2016 expenditures totaling \$2.2 million, including \$1.4 million from the State General Fund, which is an all funds decrease of \$52,955, or 2.3 percent, and a State General Fund decrease of \$52,955, or 2.3 percent, below the agency's FY 2016 revised estimate. The decrease is entirely due to the Governor not recommending the agency's FY 2016 supplemental request for 1.0 FTE accountant II position (\$52,955 SGF).

The **agency's** revised estimate for FY 2017 expenditures totals \$2.3 million, including \$1.5 million from the State General Fund, for the Administration program. The request is an all funds increase of \$281,138, or 13.7 percent, and a State General Fund increase of \$64,007, or 4.4 percent, above the approved amount. Changes from the FY 2017 approved amount include the following items:

- **Salaries and Wages.** The agency's revised estimate includes expenditures of \$2.1 million, including \$1.4 million from the State General Fund, to fund 26.4 FTE positions and 11.4 non-FTE unclassified positions for FY 2017. This is no change from the FY 2016 revised estimate, but an increase of 1.9 FTE positions and 2.4 non-FTE from the FY 2017 approved amount. The FY 2017 revised estimate is an all funds increase of \$186,458, or 10.0 percent, and a State General Fund increase of \$54,582, or 4.2 percent, above the FY 2017 approved amount. This increase from the FY 2017 approved amount is due to the agency's FY 2017 supplemental request for an additional Accountant II position within the Administration program;
- **Contractual Services.** The agency's revised estimate includes expenditures of \$206,737, including \$120,117 from the State General Fund, for FY 2017. This is an all funds increase of \$73,086, or 54.7 percent, and a State General Fund increase of \$26,761, or 28.7 percent, above the FY 2017 approved amount. The agency states that State General Fund increases in this category continue to reflect increases to Department of Administration transaction costs, and increases to special revenue fund expenditures reflective of increased travel expenditures for the 911 Coordinating Council. Also included are additional special revenue funded expenditures for the extension of the State and Local Implementation Grant Program which was not anticipated to continue into FY 2017, and was therefore not part of the FY 2017 approved budget;
- **Commodities.** The agency's revised estimate includes expenditures of \$71,294, including \$29,084 from the State General Fund, for FY 2017. This is an all funds increase of \$24,774, or 53.3 percent, and a State General Fund decrease of \$13,936, or 32.4 percent, from the FY 2017 approved amount. The agency states that the 911 Coordinating Council's anticipated purchase of an additional vehicle leads to increases in fuel and travel expenditures. The agency notes that it made reductions to State General Fund commodities expenditures in order to account for the additional State General Funded contractual services expenditures. Also included are additional special revenue funded expenditures for the extension of the State and Local Implementation Grant Program which was not anticipated to continue into FY 2017, and was therefore not part of the FY 2017 approved budget; and

- **Other Assistance.** The agency's revised estimate includes expenditures of \$220, all from special revenue funds, for FY 2017. This is a decrease of \$3,180, or 93.5 percent, below the FY 2017 approved amount. The agency states that these expenditures are for two employees who are receiving health insurance as part of the Voluntary Retirement Incentive Program that occurred in FY 2012. As noted below the table, this decrease is due to the one-time payment of a special claim in FY 2016.

The **Governor** recommends FY 2017 expenditures totaling \$2.3 million, including \$1.4 million from the State General Fund, which is an all funds decrease of \$57,597, or 2.5 percent, and a State General Fund decrease of \$57,597, or 3.8 percent, below the agency's FY 2017 revised estimate. The decrease is entirely due to the Governor not recommending the agency's FY 2017 supplemental request for 1.0 FTE accountant II position (\$57,597 SGF).

B. Emergency Preparedness

The Division of Emergency Management provides guidance, technical assistance, and coordinates response on a 24 hour basis to state and local governments in the event of emergencies or disasters. The program seeks to protect Kansans from all hazards and to reduce the vulnerability of people, property, and the environment by eliminating or reducing disaster impact, enhancing state and local emergency management organizational readiness, rapid and effective disaster response, effective recovery, and proactive leadership and advocacy.

EMERGENCY PREPAREDNESS SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,061,608	\$ 3,269,656	\$ 3,269,656	\$ 3,448,193	\$ 3,390,596
Contractual Services	1,324,160	1,778,148	1,778,148	1,322,351	1,352,351
Commodities	164,284	294,731	294,731	263,622	263,622
Capital Outlay	194,646	372,000	372,000	392,000	392,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,744,698</i>	<i>\$ 5,714,535</i>	<i>\$ 5,714,535</i>	<i>\$ 5,426,166</i>	<i>\$ 5,398,569</i>
Aid to Local Units	5,083,227	11,056,021	11,406,386	8,865,432	8,272,044
Other Assistance	2,197,264	2,236,558	2,236,558	2,484,477	2,484,477
TOTAL	\$ 12,025,189	\$ 19,007,114	\$ 19,357,479	\$ 16,776,075	\$ 16,155,090
Financing:					
State General Fund	\$ 931,092	\$ 3,058,662	\$ 3,409,027	\$ 2,397,902	\$ 1,776,917
All Other Funds	11,094,097	15,948,452	15,948,452	14,378,173	14,378,173
TOTAL	\$ 12,025,189	\$ 19,007,114	\$ 19,357,479	\$ 16,776,075	\$ 16,155,090
FTE Positions	13.5	16.1	16.1	17.1	16.1
Non-FTE Uncl. Perm. Pos.	31.0	33.7	33.7	33.7	33.7
TOTAL	44.5	49.8	49.8	50.8	49.8

The **agency's** revised estimate for FY 2016 expenditures totals \$19.0 million, including \$3.1 million from the State General Fund, for the Emergency Preparedness program. The revised estimate is an all funds increase of \$8.5 million, or 81.4 percent, and a State General Fund increase of \$1.6 million, or 109.5 percent, above the FY 2016 approved amount. This increase is primarily due to disaster relief expenditures made for Disaster Declaration 4230 which was declared July 20, 2015, for severe storms, tornadoes, straight-line winds, and flooding. The FY 2016 revised estimate also includes a supplemental request for \$30,000, all from the State General Fund, to provide for expanded bandwidth for the Emergency Preparedness program in FY 2016. The agency currently has five open disasters for which it is making payments. Changes from the FY 2016 approved amount include the following:

- **Salaries and Wages.** The agency's revised estimate includes expenditures of \$3.3 million, including \$883,199 from the State General Fund, to fund 16.1 FTE positions and 33.7 non-FTE unclassified positions for FY 2016. This is an all funds increase of \$304,488, or 10.3 percent, and a State General Fund increase of \$115,868, or 15.1 percent, above the FY 2016 approved amount. The agency states that the increases are related to the unintentional exclusion from the FY 2016 budget of a director position which is co-funded by the agency and Attorney General's Office, as well as the replacement of six vacated positions at new rates;
- **Contractual Services.** The agency's revised estimate includes expenditures of \$1.8 million, including \$688,844 from the State General Fund, for FY 2016. This is an all funds increase of \$548,858, or 44.6 percent, and a State General Fund increase of \$567,608, or 468.2 percent, above the FY 2016 approved amount. The agency states that this increase is due to: 1) The re-categorization of approved expenditures for the Emergency Operations Center design (\$472,000 State General Fund) to this program rather than capital improvements, and 2) the agency's supplemental request for expanded bandwidth (\$30,000 State General Fund);
- **Commodities.** The agency's revised estimate includes expenditures of \$294,731, including \$166,925 from the State General Fund, for FY 2016. This is a State General Fund increase of \$6,109, or 3.8 percent, above the FY 2016 approved amount. The agency states that this reflects increased expenditures for vehicle maintenance and repair for vehicles that are seven to ten years old;
- **Aid to Local Units.** The agency's revised estimate includes expenditures of \$11.1 million for FY 2016. This is an increase of \$6.5 million, or 144.6 percent, and a State General Fund increase of \$768,857, or 289.6 percent, above the FY 2016 approved amount. This increase is due to increases in disaster relief expenditures for FY 2016, particularly in relation to Disaster Declaration 4230 which was declared July 20, 2015, for severe storms, tornadoes, straight-line winds, and flooding; and
- **Other Assistance.** The agency's revised estimate includes expenditures of \$2.2 million, including \$240,359 from the State General Fund, for FY 2016. This is an increase of \$1.3 million, or 102.9 percent, and a State General Fund increase of \$140,467, or 140.6 percent, above the FY 2016 approved amount. This increase is due to increases in disaster relief expenditures for FY 2016, particularly in relation to Disaster Declaration 4230 which was declared July 20, 2015, for severe storms, tornadoes, straight-line winds, and flooding.

The **Governor** recommends FY 2016 expenditures totaling \$19.4 million, including \$3.4 million from the State General Fund, which is a State General Fund increase of \$350,365, or 11.5 percent, above the agency's FY 2016 revised estimate. This increase is entirely due to the Governor's recommendation to increase State General Fund disaster relief expenditures in FY 2016 (\$350,365), while decreasing budgeted State General Fund disaster relief expenditures for FY 2017 (\$593.388).

The **agency's** revised estimate for FY 2017 operating expenditures totals \$16.8 million, including \$2.4 million from the State General Fund, for the Emergency Preparedness program, which is an all funds increase of \$9.6 million, or 134.9 percent, and a State General Fund increase of \$1.3 million, or 117.0 percent, above the FY 2017 approved amount. Changes from the FY 2017 approved amount include the following items:

- **Salaries and Wages.** The agency's revised estimate includes expenditures of \$3.4 million, including \$974,912 from the State General Fund, to fund 17.1 FTE positions and 33.7 non-FTE unclassified positions for FY 2017. This is an all funds increase of \$370,401, or 12.0 percent, and a State General Fund increase of \$177,840, or 22.3 percent, above the FY 2017 approved amount. The agency states that the increases are related to the unintentional exclusion from the FY 2017 budget of a director position which is co-funded by the agency and Attorney General's Office, as well as the continuation of six vacated positions at new rates. The revised estimate also includes a supplemental request for \$57,597, all from the State General Fund, and 1.0 non-FTE position for an Accountant II for FY 2017;
- **Contractual Services.** The agency's revised estimate includes expenditures of \$1.3 million, including \$165,147 from the State General Fund, for FY 2017. This is an all funds increase of \$323,650, or 32.4 percent, and a State General Fund increase of \$49,500, or 42.8 percent, above the FY 2017 approved amount. This increase is due to: 1) the agency's supplemental request for \$15,000, all from the State General Fund, for KIFC travel and training expenditures, and 2) the agency notes significant increases in expenditures for travel related to disasters;
- **Capital Outlay.** The agency's revised estimate includes expenditures of \$392,000, including \$65,000 from the State General Fund, for FY 2017. This is an all funds increase of \$20,000, or 5.4 percent, and a State General Fund increase of \$20,000, or 44.4 percent, above the FY 2017 approved amount. This increase is due to the agency's supplemental request for \$20,000, all from the State General Fund, for KIFC hardware and software purchases;
- **Aid to Local Units.** The agency's revised estimate includes expenditures of \$8.9 million for FY 2017. This is an increase of \$6.7 million, or 308.2 percent, and a State General Fund increase of \$787,500, as there was no request for Aid to Locals within the FY 2017 approved amount. The increase is attributable to estimated disaster relief expenditures not included in the FY 2017 approved budget; and
- **Other Assistance.** The agency's revised estimate includes expenditures of \$2.5 million, including \$269,527 from the State General Fund, for FY 2017. This is an increase of \$2.2 million, or 864.5 percent, and a State General Fund increase of \$258,127, or 2,264.3 percent, above the FY 2017 approved amount. The

increase is attributable to estimated disaster relief expenditures not included in the FY 2017 approved budget.

The **Governor** recommends FY 2017 expenditures totaling \$16.2 million, including \$1.8 million from the State General Fund, which is an all funds decrease of \$620,985, or 3.7 percent, and a State General Fund decrease of \$620,985, or 25.9 percent, below the agency's FY 2016 revised estimate. This decrease is due to the Governor's recommendation including the following adjustments:

- Increase State General Fund disaster relief expenditures in FY 2016 (\$350,365), while decreasing budgeted State General Fund disaster relief expenditures for FY 2017 (\$593,388);
- Not recommending the agency's FY 2017 supplemental request for an Accountant II position for the KIFC (\$57,597 SGF); and
- Adding \$30,000, all from the State General Fund, to provide for the FY 2017 continuance of the agency's FY 2016 supplemental request for expanded bandwidth for the KIFC.

C. State Military Service Operations

The State Military Service Operations program provides funding for payment of Kansas National Guard soldiers when they are called to State Active Duty. Soldiers may be called to State Active Duty for disasters or emergencies such as floods, tornadoes, ice storms, terrorism, or a civil disturbance. The program also pays for the use of federal training equipment on a cost basis for equipment issued to the Kansas National Guard. The Governor has the authority to call over 7,400 Kansas National Guard citizen soldiers and airmen to leave their full time employment and families to serve on emergency or other State Active Duty. The current number of assigned positions is: 2,315 Air National Guard Members (2,379 authorized, 97.3 percent of authorized); and 5,135 Army National Guard Members (5,168 authorized, 99.4 percent of authorized). This program does not contain any FTE positions, however, KSA 75-2935 (g) states that when National Guard Members are called in for State Active Duty, they are considered to be active within the unclassified service and are compensated within these parameters.

**STATE MILITARY SERVICE OPERATIONS
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 466,603	\$ 176,589	\$ 176,589	\$ 175,451	\$ 175,451
Contractual Services	114,439	102,923	102,923	83,414	83,414
Commodities	100	5,250	5,250	5,233	5,233
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 581,142</i>	<i>\$ 284,762</i>	<i>\$ 284,762</i>	<i>\$ 264,098</i>	<i>\$ 264,098</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	48,751	70,000	70,000	80,000	80,000
TOTAL	\$ 629,893	\$ 354,762	\$ 354,762	\$ 344,098	\$ 344,098
Financing:					
State General Fund	\$ (12,061)	\$ 99,343	\$ 99,343	\$ 76,322	\$ 76,322
All Other Funds	641,954	255,419	255,419	267,776	267,776
TOTAL	\$ 629,893	\$ 354,762	\$ 354,762	\$ 344,098	\$ 344,098
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0

The **agency's** revised estimate for FY 2016 expenditures totals \$354,762, including \$99,343 from the State General Fund, for the State Military Services Operations program. This is an all funds increase of \$28,024, or 8.6 percent, and a State General Fund increase of \$32,556, or 48.7 percent, above the FY 2016 approved amount. The agency states that the increase is primarily due to the budgeting of twenty activations rather than the seven that were approved, as well as reorganization of meals and travel expenditures that were not accurately accounted for in the approved budget. The revised estimate includes funding for 995 work-days: 100 for Emergency State Active Duty; 50 for Civic State Active Duty; 175 to augment Public Assistance duties related to damage to public property for Federally Declared Disasters; 0 for Preliminary Damage Assessments & Training; 270 to augment Hazard Mitigation duties related to previous disasters; and 400 for Nuclear Response Training and Exercises.

The **Governor** concurs with the agency's FY 2016 revised estimate for the State Military Services Operations program.

The **agency's** revised estimate for FY 2017 expenditures totals \$344,098, including \$76,322 from the State General Fund, for the State Military Services Operations program. This is an all funds increase of \$16,526, or 5.0 percent, and a State General Fund increase of \$8,718, or 12.9 percent, above the FY 2017 approved amount. The revised estimate includes funding for 998 work-days: 100 for Emergency State Active Duty; 50 for Civic State Active Duty; 175 to augment Public Assistance duties related to damage to public property for Federally Declared Disasters; 0 for Preliminary Damage Assessments & Training; 263 to augment Hazard Mitigation duties related to previous disasters; and 400 for Nuclear Response Training and Exercises.

The **Governor** concurs with the agency's FY 2017 revised estimate for the State Military Services Operations program.

D. Physical Plant / Central Services

The Physical Plant Operations program is responsible for the maintenance of the physical facilities and equipment of the Kansas Army and Air National Guard. The agency maintains over 3.5 million square feet of operating space in and around 82 buildings and facilities located in 34 communities across the state. The agency maintains the State Defense Building, 35 state-owned armories, nine field maintenance sites, six statewide training facilities, the 190th Air Refueling Wing at Forbes Field, 184th Air Refueling Wing at the McConnell Air Force Base, the Smoky Hill Weapons Range, the 190th Civil Engineering Squadron Fire Protection Branch at Forbes Field, and the Kansas Readiness Sustainment Maintenance Site Program. A number of Kansas Readiness Sustainment Maintenance sites have been recommended for closure due to cuts in federal funding.

PHYSICAL PLANT / CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 11,962,400	\$ 10,539,569	\$ 10,539,569	\$ 9,507,947	\$ 9,507,947
Contractual Services	9,366,625	11,517,739	11,417,739	11,439,569	11,439,569
Commodities	1,298,103	2,100,757	2,100,757	1,593,836	1,593,836
Capital Outlay	520,737	504,550	504,550	504,550	504,550
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 23,147,865</i>	<i>\$ 24,662,615</i>	<i>\$ 24,562,615</i>	<i>\$ 23,045,902</i>	<i>\$ 23,045,902</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,066,445	922,708	922,708	922,708	922,708
TOTAL	\$ 24,214,310	\$ 25,585,323	\$ 25,485,323	\$ 23,968,610	\$ 23,968,610
Financing:					
State General Fund	\$ 2,256,879	\$ 2,814,340	\$ 2,714,340	\$ 2,403,328	\$ 2,403,328
All Other Funds	21,957,431	22,770,983	22,770,983	21,565,282	21,565,282
TOTAL	\$ 24,214,310	\$ 25,585,323	\$ 25,485,323	\$ 26,968,610	\$ 23,968,610
FTE Positions	147.5	116.0	116.0	91.0	91.0
Non-FTE Uncl. Perm. Pos.	221.6	90.0	90.0	88.0	88.0
TOTAL	369.1	206.0	206.0	179.0	179.0

The **agency's** FY 2016 revised estimate totals \$25.6 million, including \$2.8 million from the State General Fund, for the Physical Plant and Central Services program. This is an all funds increase of \$1.5 million, or 6.4 percent, and a State General Fund increase of \$370,139, or 15.1 percent, above the FY 2016 approved amount. The State General Fund increase is primarily due to the agency's State General Fund supplemental requests totaling \$440,000 for Force Protection (\$340,000 Commodities) and Termination of Exposure Physicals (\$100,000 Contractual) in FY 2016. The agency states all other funds increases from the FY 2016 approved amount are due to the continuance of the Readiness Sustainment and Maintenance

Site (RSMS) program expenditures until the closure of the Federal Fiscal Year (September 30, 2015). The revised estimate accounts for these expenditures in order to close out the Federal Fiscal Year. The RSMS program was 100.0 percent federally funded.

The **Governor** recommends FY 2016 expenditures totaling \$25.5 million, including \$2.7 million from the State General Fund, which is an all funds reduction of \$100,000, or 0.4 percent, and a State General Fund reduction of \$100,000, or 3.6 percent, below the agency's FY 2016 revised estimate. This decrease is entirely due to the Governor not recommending the agency's supplemental request for Termination of Exposure Physicals in FY 2016 (\$100,000 State General Fund).

The **agency's** revised estimate for FY 2017 expenditures totals \$27.0 million, including \$2.4 million from the State General Fund, for the Physical Plant and Central Services program. This is an all funds increase of \$62,925, or 0.3 percent, and a State General Fund decrease of \$68,906, or 2.8 percent, from the FY 2017 approved amount. This decrease is due to decreases in salaries and wages (\$559,963) and other assistance (\$12,134) offset by increases in contractual services (\$422,351), capital outlay (\$159,950), and commodities (\$52,721) from the FY 2017 approved amount. Changes from the FY 2017 approved amount include the following:

- **Salaries and Wages.** The agency's revised estimate includes expenditures of \$9.5 million, including \$762,487 from the State General Fund, to fund 91.0 FTE positions and 88.0 non-FTE unclassified positions for FY 2017. This is an all funds decrease of \$559,963, or 5.6 percent, and a State General Fund increase of \$29,184, or 4.0 percent, from the FY 2017 approved amount. The agency states that the decreases are related to not filling vacant positions and leaving positions open longer, and reallocation of State General Fund expenditures;
- **Contractual Services.** The agency's revised estimate includes expenditures of \$11.4 million, including \$1.4 million from the State General Fund, for FY 2017. This is an all funds increase of \$422,351, or 3.8 percent, and a State General Fund decrease of \$92,912, or 6.0 percent, from the FY 2017 approved amount. The agency states that the increase is due additional professional services for federal projects;
- **Commodities.** The agency's revised estimate includes expenditures of \$1.6 million, including \$142,629 from the State General Fund, for FY 2017. This is an all funds increase of \$52,721, or 3.4 percent, and a State General Fund increase of \$6,956, or 5.1 percent, above the FY 2017 approved amount. The agency states that this increase is due to indices and general increases in supplies and maintenance;
- **Capital Outlay.** The agency's revised estimate includes expenditures of \$504,550, including \$44,650 from the State General Fund, for FY 2017. This is an all funds increase of \$159,950, or 46.4 percent, and no change to State General Fund expenditures, from the FY 2017 approved amount. The agency states that this increase is due to federally funded expenditures for new and replacement equipment for FY 2017; and
- **Other Assistance.** The agency's revised estimate includes expenditures of \$922,708, including \$3,708 from the State General Fund, for FY 2017. This is a State General Fund decrease of \$12,134, or 76.6 percent, below the FY 2017

approved amount. The agency states that this change is a re-estimation to more accurately reflects voluntary retirement incentive payments for FY 2017.

The **Governor** concurs with the agency's revised estimate for FY 2017 expenditures for the Physical Plant and Central Services program.

E. Debt Service

The Legislature approved the issuance of \$22.0 million in revenue bonds in five increments to fund restoration of the Kansas National Guard Armories. The first bonds were issued in November 2000 with the final bonds being issued during 2005. This is a 20-year bonding program.

Subsequently, the **2005 Legislature** approved the issuance of an additional \$9.0 million in bonds for armory renovation, with three bonds issues of \$3.0 million be made in FY 2007, FY 2008, and FY 2009. Each issuance required State Finance Council approval prior to being issued. The agency received approvals and issued the FY 2007 bonds in September 2007, the FY 2008 bonds in September 2008, and then received approval for the final set of bonds at the June 2010 meeting of the State Finance Council.

The Legislature also approved the issuance of bonds for the Pittsburg State University and Adjutant General's Department joint use facility. The first debt service payment on these bonds was made in FY 2007 from the Principal and Interest account, and the first payment from the State General Fund was made in FY 2008.

The Legislature also approved the issuance of \$9.0 million in revenue bonds to construct, equip, and purchase land for the Great Plains Training Center in Salina. These bonds were issued in September 2007. The first debt service payment from the State General Fund was paid in FY 2009.

DEBT SERVICE - INTEREST SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Projects:					
Armory Bonds	\$ 636,924	\$ 286,272	\$ 286,272	\$ 269,987	\$ 269,987
PSU University Bonds	27,091	6,200	6,200	3,200	3,200
Great Plains Training Center Bonds	224,443	85,544	85,544	68,631	68,631
TOTAL	\$ 888,458	\$ 378,016	\$ 378,016	\$ 341,818	\$ 341,818
Financing:					
State General Fund	\$ 888,458	\$ 378,016	\$ 378,016	\$ 341,818	\$ 341,818
All Other Funds	0	0	0	0	0
TOTAL	\$ 888,458	\$ 378,016	\$ 378,016	\$ 341,818	\$ 341,818

The **agency** requests State General Fund debt service interest payments totaling \$378,016 in FY 2016, and \$341,818 for FY 2017. Debt service payments for bonds include the following items:

- **Armory Bonds.** The agency requests \$286,272 in FY 2016 and \$269,987 for FY 2017 for debt service interest payments on bonds for the restoration of the Kansas National Guard Armories. The agency included a supplemental request to adjust debt service interest payments on this set of bonds. This request would decrease both the FY 2016 and FY 2017 payments by \$40,282, to reflect debt service interest payments after refunding which occurred during the 2015 Session;
- **Pittsburg State University Bonds.** The agency requests \$6,200 in FY 2016 and \$3,200 for FY 2017 for debt service interest payments on bonds issued for the Pittsburg Joint Readiness Center; and
- **Great Plains Training Center Bonds.** The agency requests \$85,544 in FY 2016 and \$68,631 for FY 2017 for debt service interest payments on the bonds issued for the Great Plains Training Center.

The **Governor** concurs with the agency's revised estimates for debt service interest payments in FY 2016 and for FY 2017.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Debt Service Principal:				
Armory Bonds	\$ 405,000	\$ 405,000	\$ 420,000	\$ 420,000
Pittsburg State University	75,000	75,000	80,000	80,000
GPRT Center Bonds	390,000	390,000	405,000	405,000
<i>Subtotal Debt Service</i>				
<i>Principal SGF:</i>	\$ 870,000	\$ 870,000	\$ 905,000	\$ 905,000
State General Fund Projects:				
Crisis City HVAC	\$ 158,400	\$ --	\$ --	\$ --
Rehab and Repair of Armories State Match Base Request	279,482	279,482	276,689	276,689
Rehab and Repair of Armories State Match Supp. Request	467,577	--	476,929	--
<i>Subtotal SGF Projects:</i>	\$ 905,459	\$ 279,482	\$ 753,618	\$ 276,689
Special Revenue / Federal Fund Projects (FED):				
NGB Ops/Maint. R&R Match Base Request FED	\$ 779,482	\$ 779,482	\$ 776,689	\$ 776,689
NGB Ops/Maint. FED Match Supp. Request	562,816	--	574,072	--
<i>Subtotal SRF & FED Projects:</i>	\$ 1,342,298	\$ 779,482	\$ 1,350,761	\$ 776,689
GRAND TOTAL	\$ 3,117,757	\$ 1,928,964	\$ 3,009,379	\$ 1,958,378
Financing:				
State General Fund	\$ 1,775,459	\$ 1,149,482	\$ 1,658,618	\$ 1,181,689
All Other Funds	1,342,298	779,482	1,350,761	776,689
TOTAL	\$ 3,117,757	\$ 1,928,964	\$ 3,009,379	\$ 1,958,378

FY 2016 – Current Year. The agency's revised estimate for capital improvements expenditures totals \$3.1 million, including \$1.8 million from the State General Fund, in FY 2016. The revised estimate includes two capital improvements supplemental requests totaling \$1.2 million, including \$625,977 from the State General Fund, in FY 2016. The FY 2016 revised estimate includes the following:

- **State General Fund.** The agency's FY 2016 revised estimate includes debt service principal expenditures totaling \$870,000; the State General Fund portion of two capital improvements supplemental requests totaling \$625,977; the agency also includes a base request for rehabilitation and repair expenditures totaling \$279,482 for FY 2016; and

- **All Other Funds.** The FY 2016 revised estimate includes \$1.3 million, all from federal funds, for capital improvements in FY 2016. This includes matching federal funding drawn down as part of the agency's base request for rehabilitation and repair expenditures of \$779,482; and matching federal funding anticipated to be drawn down as part of the agency's supplemental request for additional rehabilitation and repair expenditures of \$562,846 in FY 2016.

The **Governor** recommends capital improvements expenditures totaling \$1.9 million, including \$1.1 million from the State General Fund, in FY 2016. This is an all funds decrease of \$1.2 million, or 38.1 percent, and a State General Fund decrease of \$625,977, or 35.3 percent, below the agency's FY 2016 revised estimate. This decrease is due to the Governor not recommending the agency's supplemental requests for:

- Additional rehabilitation and repair expenditures for Kansas Army National Guard facilities, and
- Crisis City HVAC replacement in FY 2016.

FY 2017 – Budget Year. The agency's revised estimate for capital improvements expenditures totals \$3.0 million, including \$1.7 million from the State General Fund, for FY 2017. The revised estimate includes one capital improvement supplemental request totaling \$1.1 million, including \$476,929 from the State General Fund, for FY 2017. The FY 2017 revised estimate includes the following:

- **State General Fund.** The agency's FY 2017 revised estimate includes debt service principal expenditures totaling \$905,000; the State General Fund portion of one capital improvements supplemental request totaling \$476,929; and the agency also includes a base request for rehabilitation and repair expenditures totaling \$276,689 for FY 2017; and
- **All Other Funds.** The FY 2017 revised estimate includes \$1.4 million, all from federal funds, for capital improvements for FY 2017. This includes matching federal funding drawn down as part of the agency's base request for rehabilitation and repair expenditures of \$776,689; and matching federal funding anticipated to be drawn down as part of the agency's supplemental request for additional rehabilitation and repair expenditures of \$574,072 for FY 2017.

The **Governor** recommends capital improvements expenditures totaling \$1.9 million, including \$1.2 million from the State General Fund, for FY 2017. This is an all funds decrease of \$1.1 million, or 34.9 percent, and a State General Fund decrease of \$476,929, or 28.8 percent, below the agency's FY 2017 revised estimate. This decrease is due to the Governor not recommending the agency's supplemental request for additional rehabilitation and repair expenditures for Kansas Army National Guard facilities for FY 2017.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of monthly reporting deadlines met	N/A	99.0%	100.0%	100.0%
Number of training workshops sponsored by KDEM	100	129	119	100
Number of county emergency operation plans reviewed for compliance	50	45	34	26
Number of training and exercise planning workshops conducted across the state	74	70	71	71
Percent of missions within the time-frame specified by the requester	100.0%	100.0%	100.0%	100.0%
Percent of payments for state active duty made on time	100.0%	100.0%	100.0%	100.0%
Percent of restoration and modernization projects executed	N/A	11.0%	12.0%	16.0%
Percent of scheduled maintenance executed	N/A	72.0%	75.0%	75.0%

KANSAS BUREAU OF INVESTIGATION

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 16,082,694	\$ 20,556,480	\$ 20,556,480	\$ 23,603,755	\$ 20,954,998
Other Funds	11,297,810	12,333,445	12,333,445	12,694,951	12,694,951
TOTAL	\$ 27,380,504	\$ 32,889,925	\$ 32,889,925	\$ 36,298,706	\$ 33,649,949
Capital Improvements:					
State General Fund	\$ 30,736	\$ 2,529,705	\$ 2,195,000	\$ 2,205,000	\$ 2,205,000
Other Funds	249,907	0	0	0	0
TOTAL	\$ 280,643	\$ 2,529,705	\$ 2,195,000	\$ 2,205,000	\$ 2,205,000
GRAND TOTAL	\$ 27,661,147	\$ 35,419,630	\$ 35,084,925	\$ 38,503,706	\$ 35,854,949
Percentage Change:					
Operating Expenditures					
State General Fund	1.3 %	27.8 %	27.8 %	14.8 %	1.9 %
All Funds	1.5	20.1	20.1	10.4	2.3
FTE Positions	223.0	223.0	223.0	223.0	223.0
Non-FTE Perm.Uncl.Pos.	81.0	94.5	94.5	100.5	94.5
TOTAL	304.0	317.5	317.5	323.5	317.5

AGENCY OVERVIEW

The Kansas Bureau of Investigation (KBI) was established in 1939 as a division within the Office of the Attorney General. The mission of the KBI is to provide professional investigative and laboratory services to Kansas criminal justice agencies, and to collect and disseminate criminal justice information for the purpose of promoting public safety and the prevention of crime in Kansas. The KBI headquarters is located in Topeka, with regional offices in Wichita and Overland Park. Laboratory facilities are located in Topeka, Great Bend, Pittsburg, and Kansas City.

MAJOR ISSUES FROM PRIOR YEARS

The 2006 Legislature added funding of \$2.4 million, all from the State General Fund, for the purchase of the Insurance Management Agency building (IMA) building in Topeka; security, communications, and laboratory renovations at the Headquarters and IMA buildings; and completion of the second floor at the Great Bend Laboratory in FY 2007. The Personal and Family Protection Act was enacted allowing certain persons licensed by the Kansas Attorney General to carry concealed handguns. The 2006 Legislature increased expenditures from the Record Check Fee Fund by \$120,568 and added 4.0 FTE positions in FY 2007 for implementation of the Act.

The Legislature added \$263,212, all from the State General Fund, for 4.0 additional agent positions in FY 2007 and enacted HB 2554 requiring DNA sample collection for the DNA database of any adult arrested or juvenile placed in custody for the commission or attempted commission of a felony or specific non-felony offense. Also added was a total of 13.0 new FTE positions including: 3.0 laboratory positions, 3.0 record check positions, 2.0 Offender Registration Unit positions, and 3.0 positions to be utilized for either the implementation of legislation regarding DNA specimen collections or for the Offender Registration Unit.

HB 2754 was enacted requiring offenders to register with the KBI for the commission of person felonies when a court makes a finding that a deadly weapon was used, commonly referred to as "Miki's Law." The Legislature added \$65,464, all from the State General Fund, in FY 2007 for the Offender Registration for implementation of the legislation.

The 2007 Legislature added \$124,000, all from the State General Fund, for the agency to purchase property in Topeka in the block containing the Headquarters building in FY 2008.

The 2008 Legislature added language providing for the reappropriation of the \$124,000, all from the State General Fund, to FY 2009 for the agency to purchase property in Topeka in the block containing the Headquarters building and added \$50,000, all from the State General Fund, to complete the buyout and demolition of properties on the same block as the headquarters.

The 2009 Legislature added language to reappropriate the total unencumbered State General Fund balance of the Land Acquisition Fund savings to operating expenditures in FY 2010, to provide funding for Kansas Criminal Justice Information System (KCJIS) communication lines. The legislation added \$326,000, all from the State General Fund, for the KCJIS Central Message Switch Replacement project in FY 2010 and reduced the agency's budget by 1.25 percent, as part of an across the board reduction to the Governor's FY 2009 recommended State General Fund operating expenditures, excluding debt service payments and caseload estimates for FY 2009 (\$212,814) and FY 2010 (\$209,672). The legislation also reduced the agency's budget by 2.75 percent, as part of an across the board reduction to the Governor's FY 2010 recommended State General Fund operating expenditures excluding debt service payments and caseload estimates for FY 2010 (\$423,085).

The 2010 Legislature deleted \$218,000 from the State General Fund, and added \$660,000 from the Criminal Justice Information System Line Fund, in FY 2011, with the passage of 2010 Senate Sub. for HB 2226, which raised district court traffic fines by \$5 to provide funding for the KCJIS circuits. The legislation added \$1,080,630, all from the State General Fund, to assist in reducing the DNA backlog in FY 2011. The funds allowed for the purchase of new equipment, consumables, and for computer and software licenses.

The 2011 Legislature added \$150,000, all from the State General Fund, in FY 2011 and \$450,000, all from the State General Fund, in FY 2012 to provide funding for methamphetamine laboratory cleanup and approved a reduced resources budget in FY 2012, which was an all funds reduction of \$556,598, and a State General Fund reduction of \$783,941.

The 2013 Legislature added language authorizing expenditures for an agreement with Washburn University for the construction of the forensic laboratory in FY 2014 and added \$608,532, all from the State General Fund, and 5.0 FTE positions in FY 2014 and FY 2015 for the Crimes Against Children Unit.

The legislation deleted \$384,785 in FY 2013 and \$200,000 in FY 2014 for the methamphetamine laboratory cleanup program and deleted \$987,465, including \$176,270 from

the State General Fund, in FY 2014, and deleted \$1,032,241, including \$203,729 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2015.

The **2014 Legislature** added \$1,350, all from the KCJIS Line Fund, to procure and operate telecommunications circuits for each county in FY 2014 and FY 2015, and made the KCJIS Line Fund a no-limit fund. The legislation also added \$940,646, all from the State General Fund, for a 10.0 percent base pay increase for all forensic scientist and special agent positions for FY 2015.

The **2015 Legislature** added 12.0 non-FTE positions for the forensic laboratory at Washburn University for FY 2016 and FY 2017. The legislation added \$4.3 million, all from the State General Fund, for debt-service payments for the new forensic laboratory at Washburn University for FY 2016 and FY 2017. The legislation also added \$1.0 million, all from special revenue funds, for maintenance and support of KCJIS, and added language permitting the KBI to use funds in the KCJIS Line Fund for maintenance and support of KCJIS.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate totaling \$35.4 million, including \$23.1 million from the State General Fund. This is an all funds increase of \$1.4 million, or 4.3 percent, and a State General Fund increase of \$334,705, or 1.5 percent, above the amount approved by the 2015 Legislature. The State General Fund increase is entirely due to the agency's supplemental request. The special revenue funds increases are largely due to contractual services in the General Services program and capital outlay in the Forensic Laboratory program. The revised estimate includes 223.0 FTE positions, which remained unchanged from the amount approved by the 2015 Legislature.

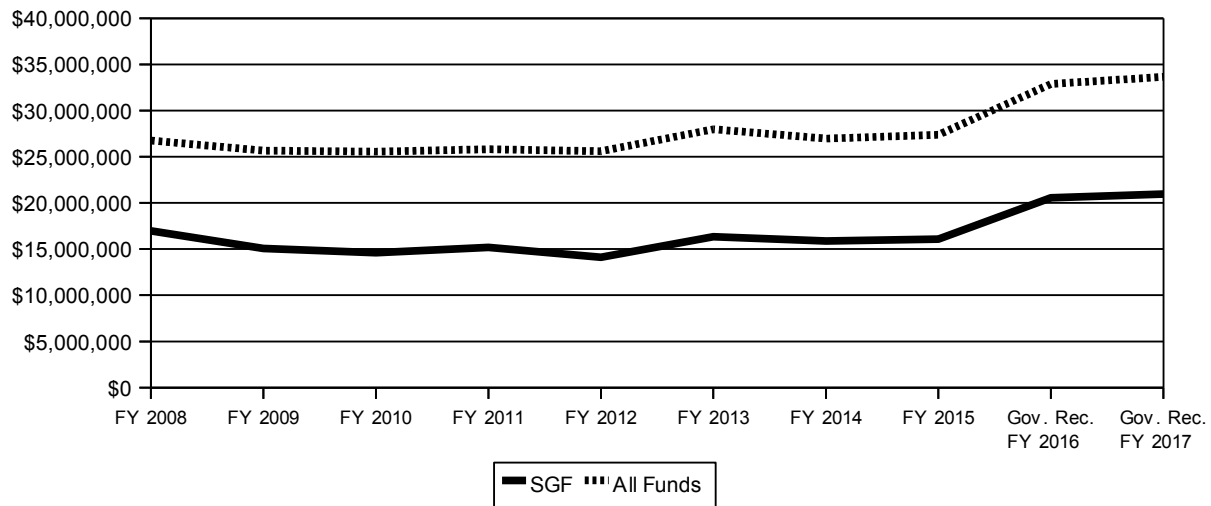
The **Governor** recommends \$35.1 million, including \$22.8 million from the State General Fund, in FY 2016. This is a State General Fund decrease of \$334,705, or 1.4 percent, below the agency's revised estimate and is attributable to the Governor not recommending the agency's supplemental request. The Governor's recommendation includes 223.0 FTE positions, which is unchanged from the agency's revised estimate.

FY 2017 – Budget Year. The **agency** requests a revised estimate totaling \$38.5 million, including \$25.8 million from the State General Fund. This is an all funds increase of \$4.0 million, or 11.5 percent, and a State General Fund increase of \$2.5 million, or 10.7 percent, above the amount approved by the 2015 Legislature. The increase is largely due to the agency's supplemental requests. The revised estimate includes 223.0 FTE positions, which is unchanged from the amount approved by the 2015 Legislature.

The **Governor** recommends \$35.9 million, including \$23.2 million from the State General Fund, for FY 2017. This is a State General Fund decrease of \$2.6 million, or 10.3 percent, below the agency's revised estimate. The decrease is due to the Governor's note recommending the agency's supplemental requests. The Governor further recommends a lapse of \$150,000 from the agency's State General Fund account for methamphetamine laboratory cleanup. The recommendation includes 223.0 FTE positions, which is unchanged from the agency's revised estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 16,974,027	4.4 %	\$ 26,764,369	1.4 %	220.0
2009	15,055,052	(11.3)	25,662,582	(4.1)	220.0
2010	14,607,892	(3.0)	25,551,718	(0.4)	221.0
2011	15,180,709	3.9	25,813,836	1.0	221.0
2012	14,102,572	(7.1)	25,598,545	(0.8)	209.0
2013	16,343,055	15.9	27,972,736	9.3	218.0
2014	15,872,266	(2.9)	26,967,017	(3.6)	211.0
2015	16,082,694	1.3	27,380,504	1.5	223.0
2016 Gov. Rec.	20,556,480	27.8	32,889,925	20.1	223.0
2017 Gov. Rec.	20,954,998	1.9	33,649,949	2.3	223.0
Ten-Year Change Dollars/Percent	\$ 3,980,971	23.5 %	\$ 6,885,580	25.7 %	3.0

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate				Governor's Recommendation			
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
General Services	\$ 6,858,092	\$ 8,275,173	\$ 8,706,691	\$ 431,518	5.2 %	\$ 8,275,173	\$ 8,706,691	\$ 431,518	5.2 %
Investigation	13,163,627	12,645,983	15,522,172	2,876,189	22.7	12,645,983	13,180,969	534,986	4.2
Forensic Laboratory	7,358,785	9,739,045	9,853,774	114,729	1.2	9,739,045	9,546,220	(192,825)	(2.0)
Debt Service	0	2,229,724	2,216,069	(13,655)	(0.6)	2,229,724	2,216,069	(13,655)	(0.6)
TOTAL	<u>\$ 27,380,504</u>	<u>\$ 32,889,925</u>	<u>\$ 36,298,706</u>	<u>\$ 3,408,781</u>	<u>10.4 %</u>	<u>\$ 32,889,925</u>	<u>\$ 33,649,949</u>	<u>\$ 760,024</u>	<u>2.3 %</u>
By Major Object of Expenditure:									
Salaries and Wages	\$ 17,018,023	\$ 19,472,850	\$ 22,330,797	\$ 2,857,947	14.7 %	\$ 19,472,850	\$ 20,166,840	\$ 693,990	3.6 %
Contractual Services	5,927,090	7,135,891	7,453,838	317,947	4.5	7,135,891	7,217,066	81,175	1.1
Commodities	1,259,408	1,210,448	1,236,063	25,615	2.1	1,210,448	1,208,535	(1,913)	(0.2)
Capital Outlay	1,487,737	1,398,477	1,636,063	237,586	17.0	1,398,477	1,415,563	17,086	1.2
Debt Service	0	2,229,724	2,216,069	(13,655)	(0.6)	2,229,724	2,216,069	(13,655)	(0.6)
Subtotal - Operations	\$ 25,692,258	\$ 31,447,390	\$ 34,872,830	\$ 3,425,440	10.9 %	\$ 31,447,390	\$ 32,224,073	\$ 776,683	2.5 %
Aid to Local Units	1,669,868	1,312,371	1,312,371	0	0.0	1,312,371	1,312,371	0	0.0
Other Assistance	18,378	130,164	113,505	(16,659)	(12.8)	130,164	113,505	(16,659)	(12.8)
TOTAL	<u>\$ 27,380,504</u>	<u>\$ 32,889,925</u>	<u>\$ 36,298,706</u>	<u>\$ 3,408,781</u>	<u>10.4 %</u>	<u>\$ 32,889,925</u>	<u>\$ 33,649,949</u>	<u>\$ 760,024</u>	<u>2.3 %</u>
Financing:									
State General Fund	\$ 16,082,694	\$ 20,556,480	\$ 23,603,755	\$ 3,047,275	14.8 %	\$ 20,556,480	\$ 20,954,998	\$ 398,518	1.9 %
Record Check Fee Fund	2,718,579	2,704,768	2,994,681	289,913	10.7	2,704,768	2,994,681	289,913	10.7
KCJIS Line Fund	562,609	1,756,320	1,756,320	0	0.0	1,756,320	1,756,320	0	0.0
All Other Funds	8,016,622	7,872,357	7,943,950	71,593	0.9	7,872,357	7,943,950	71,593	0.9
TOTAL	<u>\$ 27,380,504</u>	<u>\$ 32,889,925</u>	<u>\$ 36,298,706</u>	<u>\$ 3,408,781</u>	<u>10.4 %</u>	<u>\$ 32,889,925</u>	<u>\$ 33,649,949</u>	<u>\$ 760,024</u>	<u>2.3 %</u>

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$22,905,345 for KBI in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$192,598 based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016; and
- A reduction of \$346,463, including the lapse of the \$192,598 reappropriation, as the result of the Governor's July 30th State General Fund allotment and authority given under 2015 Senate Sub. for HB 2135.

These adjustments change the FY 2016 approved State General Fund amount to \$22,751,480. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 22,751,480	\$ 23,086,185	\$ 334,705	\$ 22,751,480	\$ 0
All Other Funds	11,222,189	12,333,445	1,111,256	12,333,445	1,111,256
TOTAL	\$ 33,973,669	\$ 35,419,630	\$ 1,445,961	\$ 35,084,925	\$ 1,111,256
FTE Positions	223.0	223.0	0.0	223.0	0.0

The **agency** requests a revised estimate totaling \$35.4 million, including \$23.1 million from the State General Fund. This is an all funds increase of \$1.4 million, or 4.3 percent, and a State General Fund increase of \$334,705, or 1.5 percent, above the amount approved by the 2015 Legislature. The State General Fund increase is entirely due to the agency's capital improvements supplemental request for repair of its Topeka headquarters parking garage. Absent the agency's supplemental request, the revised estimate is an all funds increase of \$957,391, or 3.0 percent, above the approved amount. Increased expenditures occur in all objects of expenditure; the largest of which are in contractual services in the General Services program and capital outlay in the Forensic Laboratory program. The agency's revised estimate includes 223.0 FTE, which is the same as the approved amount. Major objects of expenditure are detailed below.

- **Salaries and Wages.** Expenditures for salaries and wages total \$19.5 million, including \$13.98 million from the State General Fund, in FY 2016. This is a special revenue funds decrease of \$5,345, or less than 1.0 percent, below the

approved amount, primarily due to reduced expenditures (\$381,690) in the Investigation program, offset by higher expenditures (\$399,319) in the Forensic Laboratory program. More specifically, the agency estimates reduced expenditures (\$436,451) on pay to classified employees in the Investigation program, offset by increased expenditures (\$157,210) on pay to classified employees and a shrinkage adjustment to reflect historical shrinkage trends and open positions in the Forensic Laboratory program (\$179,566). Several classified employees transferred from the Investigation program to the Forensic Laboratory program.

- **Contractual Services.** Expenditures for contractual services total \$7.1 million, including \$3.3 million from the State General Fund, in FY 2016. This is an increase of \$377,414, or 5.6 percent, but a State General decrease of \$142,720, or 4.1 percent, from the approved amount, primarily due to increased expenditures (\$524,486) in the General Services program, offset by reduced expenditures (\$187,089) in the Investigation program. More specifically, the agency estimates higher expenditures on the intergovernmental local communication service operating charge (\$249,398), consulting services (\$238,635) related to the testing of sexual assault kits, and computer software maintenance (\$172,512), offset by reduced expenditures related to methamphetamine lab cleanup which were lapsed (\$153,866).
- **Commodities.** Expenditures for commodities total \$1.2 million, including \$668,223 from the State General Fund, in FY 2016. This is an increase of \$34,478, or 2.9 percent, but State General Fund decrease of \$1,145, or less than 1.0 percent, from the approved amount, primarily due to increased expenditures (\$48,615) in the General Services program, offset by reduced expenditures (\$20,718) in the Investigation program. More specifically, the agency estimates higher expenditures on professional scientific supplies used in the testing of sexual assault kits (\$48,615), offset by reduced expenditures on clothing (\$12,007).
- **Capital Outlay.** Expenditures for capital outlay total \$1.4 million, including \$319,354 from the State General Fund, in FY 2016. This is an increase of \$305,149, or 27.9 percent, but a State General Fund decrease of \$10,000, or 3.0 percent, from the approved amount. This increase is primarily due to higher expenditures (\$318,892) in the Forensic Laboratory program, offset by reduced expenditures (\$16,743) in the Investigation program. More specifically, the agency estimates increased expenditures on professional and scientific equipment for DNA testing in the Forensic Laboratory program (\$313,478) and reduced expenditures on computers and software (\$15,000).
- **Aid to Local Units.** Expenditures for aid to local units of government total \$1.3 million, all from special revenue funds, in FY 2016. This is an all funds increase of \$143,085, or 12.2 percent, above the approved amount. The increase is due to a new federal grant the agency received as part of the national Sexual Assault Kit Initiative (SAKI) in the General Services program. The funds will support local governments who investigate cases based on the analysis of sexual assault kits.
- **Other Assistance.** Expenditures for other assistance total \$130,164, including \$24,799 from the State General Fund, in FY 2016. This is a special revenue fund increase of \$102,610, or 372.4 percent, above the approved amount. The

increase is due to the SAKI grant in the General Services program. The funds will support organizations that aim to reduce victimization, encourage reporting of sexual assault, and enhance victim services and support.

The **Governor** recommends \$35.1 million, including \$22.8 million from the State General Fund, in FY 2016. This is a State General Fund decrease of \$334,705, or 1.4 percent, below the agency's revised estimate and is attributable to the Governor not recommending the agency's supplemental request for repair of the parking garage at the Topeka headquarters. The Governor's recommendation includes 223.0 FTE positions, which remains unchanged from the agency's revised estimate.

Supplemental Detail

FY 2016 SUPPLEMENTAL						
Supplemental	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Parking Garage	\$ 334,705	\$ 334,705	0.0	\$ 0	\$ 0	0.0

The **agency** requests a capital improvements supplemental totaling \$334,705, all from the State General Fund, to repair the parking garage at the agency's Topeka headquarters. The agency notes that water and de-icing salts have accelerated the deterioration of the garage's structural components.

Although not included in the agency's supplemental request in FY 2016, the agency is planning to replace the roof on its Topeka annex in FY 2019. During the agency's October 2015 presentation of its five year plan to the Joint Committee on State Building Construction, the Committee recommended that up to \$150,000, all from the State General Fund, be added to the FY 2016 capital improvements budget of the agency to replace the roof.

The **Governor** does not recommend the agency's supplemental request in FY 2016.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund, up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the State General Fund for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various State General Fund lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the State General Fund Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the

recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015, the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly State General Fund receipts subsequent to the November 6, 2015, consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency are described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
Lapse Reappropriations	\$ 346,463	\$ 346,463	0.0
TOTAL	\$ 346,463	\$ 346,463	0.0

The Governor lapsed \$346,463, all from the State General Fund, in FY 2016 as part of the July allotment. The lapses occurred in the Operating Expenditures account (\$463) and in the methamphetamine laboratory cleanup account (\$346,000). The agency stated that the lapse from the methamphetamine laboratory cleanup account will affect agency operations by making it more difficult to fill a Coordinator position while still having the flexibility to adjust to increases in cleanup requests.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$23,309,998 for KBI in FY 2017. No subsequent changes have been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 23,309,998	\$ 25,808,755	\$ 2,498,757	\$ 23,159,998	\$ (150,000)
All Other Funds	11,222,176	12,694,951	1,472,775	12,694,951	1,472,775
TOTAL	\$ 34,532,174	\$ 38,503,706	\$ 3,971,532	\$ 35,854,949	\$ 1,322,775
FTE Positions	223.0	223.0	0.0	223.0	0.0

The **agency** requests a revised estimate totaling \$38.5 million, including \$25.8 million from the State General Fund. This is an all funds increase of \$4.0 million, or 11.5 percent, and a State General Fund increase of \$2.5 million, or 10.7 percent, above the amount approved by the 2015 Legislature. The State General Fund increase is entirely due to the agency's supplemental requests. Absent the agency's supplemental request, the revised estimate is an increase of \$1.5 million, or 4.4 percent, above the approved amount. This increase is largely due to increased expenditures on contractual services in the General Services program and increased expenditures on salaries and wages in the Forensic Laboratory program. The agency's revised estimate includes 223.0 FTE positions which is unchanged from the approved amount. Major objects of expenditure are detailed below.

- **Salaries and Wages.** Expenditures for salaries and wages total \$22.3 million, including \$16.6 million from the State General Fund. This is an all funds increase of \$2.2 million, or 11.2 percent, and a State General Fund increase of \$2.16 million, or 15.0 percent, above the approved amount. Increased expenditures occur in all of the agency's programs. The largest of which are in the Investigation program (\$1.5 million) and the Forensic Laboratory program (\$727,797). These increases are largely attributable to the agency's supplemental requests for retention and recruitment initiatives and new additional Crime Scene Technicians.
- **Contractual Services.** Expenditures for contractual services total \$7.5 million, including \$3.6 million, from the State General Fund. This is an all funds increase of \$797,664, or 12.0 percent, and a State General Fund increase of \$97,917, or 2.8 percent, above the approved amount. Increased expenditures occur in all of the agency's programs. The largest of which occur in the General Services program (\$722,039) due to higher expenditures on Kansas Incident Based Reporting System feasibility study, other professional fees related to KCJIS, and the computer programming services, data processing services and database access fees operating charge. Other increases include those related to the agency's supplemental request for Crime Scene Technicians and costs related to the professional training of scientists in the Forensic Laboratory program.
- **Commodities.** Expenditures for commodities total \$1.2 million, including \$701,208 from the State General Fund. This is an all funds increase of \$75,742, or 6.5 percent, and a State General Fund increase of \$26,383, or 3.9 percent, above the approved amount. Increased expenditures occur in all of the agency's programs. The largest of which occur in the General Services program (\$48,615) and the Investigation program (\$23,883). Both increases are due to higher expenditures on professional scientific supplies related to the testing of sexual assault kits.
- **Capital Outlay.** Expenditures for capital outlay total \$1.6 million, including \$540,880 from the State General Fund. This is an all funds increase of \$610,411, or 59.5 percent, and a State General Fund increase of \$210,500, or 63.7 percent, above the approved amount. Increased expenditures occur in all of the agency's programs. The largest of which occurs in the Investigation program (\$450,000). Nearly half of the increase is related to the agency's supplemental request for additional Crime Scene Investigators, while the remainder of the increase is attributable to higher expenditures on professional and scientific equipment for video recording. Expenditures also increased in the General Services program

(\$149,911) for computer equipment for employees working under the National Criminal History Improvement Program grant.

- **Aid to Locals.** Expenditures for aid to local units of government total \$1.3 million, all from special revenue funds. This is an all funds increase of \$143,085, or 12.2 percent, above the approved amount. The increase is due to a new federal grant the agency received as part of the national SAKI in the General Services program. The funds will be used to support local governments who investigate cases based on the results of the analysis of sexual assault kits.
- **Other Assistance.** Expenditures for other assistance total \$113,505, including \$9,638 from the State General Fund. This is an all funds increase of \$102,610, or 941.8 percent, above the approved amount. The increase is due to the SAKI grant in the General Services program. Funds will be used to support organizations that aim to reduce victimization, encourage reporting of sexual assault, and enhance victim services and support.

The **Governor** recommends \$35.9 million, including \$23.2 million from the State General Fund, for FY 2017. This is a State General Fund decrease of \$2.6 million, or 10.3 percent, below the agency's revised estimate. The decrease is due to the Governor's note recommending the agency's supplemental requests. The Governor further recommends a lapse of \$150,000 from the agency's State General Fund account for methamphetamine laboratory cleanup. The recommendation includes 223.0 FTE positions, which remains unchanged from the agency's revised estimate.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Investigation Positions	\$ 843,874	\$ 843,874	0.0	\$ 0	\$ 0	0.0
Retention and Recruitment - Investigation Program	1,347,329	1,347,329	0.0	0	0	0.0
Retention and Recruitment - Forensic Laboratory Program	307,554	307,554	0.0	0	0	0.0
TOTAL	\$ 2,498,757	\$ 2,498,757	0.0	\$ 0	\$ 0	0.0

The **agency** requests operating expenditure supplementals totaling \$2.5 million, all from the State General Fund, for FY 2017. These include the following items.

- **Investigation Positions.** The agency requests \$843,874, all from the State General Fund, and 6.0 non-FTE positions, for FY 2017 for additional crime scene technicians who will work in the Crime Scene Response Team. The majority of the request is for salaries and wages (\$509,074) and capital outlay (\$220,500) expenditures.
- **Retention and Recruitment Program - Investigation Program.** The agency requests \$1.3 million, all from the State General Fund, for FY 2017 to implement

a retention and recruitment program in its Investigation program. The agency notes the retention and recruitment program would place KBI commissioned personnel at the equivalent of the Kansas Highway Patrol ranks and pay bands and assumes the same three year, two year alternating pattern as the Kansas Highway Patrol for the scheduled pay raises within the prescribed pay bands. Additionally, the agency will use the retention and recruitment program to equalize the classifications and pay of its criminal intelligence analysts. The supplemental request includes funding for salaries and wages only, the majority of which is for overtime pay. The agency notes that the funding will eliminate compensatory time accrual, fill all funded vacant positions, and establish a fixed source for overtime pay.

- **Retention and Recruitment Initiative - Forensic Laboratory Program.** The agency requests \$307,554, all from the State General Fund, to provide a 15.0 percent increase in salary for all Forensic Scientist (FS) III positions for FY 2017. The agency notes that it continues to lose forensic scientists as they transition from completing their training as a FS II to accepting an FS III position. According to the agency, in FY 2015, it lost eight forensic scientists, including five that went to other forensic laboratories.

The **Governor does not** recommend the agency's supplemental requests for FY 2017.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	65.0 %	62.3 %
Record Check Fee Fund	8.3	8.9
KCJIS Line Fund	4.8	5.2
All other funds	21.9	23.6
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Record Check Fee Fund Analysis

This no limit fee fund was established to collect fees in order to recover all or part of the direct and indirect operating expenses for criminal history record checks conducted for non-criminal justice entities and private organizations. Expenditures may be made from the Record Check Fee Fund for operating expenditures of the KBI. There are a variety of record checks, each with a different fee. In addition, monies collected pay the Federal Bureau of Investigation (FBI) for fingerprint searches done at the national level.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,505,768	\$ 1,450,547	\$ 1,450,547	\$ 1,632,232	\$ 1,632,232
Revenue	2,837,977	2,886,453	2,886,453	2,929,750	2,929,750
Transfers in	0	0	0	0	0
Total Funds Available	\$ 4,343,745	\$ 4,337,000	\$ 4,337,000	\$ 4,561,982	\$ 4,561,982
Less: Expenditures	2,893,198	2,704,768	2,704,768	2,994,681	2,994,681
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 1,450,547</u>	<u>\$ 1,632,232</u>	<u>\$ 1,632,232</u>	<u>\$ 1,567,301</u>	<u>\$ 1,567,301</u>
Ending Balance as Percent of Expenditures	50.1%	60.3%	60.3%	52.3%	52.3%
Month Highest Ending Balance	June \$ 269,760	June \$ 275,155	June \$ 275,155	June \$ 277,907	June \$ 277,907
Month Lowest Ending Balance	January \$ 190,082	January \$ 193,884	January \$ 193,884	January \$ 195,823	January \$ 195,823

Kansas Criminal Justice Information System (KCJIS) Line Fund Analysis

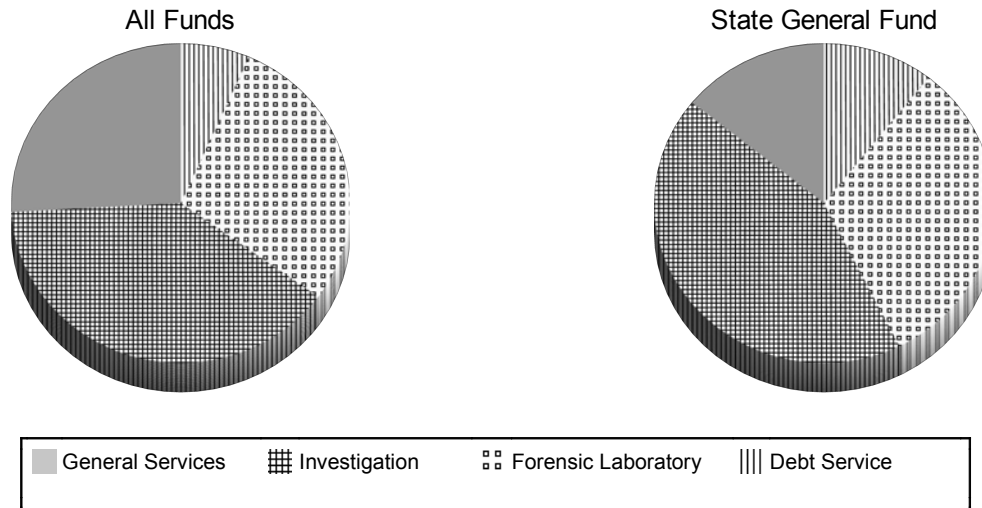
Expenditures from the KCJIS Line Fund are used to provide communication lines, outlets, and terminals to each county for KCJIS, pursuant to KSA 74-5707. The 2015 Legislature added proviso language to 2015 House Sub. for SB 112 which allows the KBI to expend money from the fund for maintenance and support of KCJIS for FY 2016 and FY 2017. Revenues deposited into the fund include 4.4 percent of all remittances, penalties, and forfeitures received from district courts. Additionally, 2015 House Sub. for SB 112 allows for additional revenue, up to \$1.0 million annually, to be deposited into the Fund for FY 2016 and FY 2017. The source of the additional revenue is \$1 of the Division of Vehicles modernization surcharge collected and remitted to the Secretary of Revenue.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 43,728	\$ 556	\$ 556	\$ 29,236	\$ 29,236
Revenue	519,437	1,785,000	1,785,000	1,785,000	1,785,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 563,165	\$ 1,785,556	\$ 1,785,556	\$ 1,814,236	\$ 1,814,236
Less: Expenditures	562,609	1,756,320	1,756,320	1,756,320	1,756,320
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 556</u>	<u>\$ 29,236</u>	<u>\$ 29,236</u>	<u>\$ 57,916</u>	<u>\$ 57,916</u>
Ending Balance as Percent of Expenditures	0.1%	1.7%	1.7%	3.3%	3.3%
Month Highest Ending Balance	June \$ 59,068	August \$ 419,051	August \$ 419,051	August \$ 419,051	August \$ 419,051
Month Lowest Ending Balance	December \$ 32,781	December \$ 55,274	December \$ 55,274	December \$ 55,274	December \$ 55,274

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
General Services	\$ 8,706,691	25.9 %	\$ 2,965,963	14.2 %
Investigation	13,180,969	39.2	9,052,603	43.2
Forensic Laboratory	9,546,220	28.4	6,720,363	32.1
Debt Service	2,216,069	6.6	2,216,069	10.6
TOTAL	\$ 33,649,949	100.0 %	\$ 20,954,998	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
General Services	42.0	40.0	40.0	40.0	40.0
Investigation	109.0	103.0	103.0	103.0	103.0
Forensic Laboratory	57.0	62.0	62.0	62.0	62.0
Off Budget	15.0	18.0	18.0	18.0	18.0
TOTAL	223.0	223.0	223.0	223.0	223.0

A. General Services

The General Services program is responsible for establishing efficient and effective programs, policies, and procedures that provide relevant and timely management, data processing and administrative services in support of KBI operations and the Kansas criminal justice community. All administrative functions in KBI are carried out by the General Services program.

GENERAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,836,064	\$ 4,475,240	\$ 4,475,240	\$ 4,687,186	\$ 4,687,186
Contractual Services	2,709,702	2,946,771	2,946,771	3,029,077	3,029,077
Commodities	56,503	156,452	156,452	132,952	132,952
Capital Outlay	248,301	451,015	451,015	611,781	611,781
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 6,850,570</i>	<i>\$ 8,029,478</i>	<i>\$ 8,029,478</i>	<i>\$ 8,460,996</i>	<i>\$ 8,460,996</i>
Aid to Local Units	0	143,085	143,085	143,085	143,085
Other Assistance	7,522	102,610	102,610	102,610	102,610
TOTAL	\$ 6,858,092	\$ 8,275,173	\$ 8,275,173	\$ 8,706,691	\$ 8,706,691
Financing:					
State General Fund	\$ 3,004,364	\$ 2,913,984	\$ 2,913,984	\$ 2,965,963	\$ 2,965,963
All Other Funds	3,853,728	5,361,189	5,361,189	5,740,728	5,740,728
TOTAL	\$ 6,858,092	\$ 8,275,173	\$ 8,275,173	\$ 8,706,691	\$ 8,706,691
FTE Positions	42.0	40.0	40.0	40.0	40.0
Non-FTE Uncl. Perm. Pos.	28.5	36.5	36.5	36.5	36.5
TOTAL	70.5	76.5	76.5	76.5	76.5

The **agency** requests a revised estimate totaling \$8.7 million, including \$2.97 million from the State General Fund, for FY 2017 for the General Services program. This is an all funds increase of \$1.2 million, or 16.3 percent, and a State General Fund increase of \$30,000, or 1.0 percent, above the amount approved by the 2015 Legislature. The request includes 40.0 FTE positions, a decrease of 1.0 FTE position. Objects of expenditure are detailed below.

- **Salaries and Wages.** Expenditures for salaries and wages total \$4.7 million, including \$2.0 million from the State General Fund, for FY 2017. This is a special revenue funds increase of \$52,839, or 1.1 percent, above the approved amount, and is largely attributable to increased expenditures on pay to unclassified temporary employees, group health hospitalization, and employer contributions to KPERS; partially offset by reduced expenditures on pay to classified employees.
- **Contractual Services.** Expenditures for contractual services total \$3.0 million, including \$851,217 from the State General Fund, for FY 2017. This is an all funds

increase of \$722,039, or 31.3 percent, and a State General Fund increase of \$30,000, or 3.7 percent, above the approved amount. Increased expenditures on a feasibility study for the Kansas Incident Based Reporting System (\$238,635), other professional fees related to the testing of sexual assault kits (\$232,739), and the computer programming services, data processing services and database access fees operating charge (\$249,398), are offset by reduced expenditures on staffing related to the National Criminal History Improvement Program grant that shifted to salaries and wages expenditures.

- **Commodities.** Expenditures for commodities total \$132,952, including \$63,467 from the State General Fund, for FY 2017. This is a special revenue funds increase of \$48,615, or 57.6 percent, above the approved amount, and is due entirely to increased expenditures on professional science supplies used in the testing of sexual assault kits.
- **Capital Outlay.** Expenditures for capital outlay total \$611,781, including \$8,850 from the State General Fund, for FY 2017. This is an all special revenue funds increase of \$149,911, or 32.5 percent, above the approved amount, and is due entirely to increased expenditures on computer equipment for employees working under the National Criminal History Improvement Program grant.
- **Aid to Local Units.** Expenditures for aid to local units of government total \$143,085, all from special revenue funds, which is a 100.0 percent increase above the the approved amount. The agency received a federal grant as part of SAKI, that provides funding to process evidence found in sexual assault kits that was previously untested. Expenditures for aid to locals are payments to local governments who will investigate cases based on the results of the analysis of sexual assault kits.
- **Other Assistance.** Expenditures for other assistance total \$102,610, all from special revenue funds, which is a 100.0 percent increase above the approved amount. As part of SAKI, the agency will administer funds to organizations that aim to reduce victimization, encourage reporting of sexual assault, and enhance victim services and support.

The **Governor** concurs with the agency's revised estimate for the Administration program for FY 2017.

B. Investigation

The Investigation program is responsible for promoting public safety and governmental integrity, at the request of partner law enforcement agencies and the Attorney General, through the aggressive and efficient investigation of serious criminal violations, the collection of information and evidence, the collection and dissemination of criminal intelligence information, and the completion of background investigations. The program prioritizes the investigation of major crimes of violence, major drug trafficking organizations, crimes involving child victims, crimes involving governmental integrity, and crimes wherein the local jurisdiction has a recognized conflict of interest in investigating the offense.

**INVESTIGATION
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 8,005,186	\$ 8,545,910	\$ 8,545,910	\$ 10,682,694	\$ 8,826,291
Contractual Services	2,425,624	2,462,622	2,462,622	2,704,792	2,468,020
Commodities	136,096	138,929	138,929	184,330	156,802
Capital Outlay	915,997	301,682	301,682	770,175	549,675
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,482,903</i>	<i>\$ 11,449,143</i>	<i>\$ 11,449,143</i>	<i>\$ 14,341,991</i>	<i>\$ 12,000,788</i>
Aid to Local Units	1,669,868	1,169,286	1,169,286	1,169,286	1,169,286
Other Assistance	10,856	27,554	27,554	10,895	10,895
TOTAL	\$ 13,163,627	\$ 12,645,983	\$ 12,645,983	\$ 15,522,172	\$ 13,180,969
Financing:					
State General Fund	\$ 8,369,000	\$ 8,814,315	\$ 8,814,315	\$ 11,393,806	\$ 9,052,603
All Other Funds	4,794,627	3,831,668	3,831,668	4,128,366	4,128,366
TOTAL	\$ 13,163,627	\$ 12,645,983	\$ 12,645,983	\$ 15,522,172	\$ 13,180,969
FTE Positions	109.0	103.0	103.0	103.0	103.0
Non-FTE Uncl. Perm. Pos.	26.0	22.0	22.0	28.0	22.0
TOTAL	135.0	125.0	125.0	131.0	125.0

The **agency** requests a revised estimate totaling \$15.5 million, including \$11.4 million from the State General Fund, for FY 2017 for the Investigation program. This is an all funds increase of \$2.0 million, or 14.6 percent, and a State General Fund increase of \$1.7 million, or 17.6 percent, above the amount approved by the 2015 Legislature. The request includes 103.0 FTE and 28.0 non-FTE positions, which is a decrease of 6.0 FTE positions. Five employees transferred to the Forensic Laboratory program and one to the General Services program. Objects of expenditure are detailed below.

- **Salaries and Wages.** Expenditures for salaries and wages total \$10.7 million, including \$9.5 million from the State General Fund, for FY 2017. This is an all funds increase of \$1.5 million, or 15.8 percent, and a State General Fund increase of \$1.4 million, or 17.8 percent, above the approved amount. The increase is due to the agency's two supplemental requests for additional Crime Scene Technicians and the Retention and Recruitment Program within the Investigation division, offset partially by a shrinkage adjustment and reduced expenditures on Medicare.
- **Contractual Services.** Expenditures for contractual services total \$2.7 million, including \$1.4 million from the State General Fund, for FY 2017. This is a State General Fund increase of \$40,472, or 3.0 percent, above the approved amount and is largely due to expenditures on cellular phones and in-state and out-of-state travel related to the agency's supplemental request for additional Crime Scene Technicians. The increase is partially offset by reduced expenditures on meals and lodging.

- **Commodities.** Expenditures for commodities total \$184,330, including \$130,517 from the State General Fund, for FY 2017. This is a State General Fund increase of \$23,883, or 22.4 percent, above the approved amount, and is due to expenditures on professional scientific supplies related to the agency's supplemental request for additional Crime Scene Investigators. The increase is offset by reduced expenditures on data processing and office supplies.
- **Capital Outlay.** Expenditures for capital outlay total \$770,175, including \$311,230 from the State General Fund, for FY 2017. This is an all funds increase of \$450,500, or 140.9 percent, and a State General Fund increase of \$200,500, or 181.1 percent, above the approved amount. Nearly half of the increase (\$220,500) is due to expenditures on professional, scientific, and computing equipment and passenger cars related to the agency's supplemental request for additional Crime Scene Investigators. The remainder of the increase is due to expenditures on professional and scientific equipment for video recording, partially offset by reduced expenditures on micro-computing equipment and software.
- **Aid to Local Units.** Expenditures for aid to local units of government total \$1.2 million, all from special revenue funds. This is unchanged from the amount approved by the 2015 Legislature and represents money transferred to local law enforcement agencies as part of the HIDTA grant program.
- **Other Assistance.** Expenditures for other assistance total \$10,895, including \$9,638 from the State General Fund. This is unchanged from the amount approved by the 2015 Legislature and represents payments to individuals participating in the Voluntary Retirement Incentive Program.

The **Governor** recommends \$13.2 million, including \$9.1 million from the State General Fund, for the Investigation program for FY 2017. This is a State General Fund decrease of \$2.3 million, or 20.5 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending the agency's supplemental requests for Crime Scene Technicians and the Retention and Recruitment Program. The Governor further recommends a lapse of \$150,000 from the agency's State General Fund account for methamphetamine laboratory cleanup. The recommendation includes 103.0 FTE positions which is unchanged from the agency's revised estimate.

C. Forensic Laboratory

The Forensic Laboratory program is responsible for providing timely, state-of-the-art forensic services to the Kansas public safety community through science and modern technology. To accomplish this, the forensic laboratory seeks to maintain its accreditation as a forensic laboratory, develop and retain a staff of highly trained and qualified forensic scientists, improve technology levels and facilities, and to be consistent with best practices in forensic science.

**FORENSIC LABORATORY
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,176,773	\$ 6,451,700	\$ 6,451,700	\$ 6,960,917	\$ 6,653,363
Contractual Services	791,764	1,726,498	1,726,498	1,719,969	1,719,969
Commodities	1,066,809	915,067	915,067	918,781	918,781
Capital Outlay	323,439	645,780	645,780	254,107	254,107
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,358,785</i>	<i>\$ 9,739,045</i>	<i>\$ 9,739,045</i>	<i>\$ 9,853,774</i>	<i>\$ 9,546,220</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 7,358,785</u>	<u>\$ 9,739,045</u>	<u>\$ 9,739,045</u>	<u>\$ 9,853,774</u>	<u>\$ 9,546,220</u>
Financing:					
State General Fund	\$ 4,709,330	\$ 6,598,457	\$ 6,598,457	\$ 7,027,917	\$ 6,720,363
All Other Funds	2,649,455	3,140,588	3,140,588	2,825,857	2,825,857
TOTAL	<u>\$ 7,358,785</u>	<u>\$ 9,739,045</u>	<u>\$ 9,739,045</u>	<u>\$ 9,853,774</u>	<u>\$ 9,546,220</u>
FTE Positions	57.0	62.0	62.0	62.0	62.0
Non-FTE Uncl. Perm. Pos.	14.5	26.0	26.0	26.0	26.0
TOTAL	<u>71.5</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>

The **agency** requests a revised estimate totaling \$9.9 million, including \$7.0 million from the State General Fund, for FY 2017 for the Forensic Laboratory program. This is an all funds increase of \$776,194, or 8.6 percent, and a State General Fund increase of \$764,831, or 12.2 percent, above the amount approved by the 2015 Legislature. The request includes 62.0 FTE which is an increase of 5.0 FTE positions due to five employees who specialize in cyber crime transferring from the Investigation to the Forensic Laboratory program. Objects of expenditure are detailed below.

- **Salaries and Wages.** Expenditures for salaries and wages total \$6.96 million, including \$4.97 million from the State General Fund, for FY 2017. This is an all funds increase of \$727,797, or 11.7 percent, and a State General Fund increase of \$724,886, or 17.1 percent, above the approved amount. A portion of the increase is due to the agency's retention and recruitment supplemental request (\$307,554). The remainder of the increase is due largely to increased expenditures on pay to classified employees (\$261,564).
- **Contractual Services.** Expenditures for contractual services total \$1.7 million, including \$1.3 million from the State General Fund, for FY 2017. This is an all funds increase of \$35,153, or 2.1 percent, and a State General Fund increase of \$27,445, or 2.1 percent, above the approved amount. The largest expenditure increases were for computer software maintenance and service (\$10,845), meals and lodging (\$10,708), and out of state transportation costs (\$7,200). Costs associated with travel are related to the professional training of scientists to maintain accreditation and and certification.

- **Commodities.** Expenditures for commodities total \$918,781, including \$507,224 from the State General Fund, for FY 2017. This is an all funds increase of \$3,244, or 0.4 percent, and a State General Fund increase of \$2,500, or 0.5 percent, above the approved amount, due to higher expenditures on data processing, scientific, and office supplies.
- **Capital Outlay.** Expenditures for capital outlay total \$254,107, including \$220,800 from the State General Fund, for FY 2017. This is a State General Fund increase of \$10,000, or 4.7 percent, above the approved amount, and is attributable to expenditures on computing equipment, software, and office equipment. Compared the the agency's FY 2016 revised estimate, this is an all funds decrease of \$391,673, or 60.7 percent, due to less expenditures on professional and scientific equipment.

The **Governor** recommends \$9.5 million, including \$6.7 million from the State General Fund for the Forensic Laboratory program for FY 2017. This is a State General Fund decrease of \$307,554, or 4.4 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request for retention and recruitment. The recommendation includes 62.0 FTE positions which is unchanged from the agency's revised estimate.

D. Debt Service Interest

Debt service interest expenditures are for payments on the forensic science laboratory at Washburn University. The laboratory officially opened in November 2015. The Topeka Building Commission authorized the issuance of its Public Building Commission Leasehold Revenue Bonds in the principal amount not exceeding \$59.0 million.

DEBT SERVICE INTEREST SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Forensic Laboratory	\$ 0	\$ 2,229,724	\$ 2,229,724	\$ 2,216,069	\$ 2,216,069
Financing:					
State General Fund	\$ 0	\$ 2,229,724	\$ 2,229,724	\$ 2,216,069	\$ 2,216,069
All Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 2,229,724	\$ 2,229,724	\$ 2,216,069	\$ 2,216,069

The **agency** requests \$2.2 million, all from the State General Fund, for debt service principal payments for the forensic laboratory at Washburn University for FY 2017. The is unchanged from the amount approved by the 2015 Legislature.

The **Governor** concurs with the agency's revised request for debt service interest payments.

E. Off Budget

This section is included for information purposes only and the expenditures for this program are not included in other parts of this budget analysis unless specifically denoted. Primary funding for the agency's off budget program comes from the Intergovernmental Service Fund which was established to collect fees in order to recover all or part of the direct and indirect operating expenses for criminal history record checks conducted for other state agencies by statute or request. Additional, the Off-Budget Motor Pool Fund provides some of the program's funding. The Off-Budget Motor Pool Fund's revenue comes from money charged internally for mileage. Currently the charge is \$0.41 per mile. This money is used to pay for gas, vehicle repairs, and vehicle replacement costs.

OFF BUDGET SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,199,679	\$ 1,276,464	\$ 1,276,464	\$ 1,320,429	\$ 1,320,429
Contractual Services	846,402	1,464,161	1,464,161	1,469,106	1,469,106
Commodities	231,359	315,588	315,588	317,588	317,588
Capital Outlay	230,667	308,980	308,980	290,520	290,520
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,508,107</i>	<i>\$ 3,365,193</i>	<i>\$ 3,365,193</i>	<i>\$ 3,397,643</i>	<i>\$ 3,397,643</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,508,107	\$ 3,365,193	\$ 3,365,193	\$ 3,397,643	\$ 3,397,643
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,508,107	3,365,193	3,365,193	3,397,643	3,397,643
TOTAL	\$ 2,508,107	\$ 3,365,193	\$ 3,365,193	\$ 3,397,643	\$ 3,397,643
FTE Positions	15.0	18.0	18.0	18.0	18.0
Non-FTE Uncl. Perm. Pos.	12.0	10.0	10.0	10.0	10.0
TOTAL	27.0	28.0	28.0	28.0	28.0

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Parking Garage	334,705	0	0	0
Debt Service Principal	2,095,000	2,095,000	2,105,000	2,105,000
TOTAL	\$ 2,529,705	\$ 2,195,000	\$ 2,205,000	\$ 2,205,000
Financing:				
State General Fund	\$ 2,529,705	\$ 2,195,000	\$ 2,205,000	\$ 2,205,000
All Other Funds	0	0	0	0
TOTAL	\$ 2,529,705	\$ 2,195,000	\$ 2,205,000	\$ 2,205,000

FY 2016 – Current Year. The agency requests a revised estimate totaling \$2.5 million, all from the State General Fund, in FY 2016. This is an increase of \$334,705, or 15.2 percent, above the amount approved by the 2015 Legislature. The increase is due to the agency's supplemental request for \$334,705, all from the State General Fund, for repair of its Topeka headquarters parking garage. The revised estimate also includes a base request for the yearly \$100,000 that the agency utilizes for maintenance and repair and \$2.1 million in debt service principal payments for the forensic science laboratory at Washburn University.

The **Governor** recommends \$2.2 million, all from the State General Fund, in FY 2016. This is a State General Fund decrease of \$334,705, or 1.4 percent, below the agency's revised estimate and is attributable to the Governor not recommending the agency's supplemental request for repair of its Topeka headquarters parking garage.

FY 2017 – Budget Year. The agency requests an estimate totaling \$2.2 million, all from the State General Fund, for FY 2017. This is unchanged from the amount approved by the 2015 Legislature. The estimate includes a base request for the yearly \$100,000 that the agency utilizes for maintenance and repair and \$2.1 million in debt service principal payments for the forensic science laboratory at Washburn University.

The **Governor** concurs with the agency's revised estimate for FY 2017.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
General Services	24,126	31,237	31,862	32,499
Number of new adult criminal records created				
Number of criminal history abstracts prepared and disseminated to:				
Criminal justice agencies	634,854	847,252	872,670	898,850
Non-criminal justice agencies	118,411	65,989	69,288	72,753
Number of Kansas users connected to the Kansas Criminal Justice Information System	9,385	9,288	9,385	9,485
Investigation				
Number of agent training hours received	3,750	637	750	750
Number of background investigation polygraphs	40	86	78	82
Number of polygraph examination admissions	61	53	61	61
Number of theft investigations	23	16	10	10
Forensic Laboratory				
Number of laboratory reports issued	15,600	15,600	16,000	17,000
Number of testimonies provided	190	165	190	200
Number of sessions of professional training/education received	100	100	115	130

KANSAS COMMISSION ON PEACE OFFICERS' STANDARDS AND TRAINING

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	767,116	875,209	875,209	819,078	819,078
TOTAL	\$ 767,116	\$ 875,209	\$ 875,209	\$ 819,078	\$ 819,078
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 767,116	\$ 875,209	\$ 875,209	\$ 819,078	\$ 819,078

Percentage Change:

Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	1.0	14.1	14.1	(6.4)	(6.4)
FTE Positions	5.0	5.0	5.0	5.0	5.0
Non-FTE Perm.Uncl.Pos.	2.0	2.0	2.0	2.0	2.0
TOTAL	7.0	7.0	7.0	7.0	7.0

AGENCY OVERVIEW

The Kansas Commission on Peace Officers' Standards and Training (KS CPOST) was created by the 2006 Legislature. Initial funding and operation as a separate state agency occurred in 2008. The mission of KS CPOST is to provide the citizens of Kansas with qualified, trained, ethical, competent, and professional peace officers. The agency's mission is to adopt and enforce professional standards for certification of peace officers. The Commission maintains a central registry of the demographics of Kansas law enforcement officers, their qualifications, and employment history. This registry is available for all agencies that appoint or elect law enforcement officers for use as a reference when reviewing employment applications. In addition, the Commission conducts criminal and administrative investigations related to law enforcement officers' qualifications. As a result of these investigations, the Commission may suspend, revoke, or deny the certification of a law enforcement officer.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** created the Kansas Commission on Peace Officers' Standards and Training, with funding provided through docket fees. Initial funding and full staffing was first included in the FY 2008 budget.

During the **2009 Session**, the Governor recommended a special one-time transfer of \$500,000 from the Kansas Commission on Peace Officers' Standards and Training Fee Fund to the State General Fund in FY 2009. The Legislature accepted the Governor's recommendation but reduced the transfer by 21.5 percent for a total transfer of \$392,500. Additionally, the **legislature** deleted \$77,067, all from the KS CPOST fund, to apply a 10.0 percent reduction based on the Governor's FY 2009 recommendation to the FY 2010 budget.

The **2010 Legislature** transferred \$200,000, all from the KS CPOST fund, to the State General Fund in FY 2011.

The **2011 Legislature** appropriated the Local Law Enforcement Training Reimbursement Fund in FY 2012. The fund was added as the result of 2011 HB 2001 which transferred the oversight of the fund from the Kansas Law Enforcement Training Center to the agency.

The **2012 Legislature** recommended that KS CPOST remain a separate state agency with a budget of \$840,000, all from special revenue funds, and 7.0 FTE positions. For FY 2013, the Governor had recommended that the duties and functions of CPOST be transferred to the office of the Kansas Attorney General.

The **2013 Legislature** deleted \$55,832, all from special revenue funds, to reflect reduced funding for salaries and wages in FY 2014 and also deleted \$58,061, all from special revenue funds, to reflect reduced funding for salaries and wages in FY 2015.

The **2014 Legislature** transferred \$53,000, all from the Local Law Enforcement Reimbursement Fee Fund, to the KS CPOST fund, in FY 2014 and FY 2015. The Legislature also added \$5,336, all from special revenue funds, in FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate totaling \$875,209 in FY 2016, an all funds increase of \$76,029, or 9.5 percent, above the amount approved by the 2015 Legislature. The increase is attributable primarily to the agency's supplemental request for a database replacement. The agency's revised estimate includes 5.0 FTE and 2.0 non-FTE positions, which is unchanged from the approved number.

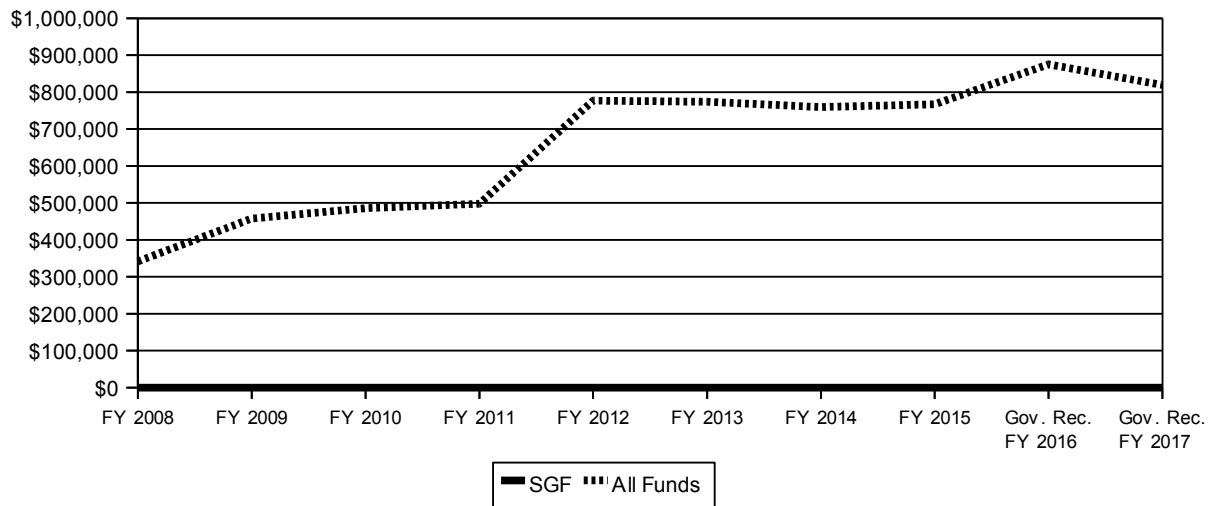
The **Governor** concurs with the agency's revised estimate in FY 2016.

FY 2017 – Budget Year. The **agency** requests a revised estimate totaling \$819,078 for FY 2017, an all funds increase of \$6,029, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is attributable primarily to the agency's supplemental enhancement request for database maintenance. The revised estimate includes 5.0 FTE and 2.0 non-FTE positions, which is unchanged from the approved number.

The **Governor** concurs with the agency's revised estimate for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 341,563	100.0 %	3.0
2009	0	--	457,623	34.0	3.0
2010	0	--	485,748	6.1	7.0
2011	0	--	497,823	2.5	7.0
2012	0	--	776,871	56.1	7.0
2013	0	--	773,881	(0.4)	6.0
2014	0	--	759,484	(1.9)	5.0
2015	0	--	767,116	1.0	5.0
2016 Gov. Rec.	0	--	875,209	14.1	5.0
2017 Gov. Rec.	0	--	819,078	(6.4)	5.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 477,515	139.8 %	2.0

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 767,116	\$ 875,209	\$ 819,078	\$ (56,131)	(6.4) %	\$ 875,209	\$ 819,078	\$ (56,131)	(6.4) %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 426,161	\$ 455,806	\$ 471,930	\$ 16,124	3.5 %	\$ 455,806	\$ 471,930	\$ 16,124	3.5 %		
Contractual Services	110,281	198,896	127,203	(71,693)	(36.0)	198,896	127,203	(71,693)	(36.0)		
Commodities	3,028	4,000	4,000	0	0.0	4,000	4,000	0	0.0		
Capital Outlay	8,582	1,414	852	(562)	(39.7)	1,414	852	(562)	(39.7)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 548,052	\$ 660,116	\$ 603,985	\$ (56,131)	(8.5) %	\$ 660,116	\$ 603,985	\$ (56,131)	(8.5) %		
Aid to Local Units	219,064	215,093	215,093	0	0.0	215,093	215,093	0	0.0		
Other Assistance	0	0	0	0	--	0	0	0	--		
TOTAL	<u>\$ 767,116</u>	<u>\$ 875,209</u>	<u>\$ 819,078</u>	<u>\$ (56,131)</u>	<u>(6.4) %</u>	<u>\$ 875,209</u>	<u>\$ 819,078</u>	<u>\$ (56,131)</u>	<u>(6.4) %</u>		
Financing:											
KS CPOST Fund	\$ 548,052	\$ 660,116	\$ 603,985	\$ (56,131)	(8.5) %	\$ 660,116	\$ 603,985	\$ (56,131)	(8.5) %		
Local Law Enforcement Training Reimbursement Fund	219,064	215,093	215,093	0	0.0	215,093	215,093	0	0.0		
TOTAL	<u>\$ 767,116</u>	<u>\$ 875,209</u>	<u>\$ 819,078</u>	<u>\$ (56,131)</u>	<u>(6.4) %</u>	<u>\$ 875,209</u>	<u>\$ 819,078</u>	<u>\$ (56,131)</u>	<u>(6.4) %</u>		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved Budget

The 2015 Legislature approved an all funds budget of \$799,180 for the Kansas Commission on Peace Officers' Standards and Training in FY 2016. No changes have been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	799,180	875,209	76,029	875,209	76,029
TOTAL	\$ 799,180	\$ 875,209	\$ 76,029	\$ 875,209	\$ 76,029
FTE Positions	5.0	5.0	0.0	5.0	0.0

The **agency** requests a revised estimate totaling \$875,209 in FY 2016, an all funds increase of \$76,029, or 9.5 percent, above the amount approved by the 2015 Legislature. The increase is attributable primarily to the agency's supplemental request for a database replacement. **Absent the supplemental request**, the agency's revised estimate totals \$795,209, a decrease of \$3,971, or less than 1.0 percent, below the approved amount. The agency's revised estimate includes 5.0 FTE and 2.0 non-FTE positions, which is unchanged from the approved number. Objects of expenditure are detailed below.

- **Salaries and Wages.** The agency estimates \$455,806, an all fund increase of \$6,582, or 1.5 percent, above the amount approved by the 2015 Legislature. The increase is attributable to the agency budgeting expenditures for an additional employee's participation in the state health plan, and is offset by reduced expenditures on pay to unclassified employees.
- **Contractual Services.** The agency estimates \$198,896, an all funds increase of \$80,000, or 67.3 percent, above the amount approved by the 2015 Legislature. The increase is entirely attributable to the agency's supplemental request for a database replacement.
- **Commodities.** The agency estimates \$4,000, an all funds decrease of \$2,727, or 40.5 percent, below the amount approved by the 2015 Legislature. The decrease is due to reduced expenditures on computer parts and materials and stationary and office supplies.

- **Capital Outlay.** The agency estimates \$1,414, an all funds decrease of \$3,855, or 73.2 percent, below the amount approved by the 2015 Legislature. The decrease is attributable largely to reduced expenditures on office furniture and equipment.
- **Aid to Local Units.** The agency estimates \$215,093, an all funds decrease of \$3,971, or 1.8 percent, below the amount approved by the 2015 Legislature. Expenditures in this category are reimbursements to municipalities that operate and train officers in their own satellite law enforcement academies. Expenditures are made according to funds available in the Local Law Enforcement Training Fund.

The **Governor** concurs with the agency's revised estimate in FY 2016.

Supplemental Detail

FY 2016 SUPPLEMENTAL						
Supplemental	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Database Replacement	\$ 0	\$ 80,000	0.0	\$ 0	\$ 80,000	0.0

The **agency** requests \$80,000, all from the Kansas Commission on Peace Officers' Standards and Training Fund, to replace the Central Registry database. In its budget submission, the agency noted that the current database has been used without update since 2003. Pursuant to KSA 74-5607a and 74-5611a, the Commission is required to maintain a central registry of all Kansas police and law enforcement officers including records detailing officer appointment, resignation, termination, and training.

The **Governor** recommends the agency's supplemental request in FY 2016.

B. FY 2017 – Budget Year

Adjustments to Approved Budget

The 2015 Legislature approved an all funds budget of \$813,049 for the Kansas Commission on Peace Officers' Standards and Training for FY 2017. No changes have been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	813,049	819,078	6,029	819,078	6,029
TOTAL	\$ 813,049	\$ 819,078	\$ 6,029	\$ 819,078	\$ 6,029
FTE Positions	5.0	5.0	0.0	5.0	0.0

The **agency** requests a revised estimate totaling \$819,078 for FY 2017, an all funds increase of \$6,029, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is attributable primarily to the agency's enhancement request for database maintenance. **Absent the supplemental request**, the agency's revised estimate totals \$809,078, a decrease of \$3,971, or less than 1.0 percent, below the amount approved by the 2015 Legislature. The agency's revised estimate includes 5.0 FTE and 2.0 non-FTE positions, which is unchanged from the approved number. Objects of expenditure are detailed below.

- **Salaries and Wages.** The agency estimates \$471,930, an all fund increase of \$8,837, or 1.9 percent, above the amount approved by the 2015 Legislature. The increase is attributable to the agency budgeting expenditures for an additional employee's participation in the state health plan, and is offset by reduced expenditures on pay to unclassified employees.
- **Contractual Services.** The agency estimates \$127,203, an all funds increase of \$8,307, or 7.0 percent, above the amount approved by the 2015 Legislature. The increase is entirely attributable to the agency's supplemental request for database maintenance, offset by reduced expenditures on communication services and computing equipment servicing.
- **Commodities.** The agency estimates \$4,000, an all funds decrease of \$2,727, or 40.5 percent, below the amount approved by the 2015 Legislature. The decrease is due to reduced expenditures on computer parts and materials and stationary and office supplies.
- **Capital Outlay.** The agency estimates \$852, an all funds decrease of \$4,417, or 83.8 percent, below the amount approved by the 2015 Legislature. The decrease is due to reduced expenditures on office equipment and furniture.
- **Aid to Local Units.** The agency estimates \$215,093, an all funds decrease of \$3,971, or 1.8 percent, below the amount approved by the 2015 Legislature. Expenditures in this category are reimbursements to municipalities that operate and train officers in their own satellite law enforcement academies. Expenditures are made according to funds available in the Local Law Enforcement Training Fund.

The **Governor** concurs with the agency's revised estimate for FY 2017.

Supplemental Detail

FY 2017 SUPPLEMENTAL						
Supplemental	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Database Maintenance	\$ 0	\$ 10,000	0.0	\$ 0	\$ 10,000	0.0

The **agency** requests \$10,000, all from the Kansas Commission on Peace Officers' Standards and Training Fund, for annual software maintenance fees resulting from the replacement of the Central Registry database for FY 2017.

The **Governor** recommends the agency's supplemental request for FY 2017.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
KS CPOST Fund	73.7 %	73.7 %
Local Law Enforcement Training Reimbursement Fund	26.3	26.3
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Kansas Commission on Peace Officers' Standards and Training Fund

The Kansas Commission on Peace Officers' Standards and Training Fund is primarily funded through docket fees. KSA 12-4117 provides that a sum of \$20 is assessed on each case filed in municipal court, other than a non-moving traffic violation, where there is a finding of guilty or a plea of no contest, forfeiture of bond, or a diversion. Of the \$20, \$2.50 is deposited into the KS CPOST Fund. In addition, KSA 74-5619 allows the agency to receive and deposit into the fund any public or private grants, gifts, or donations.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 424,842	\$ 415,421	\$ 415,421	\$ 293,473	\$ 293,473
Revenue	538,631	538,168	538,168	538,168	538,168
Transfers in	0	2,000	2,000	1,000	1,000
Total Funds Available	\$ 963,473	\$ 955,589	\$ 955,589	\$ 832,641	\$ 832,641
Less: Expenditures	548,052	660,116	660,116	603,985	603,985
Transfers Out	0	2,000	2,000	1,000	1,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 415,421</u>	<u>\$ 293,473</u>	<u>\$ 293,473</u>	<u>\$ 227,656</u>	<u>\$ 227,656</u>
Ending Balance as Percent of Expenditures	75.8%	44.5%	44.5%	37.7%	37.7%

Local Law Enforcement Training Fund

The Local Law Enforcement Training Fund is used to reimburse municipalities that have officers participating in local law enforcement training programs. KSA 12-4117 provides that a sum of \$20 is assessed on each case filed in municipal court, other than a non-moving traffic violation, where there is a finding of guilty or a plea of no contest, forfeiture of bond or a diversion. Of the \$20, \$1.00 is deposited into the Local Law Enforcement Training Fund.

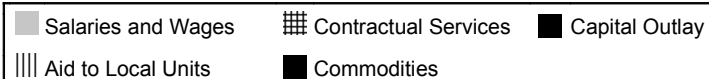
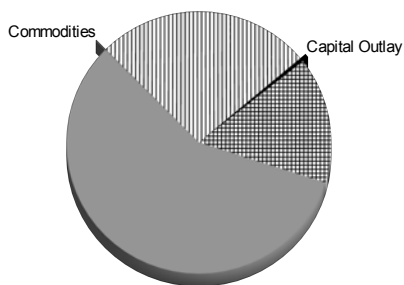
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 218,890	\$ 215,093	\$ 215,093	\$ 215,093	\$ 215,093
Revenue	215,267	215,093	215,093	215,093	215,093
Transfers in	0	0	0	0	0
Total Funds Available	\$ 434,157	\$ 430,186	\$ 430,186	\$ 430,186	\$ 430,186
Less: Expenditures	219,064	215,093	215,093	215,093	215,093
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 215,093</u>	<u>\$ 215,093</u>	<u>\$ 215,093</u>	<u>\$ 215,093</u>	<u>\$ 215,093</u>
Ending Balance as Percent of Expenditures	98.2%	100.0%	100.0%	100.0%	100.0%

OBJECT DETAIL

Expenditures by Object

Governor's FY 2017 Recommendation

All Funds



Object	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 471,930	57.6 %	\$ 0	-- %
Contractual Services	127,203	15.5	0	--
Capital Outlay	4,000	0.5	0	--
Commodities	852	0.1	0	--
Aid to Local Units	215,093	26.3	0	--
TOTAL	\$ 819,078	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	5.0	5.0	5.0	5.0	5.0

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of complaints received	90	68	95	100
Cases assigned to investigators	100	39	105	110

EMERGENCY MEDICAL SERVICES BOARD

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,773,664	2,022,875	2,022,875	2,031,359	2,031,359
TOTAL	\$ 1,773,664	\$ 2,022,875	\$ 2,022,875	\$ 2,031,359	\$ 2,031,359
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 1,773,664	\$ 2,022,875	\$ 2,022,875	\$ 2,031,359	\$ 2,031,359
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(20.4)	14.1	14.1	0.4	0.4
FTE Positions	14.0	14.0	14.0	14.0	14.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	14.0	14.0	14.0	14.0	14.0

AGENCY OVERVIEW

The primary goal of the Emergency Medical Services Board (KBEMS) is to ensure that quality out-of-hospital care is available throughout the state. Duties include issuing permits and inspecting ambulance services operating in the state, examining and certifying ambulance attendants, training and certifying emergency medical services (EMS) instructors, and approving EMS training programs and continuing education courses.

Attendants certified and trained by the agency include emergency medical responders, advanced emergency medical technicians, paramedics, and emergency medical technicians. In addition, the Board certifies instructor-coordinators.

The agency also operates the Education Incentive Grant program, which provides funding for education to individuals and ambulance services to help address the shortage of EMS attendants in rural Kansas. Another priority is the Kansas Emergency Medical Services Information System (KEMSIS), a project with the goal of greater EMS data collection and information analysis to assist the agency, the Governor, and the Legislature in assessing and supporting the training and funding needs of EMS in Kansas.

The agency is one program that is divided into four services: Administrative, Operations (investigations/inspections), Technician (education/examination/certification), and Information Technology. Staffing includes 13 regular classified FTE positions and 1 regular unclassified position.

The Board is primarily funded by a 1.25 percent levy imposed on fire insurance premiums. The 2004 Legislature established permanent funding for the Board of Emergency Medical Services with the passage of 2004 SB 312, which allows the Board 0.25 percent of fire insurance premiums.

The Board is comprised of 15 members, nine of whom are appointed by the Governor: one member of the Kansas Medical Society actively involved in EMS; two county commissioners, both from counties making a levy for EMS, but one from a county with a population less than 15,000; one instructor-coordinator; one hospital administrator actively involved in EMS; one member of a firefighting unit providing EMS; and three attendants actively involved in EMS who represent at least two classifications of attendants, one of whom is from a volunteer emergency medical service.

The other four members of the Board are: one member of the Kansas Senate appointed by the President of the Senate, one member of the Kansas Senate appointed by the Minority Leader of the Senate, one member of the Kansas House of Representatives appointed by the Speaker of the House, and one member of the Kansas House of Representatives appointed by the Minority Leader of the House.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** passed legislation directing the agency, within the limits of appropriations, to develop and maintain a statewide data collection system to collect and analyze EMS information that will assist the Board in improving the quality of EMS in Kansas. For this purpose, the Legislature added \$200,000 in funding from the EMS Operating Fund in FY 2007. The 2006 Legislature also allocated an additional \$200,000 from the EMS Operating Fund in FY 2007 to continue the Education Incentive Grant program.

The **2007 Legislature** added \$100,000 from the EMS Operating Fund in FY 2008 to increase the Education Incentive Grant program. The Legislature also passed SB 8, which created the EMS Revolving Fund, the purpose of which is to improve and enhance emergency services in Kansas. The bill also contained several seat belt laws, and 2.5 percent of remittances from those violations were directed to the EMS Revolving Fund. The fund was given no-limit expenditure authority.

In addition, SB 8 authorized the issuance of non-transferable EMS license plates. The plates have been available since January 1, 2008, to any resident owner or lessee of one or more passenger vehicles, trucks of a gross weight of 20,000 pounds or less, or motorcycles, who provides proof that he or she is an emergency medical services attendant.

The **2007 Legislature** also added \$20,000 from the EMS Operating Fund for exam proctors and required KBEMS to report to the House Appropriations Committee and Senate Ways and Means Committee on or before February 1, 2008, regarding the use of the EMS Revolving Fund.

The **2008 Legislature** added language requiring a report from all six EMS regions regarding the most recent EMS examination in each region in FY 2008. Additional legislation passed in 2008 affecting EMS include the following items:

- SB 438 prohibited an employer from terminating any employee because the employee serves as a volunteer firefighter, volunteer certified EMS attendant, volunteer reserve law enforcement officer, or volunteer part-time law enforcement officer. The protection does not apply to full-time firefighters or law enforcement officers who volunteer as EMS attendants, firefighters or law enforcement officers;
- SB 514 allows the EMS Board to grant a temporary variance from identified regulations when a literal application or enforcement of the regulations would result in serious hardship and the relief granted would not result in an unreasonable risk to the public interest, safety, or welfare; and
- SB 512 provided clarification on certificates, temporary certificates, and sanctions.
 - The agency may not grant an EMS attendant certificate unless they have successfully completed coursework or passed the required exam.
 - The Board may grant a temporary attendant's certificate if the applicant is certified or licensed in another jurisdiction and can complete the coursework within one year; or if the applicant is waiting on exam results.
 - Any applicant who has been granted a temporary certificate must be under the direct supervision of a physician, a physician's assistant, a professional nurse, or an attendant holding a certificate higher or equivalent to the applicant.
 - Finally, the bill requires the Board to adopt, through rules and regulations, a graduated list of sanctions for violations of the Emergency Medical Services Act which specifies the number and severity of violations for the imposition of each level of sanction.

The **2009 Legislature** transferred \$41,665 from the EMS Operating Fund to the State General Fund in FY 2009 and \$54,160 in FY 2010.

The **2010 Legislature** adjusted the distribution of the administrative fee related to the 1.25 percent levy on fire insurance premiums in order to proportionately distribute the fee across the three agencies the levy supports. Previously, this fee was charged solely to the State Fire Marshal. The 2010 Legislature assessed the \$200,000 fee as follows for FY 2011: \$128,000 from the State Fire Marshal, \$40,000 from the Emergency Medical Services Board, and \$32,000 from the University of Kansas Fire and Rescue Training Institute.

Additionally, the **2010 Legislature** passed House Sub. for SB 262, which made changes to the levels of attendants certified by the Board and expanded certain levels' scope of practice. This included the following transitions:

- First responders transitioned to emergency medical responders;
- Emergency medical technician-intermediates, emergency medical technician-defibrillators, and emergency medical technician-intermediate/defibrillators all transitioned to advanced emergency medical technicians;
- Emergency medical technicians remained the same; and
- Mobile intensive care technicians transitioned to paramedics.

Also in 2010, the Legislature passed SB 262, which created a Medical Advisory Council consisting of six members. One member is a non-physician Board member, one is both a Board member and a physician, and the other four are physicians who are not Board members but are active in EMS. The purpose of this council is to advise and assist the Board in matters of medical standards and practices, as determined by the Board.

The **2011 Legislature** added 1.0 FTE position, for a total of 14.0 FTE positions for FY 2012. This maintains a Deputy Director position that was eliminated in the Governor's recommendation.

The **2013 Legislature** deleted \$19,644, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2014. It also deleted \$25,989, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2015.

The **2015 Legislature** passed Senate Sub. for HB 2135, which authorized the Director of the Budget, if the Director determines the unencumbered ending balance of the State General Fund (SGF) for FY 2016 will be less than \$100 million, to lapse appropriations or transfer funding from special revenue funds to the SGF, up to a total of \$100 million, for FY 2016. The authority does not apply to appropriations for the Judicial Branch; Legislative Branch agencies; debt service; employer contributions to the Kansas Public Employees Retirement System; the Department of Education, except the operating expenditures account of the SGF; or demand transfers to the School District Capital Improvements Fund. The authority included a \$500,000 straight budget transfer from the Emergency Medical Services Operating Fund to the SGF, of which \$250,000 was certified in August and \$250,000 was certified in January to transfer.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$2.0 million, all from special revenue funds. The revised agency estimate is a decrease of \$135,330, or 6.3 percent, below the amount approved by the 2015 Legislature due to a delay in all capital outlay spending to account for increases in Office of Information Technology Services (OITS) rates. The agency's revised estimate includes 14.0 FTE positions, the same amount approved by the 2015 Legislature.

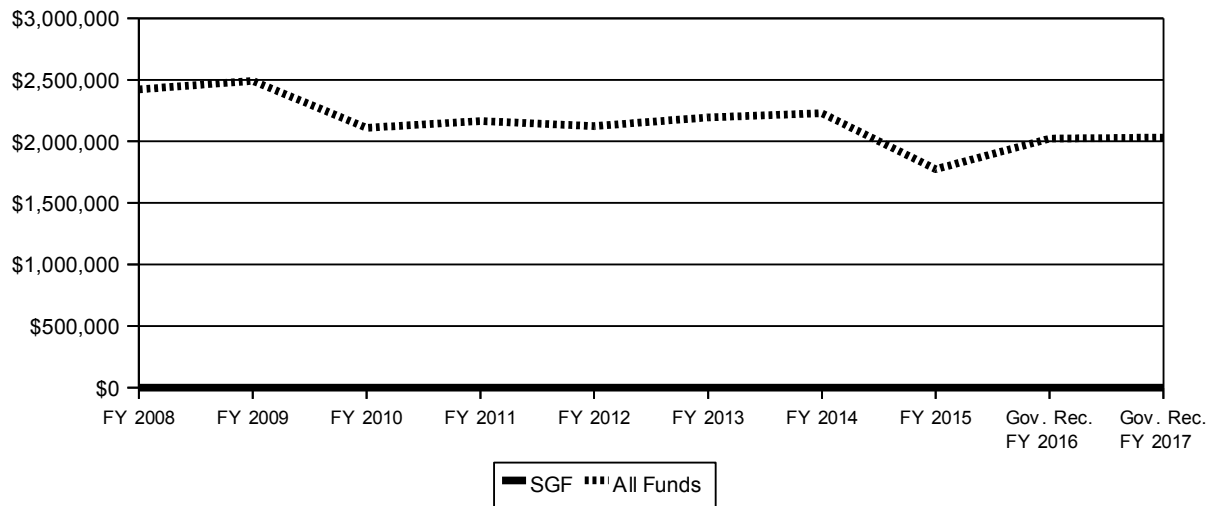
The **Governor** recommends FY 2016 operating expenditures of \$2.0 million, all from special revenue funds. The Governor concurs with the agency's revised FY 2016 estimate.

FY 2017 – Budget Year. The **agency's** revised estimate for FY 2017 totals \$2.0 million, all from special revenue funds. The revised estimate is a decrease of \$153,222, or 7.0 percent, below the amount approved by the 2015 Legislature. This decrease is due to the delay of all capital outlay expenditures to account for increases in OITS rates. The agency's revised estimate includes 14.0 FTE positions, the same amount approved by the 2015 Legislature.

The **Governor** recommends FY 2017 operating expenditures of \$2.0 million, all from special revenue funds. The Governor concurs with the agency's revised FY 2017 estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	--%	\$ 2,422,563	16.4 %	14.0
2009	0	--	2,491,547	2.8	14.0
2010	0	--	2,110,600	(15.3)	14.0
2011	0	--	2,165,172	2.6	14.0
2012	0	--	2,123,938	(1.9)	14.0
2013	0	--	2,194,293	3.3	14.0
2014	0	--	2,229,209	1.6	14.0
2015	0	--	1,773,664	(20.4)	14.0
2016 Gov. Rec.	0	--	2,022,875	14.1	14.0
2017 Gov. Rec.	0	--	2,031,359	0.4	14.0
Ten-Year Change Dollars/Percent	\$ 0	--%	\$ (391,204)	(16.1)%	0.0

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate				Governor's Recommendation			
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 1,773,664	\$ 2,022,875	\$ 2,031,359	\$ 8,484	0.4 %	\$ 2,022,875	\$ 2,031,359	\$ 8,484	0.4 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 729,688	\$ 838,048	\$ 865,997	\$ 27,949	3.3 %	\$ 838,048	\$ 865,997	\$ 27,949	3.3 %
Contractual Services	308,648	349,272	348,795	(477)	(0.1)	349,272	348,795	(477)	(0.1)
Commodities	14,254	20,555	19,489	(1,066)	(5.2)	20,555	19,489	(1,066)	(5.2)
Capital Outlay	13,684	--	--	--	--	--	--	--	--
Debt Service	0	--	--	--	--	--	--	--	--
Subtotal - Operations	\$ 1,066,274	\$ 1,207,875	\$ 1,234,281	\$ 26,406	2.2 %	\$ 1,207,875	\$ 1,234,281	\$ 26,406	2.2 %
Aid to Local Units	557,390	665,000	647,078	(17,922)	(2.7)	665,000	647,078	(17,922)	(2.7)
Other Assistance	150,000	150,000	150,000	--	--	150,000	150,000	0	0.0
TOTAL	<u>\$ 1,773,664</u>	<u>\$ 2,022,875</u>	<u>\$ 2,031,359</u>	<u>\$ 8,484</u>	<u>0.4 %</u>	<u>\$ 2,022,875</u>	<u>\$ 2,031,359</u>	<u>\$ 8,484</u>	<u>0.4 %</u>
Financing:									
State General Fund	\$ --	\$ --	\$ --	\$ --	-- %	\$ --	\$ --	\$ --	-- %
Emergency Medical Services Operating Fund	1,181,024	1,322,955	1,349,331	26,376	2.0	1,322,955	1,349,331	26,376	2.0
Education Incentive Grant Payment Fund	209,225	301,170	301,200	30	0.0	301,170	301,200	30	0.0
EMS Revolving Fund	383,415	398,750	380,828	(17,922)	(4.5)	398,750	380,828	(17,922)	(4.5)
TOTAL	<u>\$ 1,773,664</u>	<u>\$ 2,022,875</u>	<u>\$ 2,031,359</u>	<u>\$ 8,484</u>	<u>0.4 %</u>	<u>\$ 2,022,875</u>	<u>\$ 2,031,359</u>	<u>\$ 8,484</u>	<u>0.4 %</u>

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$2.1 million for the Emergency Medical Services Board in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- A FY 2016 transfer of \$500,000, from the unencumbered balance of the Emergency Medical Services Operating Fund to the State General Fund, announced July 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,158,205	2,022,875	(135,330)	2,022,875	(135,330)
TOTAL	\$ 2,158,205	\$ 2,022,875	\$ (135,330)	\$ 2,022,875	\$ (135,330)
FTE Positions	14.0	14.0	0.0	14.0	0.0

The **agency** requests a revised estimate of \$2.0 million, all from special revenue funds. The revised agency estimate is a decrease of \$135,330, or 6.3 percent, below the amount approved by the 2015 Legislature due to a delay in all capital outlay spending to account for increases in Office of Information Technology Services (OITS) rates. The agency's revised estimate includes 14.0 FTE positions, the same amount approved by the 2015 Legislature.

- **Salaries and Wages.** The agency's revised FY 2016 estimate includes \$838,048, all from special revenue funds, for salaries and wages in FY 2016. The FY 2016 revised estimate is an increase of \$6,635, or 0.8 percent, from the FY 2016 approved amount. Funding supports 13.0 regular classified FTE positions; 1.0 regular unclassified position; and 15 Board members. The increase is largely attributable to a \$5,807 increase in group health hospitalization coverage.
- **Contractual Services.** The agency's revised FY 2016 estimate includes \$349,272, all from special revenue funds, for contractual services in FY 2016. The FY 2016 revised estimate is an increase of \$10,537, or 3.1 percent, from the FY 2016 approved amount. Funding supports assisting attendants and ambulance services throughout the state. Funding is also included for ongoing costs associated with renting the Landon State Office Building and with the Kansas Emergency Medical Information System (KEMSIS) for statewide data

collection. The increase in funding is attributable to additional dependent health insurance for a new employee.

- **Commodities.** The agency's revised estimate includes \$20,555, all from special revenue funds, for commodities in FY 2016. The FY 2016 revised estimate is a decrease of \$1,829, or 8.2 percent, below the FY 2016 approved amount. Funding supports replacing general office supplies and fuel for rental cars. The decrease is largely attributable to a \$2,000 decrease in gasoline budgeting to cover cost increases by OITS.
- **Capital Outlay.** The agency's revised estimate includes \$0 for capital outlay expenditures in FY 2016. The revised estimate is a decrease of \$15,673, or 100.0 percent, below the FY 2016 approved amount. Funding in this contractual category is for replacement laptops, printers, and a server to ensure proper functioning electronics and for day-to-day operations. The agency states that within the revised FY 2016 estimate, capital outlay expenditures originally approved by the 2015 Legislature were delayed to provide for increases in OITS rates as well as the provision of health coverage for a new employee that were not part of the FY 2016 approved budget.
- **Aid to Locals.** The agency's revised estimate includes \$665,000, all from special revenue funds, for aid to locals in FY 2016. The revised FY 2016 estimate is a decrease of \$135,000, or 16.9 percent, below the FY 2016 approved amount. This amount includes: 1) \$300,000 for the Education Incentive Grant Program, which allows for recruitment and retention of EMS workers throughout the state, and 2) \$365,000 for the KBEMS Revolving and Assistance (KRAF) Grant Program, which awards equipment and materials on request to ambulance services around the state based on identifiable needs. The decrease is largely attributable to a FY 2015 agency decision to remove the requirement that KRAF grant recipients send matching funds to the agency. This practice will be continued in fiscal years moving forward.
- **Other Assistance.** The agency's revised estimate includes \$150,000, all from special revenue funds, for other assistance in FY 2016, which is the same as the FY 2016 approved amount. The major expenditure in this area is the allocation of funds to support the six EMS Regions that provide support, information, and communication to the approximately 11,000 certified EMS attendants throughout the state.

The **Governor** concurs with the agency's revised FY 2016 estimate.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except

the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
EMS Operating Fund Transfer	\$ 0	\$ 0	0.0
November Allotment			
None	\$ 0	\$ 0	0.0
TOTAL	\$ 0	\$ 0	0.0

July Special Allotment: A FY 2016 straight balance transfer of \$500,000, from the Emergency Medical Services Operating Fund to the State General Fund, as the result of the authority given under 2015 Senate Sub. for HB 2135. The Division of the Budget certified \$250,000 in August and \$250,000 in January.

November Allotment: There were no additional allotments announced in November 2015.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The Legislature approved a budget of \$2.2 million for the Emergency Medical Services Board for FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,184,581	2,031,359	(153,222)	2,031,359	(153,222)
TOTAL	\$ 2,184,581	\$ 2,031,359	\$ (153,222)	\$ 2,031,359	\$ (153,222)
FTE Positions	14.0	14.0	0.0	14.0	0.0

The **agency's** revised estimate for FY 2017 totals \$2.0 million, all from special revenue funds. The revised estimate is a decrease of \$153,222, or 7.0 percent, below the amount approved by the 2015 Legislature. This decrease is due to the delay of all capital outlay expenditures to account for increases in OITS rates. The agency's revised estimate includes 14.0 FTE positions, the same amount approved by the 2015 Legislature.

- **Salaries and Wages.** The agency's revised FY 2017 estimate includes \$865,997, all from special revenue funds, for salaries and wages for FY 2017. The revised FY 2017 estimate is an increase of \$6,094, or 0.7 percent, above the FY 2017 approved amount. Funding supports 13.0 regular classified FTE positions; 1.0 regular unclassified position; and 15 Board members. A 27th paycheck this fiscal year increases the total budget request. The increase is largely attributable to a \$3,944 increase in group health hospitalization coverage.
- **Contractual Services.** The agency's revised FY 2017 estimate includes \$348,795, all from special revenue funds, for contractual services for FY 2017. The revised FY 2017 estimate is an increase of \$3,988, or 1.2 percent, above the FY 2017 approved amount. Funding supports assisting attendants and ambulance services throughout the state. Funding is also included for ongoing costs associated with renting the Landon State Office Building and with the Kansas Emergency Medical Information System (KEMSIS) for statewide data collection. The increase in funding is attributable to an additional dependent health insurance for a new employee.
- **Commodities.** The agency's revised FY 2017 estimate includes \$19,489, all from special revenue funds, for commodities for FY 2017. The revised FY 2017 estimate is a decrease of \$3,355, or 14.7 percent, below the FY 2017 approved amount. Funding supports replacing general office supplies and fuel for rental cars. The decrease is largely attributable to a \$3,530 decrease in gasoline budgeting, to help cover increases by OITS, and an additional dependent health insurance for a new employee.

- Capital Outlay.** The agency's revised estimate includes \$0 for capital outlay expenditures for FY 2017. The revised FY 2017 estimate is a decrease of \$7,027, or 100.0 percent, below the approved amount. Funding in this category is for replacement laptops, printers, and a server to ensure proper functioning electronics for day-to-day operations. The agency states that within the revised FY 2017 estimate, capital outlay expenditures originally approved by the 2015 Legislature were delayed to provide for increases in OITS rates as well as the provision of health coverage for a new employee that were not part of the FY 2017 approved budget.
- Aid to Locals.** The agency's revised FY 2017 estimate includes \$647,078, all from special revenue funds, for aid to locals for FY 2017. The revised FY 2017 estimate is a decrease of \$152,922, or 19.1 percent, below the FY 2017 approved amount. The revised estimate includes: 1) \$300,000 for the Education Incentive Grant Program, which allows for recruitment and retention of EMS workers throughout the state, and 2) \$347,078 for the KBEMS Revolving and Assistance (KRAF) Grant Program, which awards equipment and materials on request to ambulance services around the state based on identifiable needs. The decrease is largely attributable to a FY 2015 agency decision to remove the requirement that KRAF grant recipients send matching funds to the agency. This practice will be continued in fiscal years moving forward.
- Other Assistance.** The agency's revised FY 2017 estimate includes \$150,000, all from special revenue funds, for other assistance for FY 2017, which is the same as the FY 2017 approved amount. The major expenditure in this area is the allocation of funds to support the six EMS Regions that provide support, information, and communication to the approximately 11,000 certified EMS attendants throughout the state.

The **Governor** concurs with the agency's revised FY 2017 estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
EMS Operating Fund	66.4 %	66.4 %
Education Incentive Grant Payment Fund	14.8	14.8
EMS Revolving Fund	18.8	18.8
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Emergency Medical Services Operating Fund

The Kansas Board of Emergency Medical Services is primarily financed through the EMS Operating Fund. Revenue for the fund includes regulatory fees and a levy of 0.25 percent gross cash receipts on fire insurance premiums. Fees collected by the agency are for ambulance licenses, ambulance services' licenses, examinations and certifications, certification renewals, and replacement cards or certificates.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,060,930	\$ 1,492,126	\$ 1,492,126	\$ 1,294,902	\$ 1,296,171
Revenue	1,912,220	1,927,000	1,927,000	1,971,000	1,971,000
Transfers in	0	731	0	0	0
Total Funds Available	\$ 2,973,150	\$ 3,419,857	\$ 3,419,126	\$ 3,265,902	\$ 3,267,171
Less: Expenditures	1,181,024	1,322,955	1,322,955	1,349,331	1,349,331
Transfers Out	300,000	802,000	800,000	302,000	300,000
Off Budget Expenditures	0.0	0	0	0	0
Ending Balance	<u>\$ 1,492,126</u>	<u>\$ 1,294,902</u>	<u>\$ 1,296,171</u>	<u>\$ 1,614,571</u>	<u>\$ 1,617,840</u>
Ending Balance as Percent of Expenditures	126.3%	97.9%	98.0%	119.7%	119.9%
Month Highest Ending Balance	December <u>\$ 48,635</u>	December <u>\$ 30,536</u>	December <u>\$ 30,536</u>	December <u>\$ 24,228</u>	December <u>\$ 24,228</u>
Month Lowest Ending Balance	October \$ (651,978)	October \$ (409,350)	October \$ (409,350)	October \$ (324,793)	October \$ (324,793)

It should be noted that while most receipts for the agency are deposited in the Operating Fund, the Board has two other regular accounts: the Education Incentive Grant Payment Fund and the EMS Revolving Fund.

The Board receives fees in the amounts noted in the following table for certifications or permits for first responders, mobile intensive care technicians, emergency medical technicians, instructor-coordinators, and ambulance service.

Fees Charged by EMS Board		
Emergency Medical Services Licensure Fees	Current Fee	Statutory Limit
First responder fees		
Examination/certification application fee	\$ 15	\$ 15
Certification renewal application fee for biennial basis renewal received before expiration	20	20
Certification renewal application fee received within 31 calendar days after expiration	40	40
Certification renewal application fee received on or after the 32nd calendar day after expiration	80	80
Mobile intensive care technician fees		
Examination/certification application fee	65	65
Certification renewal application fee received before expiration	50	50
Certification renewal application fee received within 31 calendar days after expiration	100	100
Certification renewal application fee received on or after the 32nd calendar day after expiration	200	200
EMT, EMT-I, EMT-D, and EMT-I/D fees		
Examination/certification application fee	50	50
Certification renewal application fee received before expiration	30	30
Certification renewal application fee received within 31 calendar days after expiration	60	60
Certification renewal application fee received on or after the 32nd calendar days after expiration	120	120
Certification renewal application fee for EMT-I/D dual certification received before expiration	30	30
Certification renewal application fee for EMT-I/D dual certification received within 31 calendar days after expiration	60	60
Certification renewal application fee for EMT-I/D dual certification received on or after the 32nd calendar day after expiration	120	120
Instructor-coordinator and training officer fees		
Examination/certification application fee	65	65
Certification renewal application fee received before expiration	30	30
Certification renewal application fee received within 31 calendar days after expiration	60	60
Certification renewal application fee received on or after the 32nd calendar day after expiration	120	120
Type I, II, II-A, and V ambulance service fees		
Service permit application fee	100	100
Service permit renewal fee received on or before expiration	100	100
Service permit renewal fee received after expiration	200	200
Vehicle license application fee	40	40

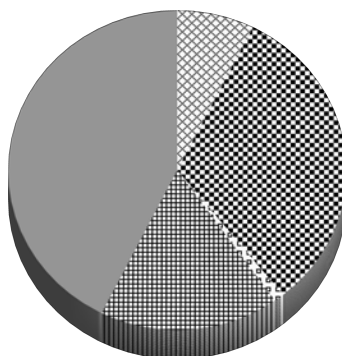
Note: Fee schedule and references to applicable authorizing statutes may be found in KAR 109-7-1.

PROGRAM DETAIL

Expenditures by Category

Governor's FY 2017 Recommendation

All Funds



Salaries and Wages	Contractual Services	Commodities
Capital Outlay	Aid to Local Units	Other Assistance

Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 865,997	42.6 %	\$ 0	-- %
Contractual Services	348,795	16.7	0	--
Commodities	19,489	1.0	0	--
Capital Outlay	0	0.0	0	--
Aid to Local Units	647,078	31.9	0	--
Other Assistance	150,000	7.4	0	--
TOTAL	\$ 2,031,359	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	14.0	14.0	14.0	14.0	14.0

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of ambulance service inspections	175	171	172	175
Number of complaints received	55	80	80	80
Number of times technical assistance provided (on-site)	275	275	275	275
Number of attendants re-certified (two year certification)	4,500	3,781	4,000	4,500
Number of Instructors/Coordinators re-certified	150	121	150	150
Number of initial education courses processed	200	182	200	200
Number of continuing education audits	600	8	500	600

STATE FIRE MARSHAL

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,124,256	5,623,900	5,623,900	5,929,122	5,929,122
TOTAL	\$ 4,124,256	\$ 5,623,900	\$ 5,623,900	\$ 5,929,122	\$ 5,929,122
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 4,124,256	\$ 5,623,900	\$ 5,623,900	\$ 5,929,122	\$ 5,929,122
Percentage Change:					
Operating Expenditures					
State General Fund	0.0 %	0.0 %	0.0 %	0.0 %	-- %
All Funds	(5.4)	36.4	36.4	5.4	5.4
FTE Positions	40.0	36.0	36.0	36.0	36.0
Non-FTE Perm.Uncl.Pos.	17.0	24.5	24.5	24.5	24.5
TOTAL	57.0	60.5	60.5	60.5	60.5

AGENCY OVERVIEW

The Office of the Kansas State Fire Marshal was originally established in 1913, abolished in 1933, and re-established in 1939. The mission of the Office of the State Fire Marshal is to protect the lives and property of the citizens of Kansas from the hazards of fire or explosion. The office promotes prevention, educational, and investigative activities to mitigate incidents, promote life safety, and deter crimes. Four agency programs assist with the agency's mission: Administration, Investigation, Fire Prevention, and Hazardous Materials. The agency receives no State General Fund appropriation and is primarily funded through a levy on fire insurance premiums collected in the state.

MAJOR ISSUES FROM PRIOR YEARS

The Fire Marshal funds a majority of operations from a percent levy imposed on fire insurance premiums. The **2002 and 2003 Legislatures** amended KSA 75-1508 to redistribute the 1.25 percent levy to provide 1.0 percent to the Fire Marshal and 0.25 percent to the Emergency Medical Services (EMS) Board in calendar years 2002 and 2003. The **2004 Legislature** further amended the statute to distribute 0.8 percent to the Fire Marshal, 0.25 percent to the EMS and 0.20 percent to the Fire Services Training Institute at the University of Kansas beginning in calendar year 2004.

The **2006 Legislature** authorized the creation of a statewide bomb response unit. Funding of \$633,890 in FY 2006 and \$116,110 in FY 2007 was added from federal grant funds to purchase three pickup trucks, a bomb unit response vehicle, and salaries for three unclassified non-FTE positions.

The **2007 Legislature** established an informal dispute resolution process for deficiencies under the agency's jurisdiction cited in a medical care facility, adult care home, assisted living facility, or special hospital by an officer of the State Fire Marshal during an inspection for compliance with federal law pursuant to oversight by the Centers for Medicaid and Medicare Services. The Legislature increased the expenditure limitation of the Fire Marshal Fee Fund by \$142,773 and added 2.0 FTE positions to implement the process.

The **2007 Legislature** established the Kansas Fireworks Act to be administered by the State Fire Marshal. The Act requires any person who intends to sell, offer for sale, possess with intent to sell, any consumer fireworks, display fireworks or articles pyrotechnic or discharge, use, or display fireworks or articles pyrotechnic be required to obtain the appropriate license from the State Fire Marshal.

The **2008 Legislature** passed SB 178, and added \$63,188 from the Fire Marshal Fee Fund for staffing within existing FTE limitations. SB 178 created standards for "flame retardant" cigarettes under the Fire Safety Standard and Firefighter Protection Act. The State Fire Marshal proposed equivalent test methods for cigarettes that are not sent to the American Society for Testing and Materials to be tested. Manufacturers are required to pay the State Fire Marshal a fee of \$250 to defray costs of processing, testing enforcement, administration, and oversight activities. Cigarettes must be re-certified every three years, or when a change to the cigarettes is made by a manufacturer.

The **2008 Legislature** also passed Senate Sub. for HB 2634 and added \$78,119 from the Fire Marshal Fee Fund for staffing within existing FTE limitations. Senate Sub. for HB 2634 created two new laws regarding non-fuel flammable or combustible liquid above ground storage tanks. The State Fire Marshal conducted an on-site inspection of any facility in existence on the effective date of the bill to determine compliance with standards. If the facility was not in compliance, any necessary changes were required to be made as soon as practical, but no later than July 1, 2012. No revenues were available until FY 2013, and are now contingent upon non-compliant sites.

The **2009 Legislature** deleted \$101,757, or 3.0 percent, from the Fire Marshal Fee Fund in FY 2009 and transferred the savings to the State General Fund. The Legislature also deleted \$132,423 in budget reductions from the State Fire Marshal's Fee Fund in FY 2010 and transferred the savings to the State General Fund.

The **2010 Legislature** added language to 2010 House Sub. for SB 572 adjusting the statutory distribution (KSA 75-1508) of the 1.25 percent levy on fire insurance premiums in order to distribute the State General Fund administrative services fee across the three agencies the levy supports rather than being solely charged to the State Fire Marshal in FY 2011. The language distributed the \$200,000 fee across the three agencies by the proportion of the levy each agency receives.

The **2012 Legislature** passed SB 387 which changed the State Fire Marshal's qualifications. The qualifications no longer require the State Fire Marshal to have knowledge of building construction, but require the individual to have no less than five-years' experience in fire prevention and inspection, safety inspection, or investigation, or any combination of experience.

The **2013 Legislature** added \$582,652 and 7.0 FTE positions in FY 2014 and \$565,618 and 7.0 FTE positions for FY 2015, all from the Boiler Inspection Fee Fund, for the Boiler Inspection Program which was transferred from the Kansas Department of Labor to the State Fire Marshal under 2013 SB 135. The Legislature also appropriated the Explosives Regulatory and Training Fund which is funded through fees collected by the State Fire Marshal from those who sell or manufacture bottle rockets at wholesale.

The **2014 Legislature** transferred \$2.5 million from the unencumbered balance of the Fire Marshal Fee Fund to the State General Fund for 2015, pursuant to 2014 HB 2506.

The **2015 Legislature** passed 2015 HB 2097 permitting the State Fire Marshal to enter into contracts to establish regional emergency response, search, and rescue teams to respond to hazardous materials or search and rescue events. The bill also renamed the Hazardous Materials Emergency Fund to the Emergency Response Fund. In 2015 House Sub. for SB 112, the Legislature added an additional \$200,000 in FY 2016 and \$250,000 for FY 2017, all from the Fire Marshal Fee Fund, and 2.0 non-FTE positions, to fund the fiscal note attached to 2015 HB 2097. 2015 House Sub. for SB 112 also increased the maximum transfer amount allowable from the Fire Marshal Fee Fund to the Emergency Response Fund from \$50,000 to up to \$500,000.

The **2015 Legislature** authorized the transfer of \$1.0 million from the unencumbered balance of the Fire Marshal Fee Fund to the State General Fund in both FY 2016 and FY 2017, pursuant to 2015 House Sub. for SB 112.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate totaling \$5.6 million in FY 2016. This is an all funds increase of \$21,841, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is due primarily to increased expenditures in pay to unclassified employees and group health hospitalization costs. The revised estimate includes 36 FTE and 24.5 non-FTE positions, a decrease of 4.0 FTE positions and an increase of 5.5 non-FTE positions from the approved number of positions.

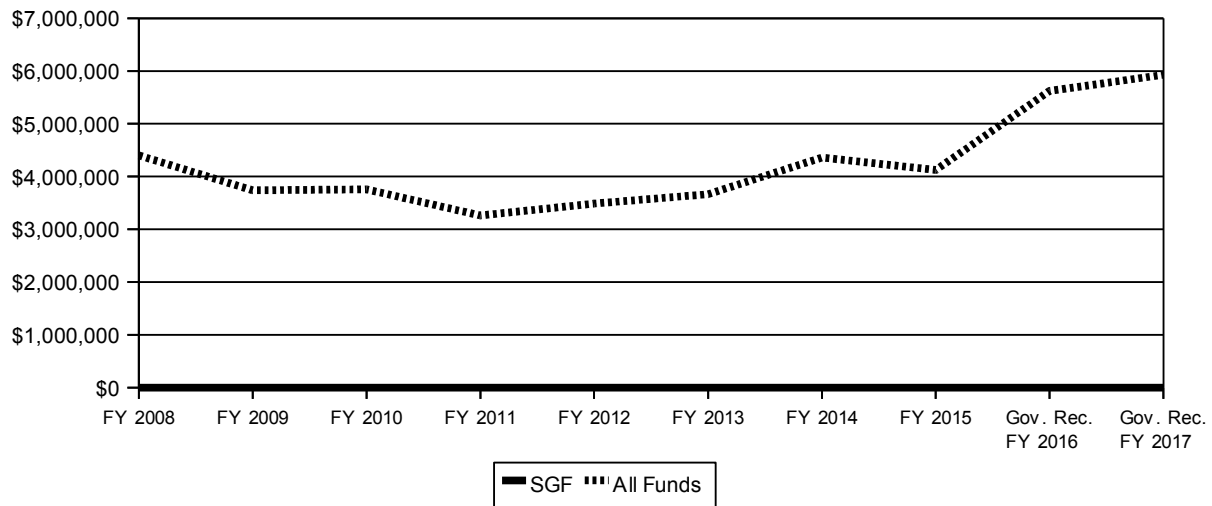
The **Governor** concurs with the agency's revised estimate in FY 2016. Additionally, the Governor recommends a transfer of \$1.0 million from the Fire Marshal Fee Fund to the State General Fund.

FY 2017 – Budget Year. The **agency** requests a revised estimate totaling \$5.9 million, all from special revenue funds, for FY 2017. This is an all funds increase of \$220,237, or 3.9 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to the agency's supplemental request to provide grants to local fire departments for safety gear and physical examinations. The revised estimate includes 36 FTE and 24.5 non-FTE positions, a decrease of 4.0 FTE positions and an increase of 5.5 non-FTE positions from the approved number of positions.

The **Governor** concurs with the agency's revised estimate for FY 2017. Additionally, the Governor recommends a transfer of \$750,000 from the Fire Marshal Fee Fund to the State General Fund.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	0.0 %	\$ 4,400,924	(2.3)%	53.0
2009	0	0.0	3,739,213	(15.0)	53.0
2010	0	0.0	3,756,142	0.5	53.0
2011	0	0.0	3,262,262	(13.1)	48.5
2012	0	0.0	3,486,988	6.9	48.0
2013	0	0.0	3,664,916	5.1	48.0
2014	0	0.0	4,359,397	18.9	54.0
2015	0	0.0	4,124,256	(5.4)	40.0
2016 Gov. Rec.	0	0.0	5,623,900	36.4	36.0
2017 Gov. Rec.	0	0.0	5,929,122	5.4	36.0
Ten-Year Change Dollars/Percent	\$ 0	0.0 %	\$ 1,528,198	34.7 %	(17.0)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation			
		Actual 2015	Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:										
Administration	\$	4,124,256	\$ 5,623,900	\$ 5,929,122	\$ 305,222	5.4 %	\$ 5,623,900	\$ 5,929,122	\$ 305,222	5.4 %
By Major Object of Expenditure:										
Salaries and Wages	\$	2,971,789	\$ 3,779,771	\$ 3,905,195	\$ 125,424	3.3 %	\$ 3,779,771	\$ 3,905,195	\$ 125,424	3.3 %
Contractual Services		761,600	1,120,650	1,196,482	75,832	6.8	1,120,650	1,196,482	75,832	6.8
Commodities		179,132	285,532	316,052	30,520	10.7	285,532	316,052	30,520	10.7
Capital Outlay		184,215	424,234	307,313	(116,921)	(27.6)	424,234	307,313	(116,921)	(27.6)
Debt Service		0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$	4,096,736	\$ 5,610,187	\$ 5,725,042	\$ 114,855	2.0 %	\$ 5,610,187	\$ 5,725,042	\$ 114,855	2.0 %
Aid to Local Units		0	0	200,000	200,000	0.0	0	200,000	200,000	--
Other Assistance		24,520	13,713	4,080	(9,633)	(70.2)	13,713	4,080	(9,633)	(70.2)
TOTAL	\$	4,121,256	\$ 5,623,900	\$ 5,929,122	\$ 305,222	5.4 %	\$ 5,623,900	\$ 5,929,122	\$ 305,222	5.4 %
Financing:										
State General Fund	\$	0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Fire Marshal Fee Fund		3,015,594	4,503,821	4,777,735	273,914	6.1	4,503,821	4,777,735	273,914	6.1
Emergency Response Fund		6,259	200,000	200,000	0	0.0	200,000	200,000	0	0.0
All Other Funds		1,102,403	920,079	951,387	31,308	3.4	920,079	951,387	31,308	3.4
TOTAL	\$	4,124,256	\$ 5,623,900	\$ 5,929,122	\$ 305,222	5.4 %	\$ 5,623,900	\$ 5,929,122	\$ 305,222	5.4 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,602,059	5,623,900	21,841	5,623,900	21,841
TOTAL	\$ 5,602,059	\$ 5,623,900	\$ 21,841	\$ 5,623,900	\$ 21,841
FTE Positions	40.0	36.0	(4.0)	36.0	(4.0)

The **agency** requests a revised estimate totaling \$5.6 million in FY 2016. This is an all funds increase of \$21,841, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is due to higher expenditures on salaries and wages, commodities, and capital outlay, offset by reduced expenditures on contractual services. The revised estimate includes 36 FTE and 24.5 non-FTE positions, a decrease of 4.0 FTE positions and an increase of 5.5 non-FTE positions from the approved number of positions. Changes in positions resulted from the agency removing vacant unfunded FTE positions and the filling of classified positions with unclassified positions. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The revised estimate includes \$3.8 million for salaries and wages expenditures. This is an all funds increase of \$92,252, or 2.5 percent, above the amount approved by the 2015 Legislature. The increase is attributable primarily to an increase in pay to unclassified employees and group health hospitalization costs, partially offset by reductions in pay to classified employees. The agency noted that it had several employees move from the classified to unclassified service;
- **Contractual Services.** The revised estimate includes \$1.1 million for contractual services expenditures. This is an all funds decrease of \$73,911, or 6.2 percent, below the amount approved by the 2015 Legislature. The decrease is largely due to reduced expenditures on computer programming services, data processing services and database access fees operating charge, partially offset by increased expenditures on items related to hazardous materials response and training (\$68,275);
- **Commodities.** The revised estimate includes \$285,532 for commodities expenditures. This is an all funds increase of \$1,582, or less than 1.0 percent, above the amount approved by the 2015 Legislature, and is attributable to higher expenditures on fuel and office supplies;
- **Capital Outlay.** The revised estimate includes \$424,234 for capital outlay expenditures. This is an all funds increase of \$1,918, or less than 1.0 percent,

above the amount approved by the 2015 Legislature, and is attributable to higher expenditures on computer equipment; and

- **Other Assistance.** The revised estimate includes \$13,713 for other assistance expenditures, specifically for health insurance for two employees who participate in the Voluntary Retirement Incentive Program. The amount is unchanged from the amount approved by the 2015 Legislature.

The **Governor** concurs with the agency's revised estimate in FY 2016. Additionally, the Governor recommends a transfer of \$1.0 million from the Fire Marshal Fee Fund to the State General Fund.

B. FY 2017 – Budget Year

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,708,885	5,929,122	220,237	5,929,122	220,237
TOTAL	\$ 5,708,885	\$ 5,929,122	\$ 220,237	\$ 5,929,122	\$ 220,237
FTE Positions	40.0	36.0	(4.0)	36.0	(4.0)

The **agency** requests a revised estimate totaling \$5.9 million, all from special revenue funds, for FY 2017. This is an all funds increase of \$220,237, or 3.9 percent, above the amount approved by the 2015 Legislature. The increase results from higher expenditures on aid to local units of government, salaries and wages, commodities, offset by reduced expenditures on contractual services and other assistance. The revised estimate includes 36 FTE and 24.5 non-FTE positions, a decrease of 4.0 FTE positions and an increase of 5.5 non-FTE positions from the approved number of positions. Changes in positions resulted from the agency removing vacant unfunded FTE positions and the filling of classified positions with unclassified positions. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The revised estimate includes \$3.9 million for salaries and wages expenditures. This is an all funds increase of \$81,422, or 2.1 percent, above the amount approved by the 2015 Legislature. The increase is primarily due to higher expenditures on pay to unclassified employees and group health hospitalization, which is partially offset by reduced expenditures on pay to classified employees. The agency noted that it had several employees move from the classified to unclassified service;
- **Contractual Services.** The revised estimate includes \$1.2 million for contractual services expenditures. This is an all funds decrease of \$65,152, or 5.2 percent, below the amount approved by the 2015 Legislature. The decrease is largely attributable to reduced expenditures for computer programming services, data processing services and database access fees operating charge (\$68,000). The

decrease is partially offset by higher expenditures on items related to hazardous materials response and training (\$119,646);

- **Commodities.** The revised estimate includes \$316,052 for commodities expenditures. This is an all funds increase of \$3,967, or 1.3 percent, above the amount approved by the 2015 Legislature, and is attributable to higher expenditures on professional scientific supplies and office supplies. Expenditures on professional scientific supplies are primarily for items used in hazardous materials response and training;
- **Capital Outlay.** The revised estimate includes \$307,313 for capital outlay expenditures. This is unchanged from the approved amount. Expenditures in this category are primarily for professional and scientific equipment;
- **Aid to Locals.** The revised estimate includes \$200,000 for aid to local units of government expenditures. This is a new object of expenditure for the agency and is attributable to its supplemental request to provide grants to local fire departments; and
- **Other Assistance.** The revised estimate includes \$4,080 for other assistance expenditures, specifically for two employees who participate in the Voluntary Retirement Incentive Program. This is unchanged from the amount approved by the 2015 Legislature.

The **Governor** concurs with the agency's revised estimate for FY 2017. Additionally, the Governor recommends a transfer of \$750,000 from the Fire Marshal Fee Fund to the State General Fund.

Supplemental Detail

FY 2017 SUPPLEMENTAL						
Supplemental	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Grants to Local Fire Departments	\$ 0	\$ 200,000	0.0	\$ 0	\$ 200,000	0.0

The **agency** requests \$200,000, all from the Fire Marshal Fee Fund, to provide grants to fire departments across the state for safety gear and physical examinations. The agency noted that fire departments are struggling with the recruitment and retention of fire fighters because the local departments lack funding to provide safety equipment. The agency also noted that there has been an increase in fire fighter deaths due to heart attacks. The grants would also support physicals that could identify potential health problems and decrease the number of fire fighter deaths.

The **Governor** recommends the agency's supplemental request for FY 2017.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
Fire Marshal Fee Fund	80.6	80.6
Emergency Response Fund	3.4	3.4
All Other Funds	16.0	16.0
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Fire Marshal Fee Fund

The Fire Marshal Fee Fund is the primary source of funding for the agency. KSA 75-1508 requires each fire insurance company doing business in Kansas to pay the Commissioner of Insurance. Pursuant to statute, the levy shall not exceed 0.8 percent of a sum equal to the gross cash receipts of such company on all fire business transacted by the company in the preceding calendar year.

KSA 75-1514 requires that 10.0 percent of the receipts received by the State Fire Marshal be remitted to the State General Fund. This transfer is intended to reimburse State General Fund for administrative services provided to this agency. The transfer is capped at \$100,000.

Additional transfers to the State General Fund from the Fire Marshal Fee Fund periodically have periodically occurred. 2014 HB 2506 authorized a \$2.5 million transfer from the unencumbered balance of the Fire Marshal Fee Fund to the State General Fund in FY 2015. 2015 House Sub. for SB 112 authorized transfers of \$1.0 million in both FY 2016 and FY 2017.

The Governor recommends additional transfers of \$1.0 million in FY 2016 and \$750,000 in FY 2017 from the fee fund to the State General Fund.

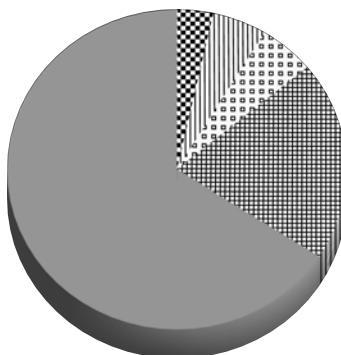
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 7,209,788	\$ 6,306,661	\$ 6,306,661	\$ 6,207,091	\$ 5,207,091
Revenue	5,189,172	5,304,800	5,304,800	5,492,800	5,492,800
Transfers in	15,519	124,451	124,451	0	0
Total Funds Available	\$ 12,414,479	\$ 11,735,912	\$ 11,735,912	\$ 11,699,891	\$ 10,699,891
Less: Expenditures	3,194,504	4,503,821	4,503,821	4,777,735	4,777,735
Transfers Out	2,913,314	1,025,000	2,025,000	1,025,000	1,775,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 6,306,661</u>	<u>\$ 6,207,091</u>	<u>\$ 5,207,091</u>	<u>\$ 5,897,156</u>	<u>\$ 4,147,156</u>
Ending Balance as Percent of Expenditures	197.4%	137.8%	115.6%	123.4%	86.8%
Month Highest Ending Balance	June <u>\$ 6,382,465</u>	June <u>\$ 6,208,610</u>	December <u>\$ 6,914,759</u>	December <u>\$ 6,004,643</u>	December <u>\$ 6,810,247</u>
Month Lowest Ending Balance	November <u>\$ 3,452,304</u>	November <u>\$ 4,059,338</u>	June <u>\$ 6,386,001</u>	May <u>\$ 3,819,670</u>	June <u>\$ 6,276,066</u>

OBJECT DETAIL

Expenditures by Object

Governor's FY 2017 Recommendation

All Funds



Salaries and Wages	Contractual Services	Commodities
Capital Outlay	Aid to Locals	Other Assistance

Object	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 3,905,195	65.9 %	\$ 0	0%
Contractual Services	1,196,482	20.2	0	0
Commodities	316,052	5.3	0	0
Capital Outlay	307,313	5.2	0	0
Aid to Locals	200,000	3.4	0	0
Other Assistance	4,080	0.1	0	0
TOTAL	\$ 5,929,122	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	40.0	36.0	36.0	36.0	36.0

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of polygraph examinations	20	--	--	--
Number of investigative hours	--	8,998	9,500	10,000
Number of requests for investigations	390	357	370	390
Number of investigations with arrests/convictions	60	37	45	50

KANSAS HIGHWAY PATROL

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	77,247,248	77,637,413	77,637,413	82,262,142	82,262,142
TOTAL	\$ 77,247,248	\$ 77,637,413	\$ 77,637,413	\$ 82,262,142	\$ 82,262,142
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,398,416	3,615,861	3,615,861	652,355	652,355
TOTAL	\$ 4,398,416	\$ 3,615,861	\$ 3,615,861	\$ 652,355	\$ 652,355
GRAND TOTAL	\$ 81,645,664	\$ 81,253,274	\$ 81,253,274	\$ 82,914,497	\$ 82,914,497
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(3.0)	0.5	0.5	6.0	6.0
FTE Positions	834.0	834.0	829.0	834.0	829.0
Non-FTE Perm.Uncl.Pos.	51.0	51.0	51.0	51.0	51.0
TOTAL	885.0	885.0	880.0	885.0	880.0

AGENCY OVERVIEW

The mission of the Kansas Highway Patrol (KHP) is to provide protection of life and property through the enforcement of traffic, criminal, and other laws of the State of Kansas and supporting homeland security initiatives. Other services provided by the Highway Patrol include training to law enforcement officers for the detection and apprehension of drunk drivers, motorist assistance, title inspection for cars being titled for the first time in Kansas, and the Motor Carrier Assistance program. The agency operates the Kansas Highway Patrol Training Center in Salina to provide training for new recruits and continuing education for KHP sworn officers. The agency also works to reduce the number of oversized, overweight, or unsafe commercial vehicles through the Motor Carrier Inspection program.

MAJOR ISSUES FROM PRIOR YEARS

The **2003 Legislature** approved the issuance of bonds to acquire the building that houses the Vehicle Identification Number program in Olathe. The total cost of the acquisition was \$621,768. Annual debt service payments are approximately \$62,000.

The **2005 Legislature** transferred \$1.9 million and 2.0 FTE positions from the Department of Administration to the KHP in FY 2006. By contract, the Capitol Area Security Patrol (CASP) provided security for buildings operated by the Department of Administration, with

CASP expenditures included in the Department of Administration's budget. Since FY 2006, all CASP expenditures are directly budgeted through the KHP.

The 2006 Legislature:

- Deleted the transfer of \$34.6 million from the State Highway Fund to the State General Fund in FY 2007. This transfer was equal to the amount of State General Fund appropriated to the KHP; and
- Changed all statutory references of the "Capitol Area Security Patrol" to "Capitol Police."

The 2007 Legislature:

- Added \$2.0 million, all from the State General Fund, in FY 2008 for a federal homeland security interoperability grant contingent upon the receipt of the grant; and
- Reinstated \$30.0 million of the transfer from the State Highway Fund to the State General Fund to support KHP operations in FY 2007. The 2007 Legislature also approved a \$5.0 million reduction in the FY 2008 transfer, providing a transfer of \$30.3 million for KHP operations.

The 2008 Legislature:

- Added \$191,854, all from special revenue funds, for additional trooper pay increases in FY 2008. This funding was the difference between the funding approved by the 2007 Legislature for the FY 2008 pay increases, and the amount needed to fulfill the 4.0 percent pay increase under the Trooper Memorandum of Agreement;
- Added \$275,000, all from the Kansas Highway Patrol Operations Fund, for additional trooper fuel costs in FY 2008;
- Adjusted the expenditure limitation on the KHP Operations Fund in FY 2008 and FY 2009, by reducing the expenditure limitation by \$550,000 in FY 2008 and increasing the expenditure limitation in FY 2009 by the same amount. This moved part of the expenditure authority for the purchase of digital in-car cameras from FY 2008 to FY 2009. This left \$275,000 of the original \$825,000 in FY 2008 to be utilized for trooper fuel costs as mentioned in the preceding bullet; and
- Added \$188,700, all from the KHP Motor Vehicle Fund, to replace eight non-law enforcement vehicles in FY 2009.

The 2009 Legislature:

- The Governor recommended special one-time transfers totaling \$450,000 from the General Fees Fund (\$300,000) and the Highway Patrol Training Center Fund

(\$150,000) to the State General Fund in FY 2009. The Legislature accepted the Governor's recommendation but reduced the transfers by 21.5 percent for a total transfer of \$353,250;

- The Governor recommended and the Legislature approved the addition of \$1,007,680, all from special revenue funds, as part of the agency's supplemental request for additional fuel expenditures related to fuel price increases in FY 2009;
- The Governor recommended and the Legislature approved partial reductions from the agency's reduced resources budget totaling \$1,473,559, including \$1,039,953 from the State General Fund, which included reductions in out-of-state travel, information technology replacement of equipment and software, and the elimination of one trooper trainee class in FY 2010;
- Added \$189,204, including \$130,153 from the State General Fund, in FY 2010 for undermarket pay adjustments for positions that had recommended pay adjustments in the Hay group study on Kansas state employee compensation. The study was completed in FY 2008;
- Reduced the agency's budget by 1.25 percent, as part of an across the board reduction to the Governor's FY 2009 recommended State General Fund operating expenditures, excluding debt service payments and caseload estimates in FY 2009 (\$493,739) and FY 2010 (\$493,739);
- Deleted \$1,826,911, including \$938,041 from the State General Fund, from the FY 2010 Governor's recommended budget in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for expenditures in FY 2010; and
- During Omnibus, reduced the agency's budget by 2.75 percent, as part of an across the board reduction to the Governor's FY 2010 recommended State General Fund operating expenditures, excluding debt service payments and caseload estimates in FY 2010 (\$951,599).

The 2011 Legislature:

- Enacted 2011 Senate Sub. for HB 2014 which authorized and directed the agency to pay from the Kansas Highway Patrol Operations Fund amounts for medical expenses of a prisoner in custody totaling \$125,416, to the Kansas University Physicians Inc., and the University of Kansas Hospital Authority;
- Approved the transfer of \$1.6 million from the agency's Motor Vehicle Fund to the State General Fund in FY 2012 as part of the agency's reduced resources budget; and
- Approved reducing the agency's FTE limitation by 8.0 vacant FTE positions, from 859.0 to 851.0 FTE positions in FY 2012.

The 2012 Legislature:

- Added \$215,326, all from special revenue funds, to restore funding that was deleted by the Governor's recommended savings from the Voluntary Retirement Incentive Program in FY 2013; and
- Transferred \$627,766 from the State General Fund to the Operations Fund, in FY 2013, and raised the expenditure limit on the Operations Fund by that amount to provide for a pay out for accumulated holiday and overtime hours. Language stating that the money may only be spent on the pay out for accumulated holiday and overtime hours or the funding will lapse was also added.

The 2013 Legislature:

- Approved up to a 5.0 percent pay increase for all State Troopers, excluding the Colonel and Lieutenant Colonel. The increase was funded within existing special revenue funds in FY 2014;
- Appropriated \$1,204,068 from a transfer from the State Highway Fund to the Kansas Highway Patrol Operations Fund to continue funding for the 5.0 percent pay increase in FY 2015; and
- Added language authorizing the use of Federal Forfeiture funds for capital improvement at Troop F Headquarters in FY 2014 and FY 2015.

The 2014 Legislature:

- Added \$204,598 in FY 2014 and \$208,183 in FY 2015, all from special revenue funds, to provide a 5.0 percent pay increase to individuals in the following classifications in FY 2015: Law Enforcement Officer I, II, and III, and Public Service Executive II. This increase is not an increased transfer from the Highway Fund; it is self-funded within the existing budget; and
- Transferred \$1.0 million, all from the Vehicle Identification Number Fee Fund, to the State General Fund in FY 2015.

The 2015 Legislature:

- Added additional capital improvements expenditures totaling \$631,300, all from special revenue funds, for the replacement of the east and west retaining walls at the Training Academy in Salina in FY 2015;
- Added \$292,740, all from special revenue funds, for labor, materials, and equipment to re-pipe the supply and return water mains on all three levels of the dormitory at the Training Academy in Salina in FY 2015;
- Added \$559,980, all from Federal Forfeiture funds, for unanticipated expenditures related to the construction of Troop F headquarters in FY 2015. This funding is comprised of: a) \$324,980, as a 10.0 percent contingency for

unanticipated expenditures that may arise during the construction of the site; and b) \$235,000, to procure paving services for the site in FY 2015;

- Added \$535,659, all from special revenue funds, to provide for the agency's newly proposed compensation plan for non-supervisory personnel for FY 2016 and FY 2017. This increase reflects additional Federal Forfeiture expenditures for FY 2016 and FY 2017; and
- Deleted \$2.2 million for FY 2016 and \$2.3 million for FY 2017, all from special revenue funds, for a 4.0 percent reduction to agency operations.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency's** FY 2016 revised estimate for total agency expenditures is \$81.3 million, all from special revenue funds, an increase of \$1.7 million, or 2.1 percent, above the FY 2016 approved amount. The revised estimate includes 834.0 FTE positions, which is no change from the approved amount. The FY 2016 revised estimate includes \$3.6 million, all from special revenue funds, for capital improvements. The primary increase from the approved amount is due to capital improvement expenditures for: 1) remaining obligations related to the construction of Troop F Headquarters totaling \$1.4 million, all from Federal Forfeiture funds, and 2) two supplemental requests totaling \$1.5 million, all from special revenue funds, in FY 2016. Absent remaining Troop F construction obligations and supplemental requests, the FY 2016 revised estimate for all funds is a decrease of \$1.3 million, or 1.6 percent, below the FY 2016 approved amount, whereas expenditures from the Operations Fund (sourced from the State Highway Fund) are at the FY 2016 approved amount. The agency states that the all funds decrease is part of agency budget reductions comprised of: 1) aligning overtime and holiday pay more closely with FY 2015 actual expenditures (\$1.7 million reduction), 2) aligning contractual services and commodities budgets more closely with FY 2015 actual expenditures (\$500,000 reduction), and 3) reductions to homeland security funding for local agencies (\$500,000 reduction). The agency's FY 2016 revised estimate includes the movement and continuation of capital improvement project expenditures for three approved projects within the FY 2015 budget into the FY 2016 budget. Two of these projects include additional expenditures.

The **agency's** revised estimate includes capital improvement expenditures totaling \$3.6 million, all from special revenue funds, in FY 2016. The revised estimate includes \$325,000 for debt service principal payments on the Fleet Center, \$308,522 for rehabilitation and repair, and \$3.0 million for projects in FY 2016.

The **Governor** concurs with the agency's FY 2016 revised estimate and additional funding in FY 2016. The Governor's recommendation includes the reduction of 5.0 FTE positions to accurately reflect the agency's reclassification of 5.0 positions from the classified service to the unclassified service in the Operations Support program in FY 2016. The Governor's recommendation includes the transfer of \$56,223 from the unspent FY 2015 ending balance of the KHP Operations Fund to the State General Fund in FY 2016.

The **Governor** concurs with the agency's request for capital improvements expenditures in FY 2016.

FY 2017 – Budget Year. The agency's FY 2017 revised estimate for total agency expenditures is \$82.9 million, all from special revenue funds, an increase of \$1.8 million, or 2.2 percent, above the FY 2017 approved amount. The revised estimate includes 834.0 FTE positions, which is no change from the approved amount. The FY 2017 revised estimate includes \$652,355, all from special revenue funds, for capital improvements. The increase from the approved amount is primarily due to additional expenditures for salaries and wages (\$3.3 million), offset by decreases in aid to local units (\$1.3 million) for homeland security funding, from the FY 2017 approved amount.

Expenditures from the Operations Fund (sourced from the State Highway Fund) are currently at the FY 2017 approved amount. The primary increase from the FY 2017 approved expenditures is related to increases reflective of the agency's institution of the new pay plan proposed during the 2015 Session. In action during the 2015 Legislature, *proviso* language was included to suspend usage restrictions on State Forfeiture Funds to provide greater flexibility and allow the agency to self-fund a portion of the newly proposed pay plan for non-supervisory personnel for FY 2016 and FY 2017. The agency states that its FY 2017 budget includes the progression of the pay plan to include supervisory ranks and has included the new rates which were calculated as of June 30, 2017, with an effective date of July 2016. The estimated additional cost of the pay increase is \$4.8 million, all from special revenue funds, for FY 2017. The agency further states that while temporary funding solutions were utilized to self-fund the pay plan for FY 2016 and FY 2017, it will be requesting additional funding from the KHP Operations fund (sourced from the State Highway Fund) in order to provide for the continuance and progression of the new pay plan beyond FY 2017.

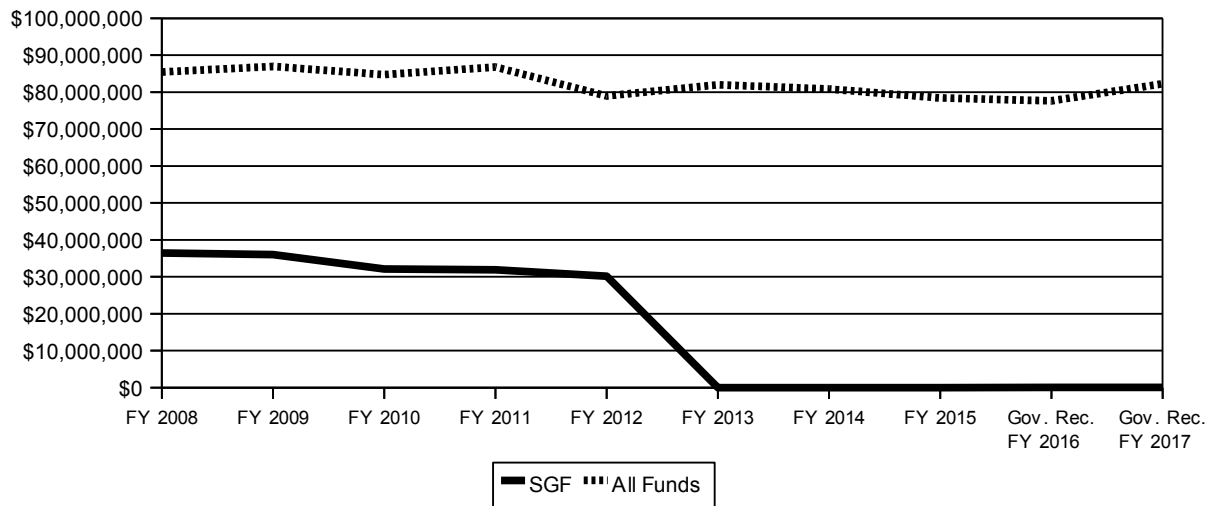
The **agency's** revised estimate includes capital improvement expenditures totaling \$652,355, all from special revenue funds, for FY 2017. The revised estimate includes \$340,000 for debt service principal payments on the Fleet Center, and \$312,355 for rehabilitation and repair projects for FY 2017.

The **Governor** concurs with the agency's FY 2017 revised estimate. The Governor's recommendation includes the reduction of 5.0 FTE positions to accurately reflect the agency's reclassification of 5.0 positions from the classified service to the unclassified service in the Operations Support program in FY 2017.

The **Governor** concurs with the agency's request for capital improvements expenditures for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 36,469,265	4.3 %	\$ 85,453,094	(11.7)%	857.0
2009	35,981,152	(1.3)	86,959,482	1.8	859.0
2010	32,128,443	(10.7)	84,744,451	(2.5)	859.0
2011	31,888,897	(0.7)	86,804,263	2.4	851.0
2012	30,117,709	(5.6)	78,966,265	(9.0)	851.0
2013	0	(100.0)	81,993,441	3.8	841.0
2014	0	--	80,842,665	(1.4)	841.0
2015	0	--	78,428,718	(3.0)	834.0
2016 Gov. Rec.	0	--	77,637,413	(1.0)	829.0
2017 Gov. Rec.	0	--	82,262,142	6.0	829.0
Ten-Year Change Dollars/Percent	\$ (36,469,265)	(100.0)%	\$ (3,190,952)	(3.7)%	(28.0)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration	\$ 3,534,716	\$ 3,821,049	\$ 4,014,770	\$ 193,721	5.1 %	\$ 3,821,049	\$ 4,014,770	\$ 193,721	5.1 %		
Operations Support	51,755,875	51,556,936	56,217,852	4,660,916	9.0	51,556,936	56,217,852	4,660,916	9.0		
Information Tech	3,181,474	3,873,146	2,719,287	(1,153,859)	(29.8)	3,873,146	2,719,287	(1,153,859)	(29.8)		
Vehicle ID Number	2,241,896	2,401,686	2,585,931	184,245	7.7	2,401,686	2,585,931	184,245	7.7		
Motorist Assistance	1,442,969	1,313,805	1,329,540	15,735	1.2	1,313,805	1,329,540	15,735	1.2		
Capitol Police	4,022,239	4,022,861	4,370,714	347,853	8.6	4,022,861	4,370,714	347,853	8.6		
Homeland Security	3,183,840	2,869,746	2,442,819	(426,927)	(14.9)	2,869,746	2,442,819	(426,927)	(14.9)		
Motor Carrier Inspection	4,054,333	3,776,826	4,135,753	358,927	9.5	3,776,826	4,135,753	358,927	9.5		
Turnpike Patrol	3,768,086	3,956,077	4,417,651	461,574	11.7	3,956,077	4,417,651	461,574	11.7		
Debt Service	61,820	45,281	27,825	(17,456)	(38.6)	45,281	27,825	(17,456)	(38.6)		
TOTAL	\$ 77,247,248	\$ 77,637,413	\$ 82,262,142	\$ 4,624,729	6.0 %	\$ 77,637,413	\$ 82,262,142	\$ 4,624,729	6.0 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 54,784,247	\$ 55,598,147	\$ 62,028,157	\$ 6,430,010	11.6 %	\$ 55,598,147	\$ 62,028,157	\$ 6,430,010	11.6 %		
Contractual Services	6,461,598	6,130,378	6,898,976	768,598	12.5	6,130,378	6,898,976	768,598	12.5		
Commodities	4,443,670	4,441,308	4,140,864	(300,444)	(6.8)	4,441,308	4,140,864	(300,444)	(6.8)		
Capital Outlay	8,580,067	8,821,007	7,112,769	(1,708,238)	(19.4)	8,821,007	7,112,769	(1,708,238)	(19.4)		
Debt Service	61,820	45,281	27,825	(17,456)	(38.6)	45,281	27,825	(17,456)	(38.6)		
Subtotal - Operations	\$ 74,331,402	\$ 75,036,121	\$ 80,208,591	\$ 5,172,470	6.9 %	\$ 75,036,121	\$ 80,208,591	\$ 5,172,470	6.9 %		
Aid to Local Units	2,783,542	2,529,161	2,041,527	(487,634)	(19.3)	2,529,161	2,041,527	(487,634)	(19.3)		
Other Assistance	132,304	72,131	12,024	(60,107)	(83.3)	72,131	12,024	(60,107)	(83.3)		
TOTAL	\$ 77,247,248	\$ 77,637,413	\$ 82,262,142	\$ 4,624,729	6.0 %	\$ 77,637,413	\$ 82,262,142	\$ 4,624,729	6.0 %		
Financing:											
State General Fund	\$ --	\$ --	\$ --	\$ --	-- %	\$ --	\$ --	\$ --	-- %		
KHP Operations	53,833,878	52,403,703	53,584,748	1,181,045	2.3	52,403,703	53,584,748	1,181,045	2.3		
VIN Fee Fund	1,382,323	2,401,612	4,997,396	2,595,784	108.1	2,401,612	4,997,396	2,595,784	108.1		
HWY Patrol Motor Vehicle Fund	5,501,118	5,758,272	5,931,021	172,749	3.0	5,758,272	5,931,021	172,749	3.0		
Patrol of KS Turnpike Fund	3,768,509	3,956,077	4,417,651	461,574	11.7	3,956,077	4,417,651	461,574	11.7		
Federal Funds	10,124,329	8,672,157	8,455,910	(216,247)	(2.5)	8,672,157	8,455,910	(216,247)	(2.5)		
All Other Funds	2,637,091	4,445,592	4,875,416	429,824	9.7	4,445,592	4,875,416	429,824	9.7		
TOTAL	\$ 77,247,248	\$ 77,637,413	\$ 82,262,142	\$ 4,624,729	6.0 %	\$ 77,637,413	\$ 82,262,142	\$ 4,624,729	6.0 %		

BUDGET OVERVIEW

A. FY 2016 – Current Year

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	79,572,612	81,253,274	1,680,662	81,253,274	1,680,662
TOTAL	\$ 79,572,612	\$ 81,253,274	\$ 1,680,662	\$ 81,253,274	\$ 1,680,662
FTE Positions	834.0	834.0	0.0	829.0	(5.0)

The **agency's** FY 2016 revised estimate for total agency expenditures is \$81.3 million, all from special revenue funds, an increase of \$1.7 million, or 2.1 percent, above the FY 2016 approved amount. The revised estimate includes 834.0 FTE positions, which is no change from the approved amount. The FY 2016 revised estimate includes \$3.6 million, all from special revenue funds, for capital improvements. The primary increase from the approved amount is due to capital improvement expenditures for: 1) remaining obligations related to the construction of Troop F Headquarters totaling \$1.4 million, all from Federal Forfeiture funds, and 2) two supplemental requests totaling \$1.5 million, all from special revenue funds, in FY 2016. **Absent remaining Troop F construction obligations and supplemental requests**, the FY 2016 revised estimate for all funds is a decrease of \$1.3 million, or 1.6 percent, below the FY 2016 approved amount, whereas expenditures from the Operations Fund (sourced from the State Highway Fund) are at the FY 2016 approved amount. The agency states that the all funds decrease is part of agency budget reductions comprised of: 1) aligning overtime and holiday pay more closely with FY 2015 actual expenditures (\$1.7 million reduction), 2) aligning contractual services and commodities budgets more closely with FY 2015 actual expenditures (\$500,000 reduction), and 3) reductions to homeland security funding for local agencies (\$500,000 reduction).

The **agency's** FY 2016 revised estimate includes the movement and continuation of capital improvement project expenditures for three approved projects from the FY 2015 budget into the FY 2016 budget. Two of these projects include additional expenditures. These projects are detailed below.

- **Remaining Obligations for the Construction of Troop F headquarters in Kechi.** This project is set to be completed in the fall of calendar year 2015. Remaining obligations total \$1,445,275, all from Federal Forfeiture funds, in FY 2016;
- **Water Line Replacement at Training Academy in Salina.** This project was bid and awarded to the lowest bidder in September 2015 for \$753,800, all from Federal Forfeiture funds, within the FY 2016 budget. This project was originally approved within the FY 2015 budget for \$292,740, all from special revenue funds. This is an increase of \$613,024, or 157.5 percent, above the amount approved by the 2015 Legislature (\$292,740). This project was escalated and in

addition to the lines, the controls for the lines also needed to be replaced. The agency states that this project was considered to be an emergency repair; and

- **East and West Retaining Wall replacements at Training Academy in Salina.** This project is set to be bid in late fall of 2015. The agency requests \$783,264, all from Federal Forfeiture funds, for replacement of the east and west retaining walls at the Training Academy in Salina. This project was originally approved within the FY 2015 budget for \$631,300, all from special revenue funds. The estimated projects cost is an increase of \$151,964, or 24.1 percent, above the amount approved by the 2015 Legislature (\$631,300).

The **Governor** concurs with the agency's FY 2016 revised estimate and additional funding in FY 2016. The Governor's recommendation includes the reduction of 5.0 FTE positions to accurately reflect the agency's reclassification of 5.0 positions from the classified service to the unclassified service in the Operations Support program in FY 2016. The Governor's recommendation includes the transfer of \$56,223 from the unspent FY 2015 ending balance of the KHP Operations Fund to the State General Fund in FY 2016.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvements Projects:						
Water Line Replacement	\$ 0	\$ 461,060	0.0	\$ 0	\$ 461,060	0.0
Retaining Walls	0	151,964	0.0	0	151,964	0.0
TOTAL	\$ 0	\$ 613,024	0.0	\$ 0	\$ 613,024	0.0

The **agency** requests supplemental project funding increases totaling \$613,024, all from Federal Forfeiture funds, to FY 2015 approved supplemental projects which are continued into the FY 2016 budget. These increases are to provide for revised estimates and higher than originally anticipated expenditures for capital improvements projects. The agency notes that these projects were originally approved to be completed with Vehicle Identification Number (VIN) fee funds, but due to funding considerations the funding for these projects has been moved to Federal Forfeiture funds in FY 2016.

Water Line Replacement - The agency requests an additional \$461,060, all from Federal Forfeiture funds, for labor, materials, and equipment to re-pipe the supply and return water mains on all three levels of the dormitory at the Salina Training Academy, in FY 2016. The agency states that the project was bid and awarded to the lowest bidder in September 2015 for \$753,800, all from Federal Forfeiture funds, which is an increase of \$461,060, or 157.5 percent, above the amount approved by the 2015 Legislature (\$292,740). The agency notes that the cast iron pipes (water lines) were part of the building's original construction in 1962, and they are rusted and flaking. Water is supplied through these lines at approximately 500 gallons per minute and 30 pounds per square inch which has the potential to cause costly water damage if they were to rupture. This project was escalated and, in addition to the lines, the controls for the lines also needed to be replaced. The agency states that this project was considered to be an emergency repair.

The **Governor** concurs with the agency's supplemental request for additional funding for Water Line Replacement in FY 2016.

Retaining Walls - The agency requests an additional \$151,964, all from Federal Forfeiture funds, for the replacement of the east and west retraining walls at the Salina Training Academy in FY 2016. The agency states that the project is estimated to cost \$783,264, all from special revenue funds, and is set to be bid in late fall of calendar year 2015. The projects estimated cost is an increase of \$151,964, or 157.5 percent, above the amount approved by the 2015 Legislature (\$631,300).

The **Governor** concurs with the agency's supplemental request for additional funding for Retaining Walls replacement in FY 2016.

B. FY 2017 – Budget Year

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	81,113,249	82,914,497	1,801,248	82,914,497	1,801,248
TOTAL	\$ 81,113,249	\$ 82,914,497	\$ 1,801,248	\$ 82,914,497	\$ 1,801,248
FTE Positions	834.0	834.0	0.0	829.0	(5.0)

The **agency's** FY 2017 revised estimate for total agency expenditures is \$82.9 million, all from special revenue funds, an increase of \$1.8 million, or 2.2 percent, above the FY 2017 approved amount. The revised estimate includes 834.0 FTE positions, which is no change from the approved amount. The FY 2017 revised estimate includes \$652,355, all from special revenue funds, for capital improvements. The increase from the approved amount is primarily due to additional expenditures for salaries and wages (\$3.3 million), offset by decreases in aid to local units (\$1.3 million) for homeland security funding, from the FY 2017 approved amount.

Expenditures from the Operations Fund (sourced from the State Highway Fund) are currently at the FY 2017 approved amount. The primary increase from the FY 2017 approved expenditures is related to increases reflective of the agency's institution of the new pay plan proposed during the 2015 Session. In action during the 2015 Legislature, *proviso* language was included to suspend usage restrictions on State Forfeiture Funds to provide greater flexibility and allow the agency to self-fund a portion of the newly proposed pay plan for non-supervisory personnel for FY 2016 and FY 2017. The agency states that its FY 2017 budget includes the progression of the pay plan to include supervisory ranks and has included the new rates which were calculated as of June 30, 2017, with an effective date of July 2016. The agency estimated the additional cost of the pay increase to total \$4.8 million, all from special revenue funds, for FY 2017. The agency further states that while temporary funding solutions were utilized to self-fund the pay plan for FY 2016 and FY 2017, it will be requesting additional funding from the KHP Operations fund (sourced from the State Highway Fund) in order to provide for the continuance and progression of the new pay plan beyond FY 2017.

The **Governor** concurs with the agency's FY 2017 revised estimate for expenditures. The Governor's recommendation includes the reduction of 5.0 FTE positions to accurately reflect the agency's reclassification of 5.0 positions from the classified service to the unclassified service in the Operations Support program for FY 2017.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
	\$ 0	\$ 0	0.0	\$ 0	\$ 0	0.0
	0	0	0.0	0	0	0.0
TOTAL	\$ 0	\$ 0	0.0	\$ 0	\$ 0	0.0

The **agency** did not include any supplemental requests for FY 2017.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
KHP Operations	65.1	65.1
VIN Fee Fund	6.1	6.1
HWY Patrol Motor Vehicle Fund	7.2	7.2
Patrol of KS Turnpike Fund	5.4	5.4
Federal Funds	10.3	10.3
All Other Funds	5.9	5.9
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

Vehicle Identification Number (VIN) Fee Fund

KSA 8-116 provides that receipts to the VIN Fee Fund are from a \$20 per inspection fee charged for inspecting the title of a non-new vehicle brought into Kansas to be titled. VIN inspections are performed either by the Patrol, new car dealers, or by local law enforcement agencies designated by the Patrol. When an inspection is performed by the Highway Patrol, the entire \$20 fee is credited to the VIN Fee Fund. When a designee does the inspection, the Patrol receives \$2.00 of the \$20 fee, with the remainder of the fee being retained by the designee. A one-time transfer of \$1.0 million was made to the State General Fund in FY 2015.

For FY 2017 the **agency's** request includes one-time utilization of VIN Fee Funds to provide for budgeted holiday pay, overtime expenses, and a portion of budgeted fuel costs

totaling approximately \$2.4 million for FY 2017. These expenditures are not normally part of the VIN Fee Fund expenditures.

The **Governor** concurs with the agency's expenditures in FY 2016 and for FY 2017.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,707,796	\$ 2,539,674	\$ 2,539,674	\$ 3,268,062	\$ 3,268,062
Revenue	3,217,998	3,130,000	3,130,000	3,130,000	3,130,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 4,925,794	\$ 5,669,674	\$ 5,669,674	\$ 6,398,062	\$ 6,398,062
Less: Expenditures	1,386,120	2,401,612	2,401,612	4,997,396	4,997,396
Transfers Out	1,000,000	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 2,539,674</u>	<u>\$ 3,268,062</u>	<u>\$ 3,268,062</u>	<u>\$ 1,400,666</u>	<u>\$ 1,400,666</u>
Ending Balance as Percent of Expenditures	183.2%	136.1%	136.1%	28.0%	28.0%
Month Highest Ending Balance	June <u>\$ 2,561,997</u>	November <u>\$ 3,268,062</u>	November <u>\$ 3,268,062</u>	July <u>\$ 3,968,062</u>	July <u>\$ 3,968,062</u>
Month Lowest Ending Balance	July \$ 801,525	July \$ 2,519,324	July \$ 2,519,324	June \$ 1,400,666	June \$ 1,400,666

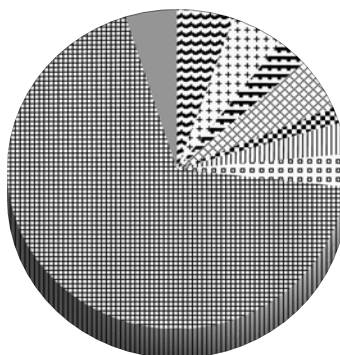
NOTE: 2014 HB 2506 transferred \$1.0 million from the VIN Fee Fund to the State General Fund, in FY 2015.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



Administration	Operations Support	Information Technology	Vehicle Identification Number
Motorist Assistance	Capitol Police	Homeland Security	Motor Carrier Inspection
Turnpike Patrol	Debt Service		

Program	Gov. Rec. All Funds FY 2017	Percent of Total
Administration	\$ 4,014,770	4.9 %
Operations Support	56,217,852	68.3
Information Technology	2,719,287	3.3
Vehicle Identification Number	2,585,931	3.1
Motorist Assistance	1,329,540	1.6
Capitol Police	4,370,714	5.3
Homeland Security	2,442,819	3.0
Motor Carrier Inspection	4,135,753	5.0
Turnpike Patrol	4,417,651	5.4
Debt Service	27,825	0.0
TOTAL	\$ 82,262,142	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	37.5	37.5	37.5	37.5	37.5
Operations Support	570.0	570.0	565.0	570.0	565.0
Information Technology	19.0	19.0	19.0	19.0	19.0
Vehicle ID Number	34.0	34.0	34.0	34.0	34.0
Motorist Assistance	0.0	0.0	0.0	0.0	0.0
Capitol Police	51.0	51.0	51.0	51.0	51.0
Homeland Security	4.0	4.0	4.0	4.0	4.0
Motor Carrier Inspection	65.0	65.0	65.0	65.0	65.0
Turnpike Patrol	52.5	52.5	52.5	52.5	52.5
Off-Budget	1.0	1.0	1.0	1.0	1.0
TOTAL	834.0	834.0	829.0	834.0	829.0

A. Administration

This is a generic classified program code established as part of the Statewide Management Accounting and Reporting Tool (SMART) system to represent universal administrative costs for common functions existing in most agencies. For the agency, this includes the office of the superintendent, fiscal, human resources, legal, and Public and Governmental Affairs. There are other administrative functions not included in this program, but rather in Highway Patrol Operations, as its function is specific to the agency's mission.

**ADMINISTRATION
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,466,048	\$ 2,804,952	\$ 2,804,952	\$ 3,027,279	\$ 3,027,279
Contractual Services	863,218	868,184	868,184	875,689	875,689
Commodities	112,637	111,304	111,304	100,962	100,962
Capital Outlay	43,459	9,082	9,082	9,272	9,272
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,485,362</i>	<i>\$ 3,793,522</i>	<i>\$ 3,793,522</i>	<i>\$ 4,013,202</i>	<i>\$ 4,013,202</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	49,354	27,527	27,527	1,568	1,568
TOTAL	\$ 3,534,716	\$ 3,821,049	\$ 3,821,049	\$ 4,014,770	\$ 4,014,770
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,534,716	3,821,049	3,821,049	4,014,770	4,014,770
TOTAL	\$ 3,534,716	\$ 3,821,049	\$ 3,821,049	\$ 4,014,770	\$ 4,014,770
FTE Positions	37.5	37.5	37.5	37.5	37.5
Non-FTE Uncl. Perm. Pos.	5.0	5.0	5.0	5.0	5.0
TOTAL	42.5	42.5	42.5	42.5	42.5

The **agency's** revised estimate for FY 2017 expenditures totals \$4.0 million, all from special revenue funds, for the Administration program. The request is an all funds increase of \$193,721, or 5.1 percent, above the approved amount. Changes from the agency's FY 2017 approved amount include the following items:

- **Salaries and Wages.** The agency's revised estimate for this program includes expenditures of \$3.0 million, all from special revenue funds, to fund 38.5 FTE positions and 5.0 non-FTE positions for FY 2017. The revised estimate is an all funds increase of \$234,470, or 8.4 percent, above the FY 2017 approved amount. Increases from the FY 2017 approved amount primarily reflect adjustments made to implement the agency's new pay plan;
- **Contractual Services.** The agency's revised estimate for this program includes expenditures of \$875,689, all from special revenue funds, for FY 2017. The revised estimate is an increase of \$33,213, or 3.9 percent, above the FY 2017 approved amount. The agency states that the revised estimate is based upon projection of provided budget indices rates;
- **Commodities.** The agency's revised estimate for this program includes expenditures of \$100,962, all from special revenue funds, for FY 2017. The revised estimate is a decrease of \$108,289, or 51.8 percent, below the FY 2017 approved amount. The agency states that the revised estimate is based upon projection of provided budget indices rates;

- **Capital Outlay.** The agency's revised estimate for this program includes expenditures of \$9,272, all from special revenue funds, for FY 2017. The revised estimate is a decrease of \$40,234, or 81.3 percent, below the FY 2017 approved amount. The agency states that the revised estimate is based upon projection of provided budget indices rates; and
- **Other Assistance.** The agency's revised estimate for this program includes expenditures of \$1,568, all from special revenue funds, for FY 2017. The revised request estimate is a decrease of \$146, or 8.5 percent, below the FY 2017 approved amount. The agency states that this amount is based upon the schedule provided by the Department of Administration to calculate agency Voluntary Retirement Incentive Program expenditures.

The **Governor** concurs with the agency's revised estimate for the Administration program for FY 2017.

B. Operations Support

The Highway Patrol Operations Support program performs the agency's main statutory assignment, enforcement of the state's traffic, criminal, and other laws. The program is divided into a number of subprograms.

Breath Alcohol Unit. The Breath Alcohol Unit was created in 1989 with a grant from the National Highway Traffic Safety Administration (NHTSA). The program was created to enhance the detection and apprehension by law enforcement officers of individuals driving under the influence. This includes educational programs for law enforcement officers such as DUI Detection/Standardized Field Sobriety Testing, the Drug Recognition Expert program, and the Traffic Occupant Protection Strategies (TOPS) Seat Belt program. The program also provides funding for operating checkpoints.

Kansas Highway Patrol Training Academy. Located in Salina, the Kansas Highway Patrol Training Academy provides law enforcement education and training to KHP personnel. Training includes initial education for KHP recruits, and the statutorily required 40 hours of continuing education for each Highway Patrol sworn officer. The Training Academy is also available to help meet the training needs of other agencies.

Fleet Operations program. The Fleet Operations program was established to capture all costs associated with the agency's vehicle fleet. Expenses include operation of the agency garage in Topeka, personnel, and vehicle maintenance. As part of the FY 2008 budget, gasoline expenditures (which used to be 100.0 percent coded into this subprogram) are now identified as expended in the program in which it was used.

Aircraft Operations program. The Aircraft Operations program was created to manage the agency's aircraft fleet, including the states non-enforcement aircraft. This includes maintenance, fuel, parts, and aircraft acquisitions. In FY 2007, the agency constructed a hanger at Billard Airport in Topeka, with aircraft support also conducted in Salina and Hays. Since FY 2006, a transfer of \$400,000 was made from the Highway Patrol Motor Vehicle Fund (MVF) to the Aircraft-On-Budget Fund to subsidize the costs, this transfer was increased to \$600,000 starting in FY 2013.

Civil Assessment program. This program was created in FY 2006 as a joint effort with the Kansas Corporation Commission (KCC) to reduce the number of injury and fatality accidents involving commercial motor vehicles. Beginning in 2006, the KCC began assessing civil penalties for motor carriers for out-of-service violations with issuance of misdemeanor citations by KHP Troopers. A biennial transfer of civil assessment penalties is provided to the KHP from the KCC.

Motor Carrier Safety Assistance Program. The duty of the Motor Carrier Safety Assistance Program (MCSAP) is to regulate the commercial traffic traveling on the highways of Kansas. The MCSAP enforces the uniform traffic code and the statutes regulating motor carriers and property, as well as the rules and regulations adopted by the Kansas Corporation Commission (KCC). The program is financed 80.0 percent federal and 20.0 percent state with the federal portion on a strict reimbursement basis, and the state portion financed by motor carrier fees transferred from the KCC.

OPERATIONS SUPPORT SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 37,452,897	\$ 37,275,779	\$ 37,275,779	\$ 41,975,629	\$ 41,975,629
Contractual Services	3,420,046	3,491,998	3,491,998	4,211,900	4,211,900
Commodities	3,735,388	3,703,865	3,703,865	3,452,183	3,452,183
Capital Outlay	7,089,574	7,047,019	7,047,019	6,568,730	6,568,730
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 51,697,905</i>	<i>\$ 51,518,661</i>	<i>\$ 51,518,661</i>	<i>\$ 56,208,442</i>	<i>\$ 56,208,442</i>
Aid to Local Units	--	--	--	--	--
Other Assistance	57,970	38,275	38,275	9,410	9,410
TOTAL	\$ 51,755,875	\$ 51,556,936	\$ 51,556,936	\$ 56,217,852	\$ 56,217,852
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	51,755,875	51,556,936	51,556,936	56,217,852	56,217,852
TOTAL	\$ 51,755,875	\$ 51,556,936	\$ 51,556,936	\$ 56,217,852	\$ 56,217,852
FTE Positions	570.0	570.0	565.0	570.0	565.0
Non-FTE Uncl. Perm. Pos.	13.0	13.0	13.0	13.0	13.0
TOTAL	583.0	583.0	578.0	583.0	578.0

The **agency's** revised estimate for FY 2017 expenditures totals \$56.2 million, all from special revenue funds, for the Operations Support program. The revised estimate is an all funds increase of \$3.1 million, or 5.8 percent, all from special revenue funds, above the FY 2017 approved amount. Changes from the agency's FY 2017 approved amount include the following items:

- **Salaries and Wages.** The agency's revised estimate for this program includes expenditures of \$42.0 million, all from special revenue funds, to fund 570.0 FTE

positions and 13.0 non-FTE positions for FY 2017. The revised estimate is an all funds increase of \$3.0 million, or 7.8 percent, above the FY 2017 approved amount. Increases from the FY 2017 approved amount primarily reflect adjustments made to implement the agency's new pay plan;

- **Contractual Services.** The agency's revised estimate for this program includes expenditures of \$4.2 million, all from special revenue funds, for FY 2017. The revised estimate is an all funds increase of \$982,673, or 30.4 percent, above the FY 2017 approved amount. The agency states that the FY 2017 budget includes a \$702,000 one-time expenditure for painting and avionics upgrade, as well as \$136,000 for the scheduled overhaul of both propellers for the King Air (N350);
- **Commodities.** The agency's revised estimate for this program includes expenditures of \$3.5 million, all from special revenue funds, for FY 2017. The revised estimate is an all funds decrease of \$1.1 million, or 23.7 percent, below the FY 2017 approved amount. The agency notes that gasoline expenditures can fluctuate greatly, and given budget constraints, uniform purchases have been removed from the FY 2017 revised estimate (\$260,000);
- **Capital Outlay.** The agency's revised estimate for this program includes expenditures of \$6.6 million, all from special revenue funds, for FY 2017. The revised estimate is an all funds increase of \$139,146, or 2.2 percent, above the FY 2017 approved amount. The agency states that expenditures have been adjusted to reflect budget indices, and that the majority of expenditures in this category relate to law enforcement vehicles. The agency has budgeted for the purchase of 200 vehicles for standard road patrol. This request includes 110 Dodge Chargers and 80 Ford Interceptor SUVs for FY 2017; and
- **Other Assistance.** The agency's revised estimate for this program includes expenditures of \$9,410, all from special revenue funds, for FY 2017. The request is a decrease of \$2,589, or 21.6 percent, below the FY 2017 approved amount. The agency states that this amount is based upon the schedule provided by the Department of Administration to calculate agency Voluntary Retirement Incentive Program expenditures.

The **Governor** concurs with the agency's revised estimate for the Operations Support program for FY 2017. The Governor's recommendation includes the reduction of 5.0 FTE positions to accurately reflect the agency's reclassification of 5.0 positions from the classified service to the unclassified service in the Operations Support program in FY 2016 and for FY 2017.

C. Information Technology

This program includes all aspects of information technology within the agency, including dispatch systems, in-car systems, communication devices, reporting and citation systems, and internal support systems, including desktop, fleet, inventory, and remote access. The agency states that a number of technology expenditures are not necessarily reflected in this subprogram, as some are charged in the program in which they occur, such as the KHP Operations and Motor Carrier Safety Assistance programs. KHP operates a statewide dispatching site in Salina.

**INFORMATION TECHNOLOGY
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,266,377	\$ 1,653,968	\$ 1,653,968	\$ 1,714,060	\$ 1,714,060
Contractual Services	1,184,946	735,516	735,516	745,420	745,420
Commodities	24,425	19,809	19,809	20,214	20,214
Capital Outlay	705,726	1,463,853	1,463,853	239,593	239,593
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 3,181,474</i>	<i>\$ 3,873,146</i>	<i>\$ 3,873,146</i>	<i>\$ 2,719,287</i>	<i>\$ 2,719,287</i>
Aid to Local Units	--	--	--	--	--
Other Assistance	--	--	--	--	--
TOTAL	<u>\$ 3,181,474</u>	<u>\$ 3,873,146</u>	<u>\$ 3,873,146</u>	<u>\$ 2,719,287</u>	<u>\$ 2,719,287</u>
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	3,181,474	3,873,146	3,873,146	2,719,287	2,719,287
TOTAL	<u>\$ 3,181,474</u>	<u>\$ 3,873,146</u>	<u>\$ 3,873,146</u>	<u>\$ 2,719,287</u>	<u>\$ 2,719,287</u>
FTE Positions	19.0	19.0	19.0	19.0	19.0
Non-FTE Uncl. Perm. Pos.	7.0	7.0	7.0	7.0	7.0
TOTAL	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>

The **agency's** revised estimate for FY 2017 expenditures totals \$2.7 million, all from special revenue funds, for the Information Technology program. The revised estimate is an all funds decrease of \$65,729, or 2.4 percent, below the FY 2017 approved amount. Changes from the agency's FY 2017 approved amount include the following items:

- **Salaries and Wages.** The agency's revised estimate includes expenditures of \$1.7 million, all from special revenue funds, to fund 19.0 FTE positions and 7.0 non-FTE positions for FY 2017. The revised estimate is an all funds increase of \$20,996, or 1.2 percent, above the FY 2017 approved amount. The agency states that this primarily reflects a reduction in shrinkage, and has been adjusted for fringe benefits;
- **Contractual Services.** The agency's revised estimate includes expenditures of \$745,420, all from special revenue funds, for FY 2017. The revised estimate is an increase of \$60,898, or 8.9 percent, above the FY 2017 approved amount. The agency states that this request is based upon projection of provided budget indices rates;
- **Commodities.** The agency's revised estimate includes expenditures of \$20,214, all from special revenue funds, for FY 2017. The revised estimate is an increase of \$418, or 2.1 percent, above the FY 2017 approved amount. The agency states that this request is based upon projection of provided budget indices rates; and

- **Capital Outlay.** The agency's revised estimate includes expenditures of \$239,539, all from special revenue funds, for FY 2017. The request is a decrease of \$148,041, or 38.2 percent, below the FY 2017 approved amount. The agency states that there are off-setting decreases to reflect one-time Mobile Data Units purchases as well as the replacement of the Salina dispatch phone system VOIP (voice over internet protocol) in FY 2016.

The **Governor** concurs with the agency's revised estimate for the Information Technology program for FY 2017.

D. Vehicle ID Number

The Vehicle Identification Number (VIN) program is responsible for the inspection of the VIN number of every car being titled in Kansas for the first time. The inspection verifies that the VIN on the vehicle title matches the VIN on the car and that neither number has been altered. The inspection may be conducted by staff of the Kansas Highway Patrol or by another law enforcement agency designated by the KHP. The 2011 Legislature amended KSA 8-116a to allow the Patrol to charge \$15 per inspection, an increase of \$5 over the previous inspection fee of \$10, which is deposited into the VIN Fund. This fee then increased to \$20 per inspection on July 1, 2012. If a designated law enforcement agency conducts the inspection, the local agency retains \$18.00 of the fee and remits the remaining \$2.00 to the Highway Patrol (KHP). This fee finances the expenses of this program. The agency notes that increases in the inspection fee has allowed the program to be self-supporting since FY 2013.

VEHICLE IDENTIFICATION NUMBER SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,853,400	\$ 2,015,523	\$ 2,015,523	\$ 2,203,633	\$ 2,203,633
Contractual Services	303,485	312,829	312,829	318,603	318,603
Commodities	72,411	68,862	68,862	59,130	59,130
Capital Outlay	5,078	4,472	4,472	4,565	4,565
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 2,234,374</i>	<i>\$ 2,401,686</i>	<i>\$ 2,401,686</i>	<i>\$ 2,585,931</i>	<i>\$ 2,585,931</i>
Aid to Local Units	--	--	--	--	--
Other Assistance	7,522	--	--	--	--
TOTAL	\$ 2,241,896	\$ 2,401,686	\$ 2,401,686	\$ 2,585,931	\$ 2,585,931
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	2,241,896	2,401,686	2,401,686	2,585,931	2,585,931
TOTAL	\$ 2,241,896	\$ 2,401,686	\$ 2,401,686	\$ 2,585,931	\$ 2,585,931
FTE Positions	34.0	34.0	34.0	34.0	34.0
Non-FTE Uncl. Perm. Pos.	4.0	4.0	4.0	4.0	4.0
TOTAL	38.0	38.0	38.0	38.0	38.0

The **agency's** revised estimate for FY 2017 expenditures totals \$2.6 million, all from special revenue funds, for the Vehicle Identification Number program. This is an increase of \$109,223, or 4.4 percent, above the FY 2017 approved amount. The request includes 34.0 FTE positions, and 4.0 non-FTE positions, which is a reduction of 1.0 non-FTE position and the increase of 1.0 FTE position from the FY 2017 approved amount. The agency states that this increases in this program are primarily in salaries and wages and reflects automatic re-classifications to reflect duration of service, training achievements, and level of performance maintained within the agency's new pay plan.

The **Governor** concurs with the agency's revised estimate for the Vehicle Identification Number program for FY 2017.

E. Motorist Assistance

The Motorist Assistance program was established with the Kansas Department of Transportation for special project employees to patrol major, urban interstate highways to assist stranded motorists. The program's goal is to decrease the amount of time disabled motorists spend on the side of the highway, increasing safety and reducing traffic fatalities. The program allows the troopers to concentrate on law enforcement duties rather than assisting these individuals. The cost of this program is shared with the Kansas Department of Transportation with funding provided through federal funds (80.0 percent) and a state match through the Highway Safety Fund (20.0 percent).

MOTORIST ASSISTANCE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 814,776	\$ 854,457	\$ 854,457	\$ 882,019	\$ 882,019
Contractual Services	66,079	78,507	78,507	78,932	78,932
Commodities	217,567	268,534	268,534	267,362	267,362
Capital Outlay	344,547	112,307	112,307	101,227	101,227
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 1,442,969</i>	<i>\$ 1,313,805</i>	<i>\$ 1,313,805</i>	<i>\$ 1,329,540</i>	<i>\$ 1,329,540</i>
Aid to Local Units	--	--	--	--	--
Other Assistance	--	--	--	--	--
TOTAL	<u>\$ 1,442,969</u>	<u>\$ 1,313,805</u>	<u>\$ 1,313,805</u>	<u>\$ 1,329,540</u>	<u>\$ 1,329,540</u>
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	1,442,969	1,313,805	1,313,805	1,329,540	1,329,540
TOTAL	<u>\$ 1,442,969</u>	<u>\$ 1,313,805</u>	<u>\$ 1,313,805</u>	<u>\$ 1,329,540</u>	<u>\$ 1,329,540</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	21.0	21.0	21.0	21.0	21.0
TOTAL	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>

The **agency's** revised estimate for FY 2017 expenditures totals \$1.3 million, all from special revenue funds, for the Motorist Assistance program. The FY 2017 budget is an all funds decrease of \$7,064, or 0.5 percent, below the FY 2017 approved amount. Increases in salaries and wages is offset by a decrease in capital outlay expenditures for FY 2017 which is due to the purchase of one less variable message sign board for FY 2017 than in previous years (two for FY 2017 versus three included for prior budget years).

The **Governor** concurs with the agency's revised estimate for the Motorist Assistance program for FY 2017.

F. Capitol Police

The mission of the Capitol Police is to provide for the safety of persons and the protection of property within the Capitol Complex and at other state owned or leased property within Shawnee County. In prior years, the Capitol Police was funded through a contract with the Department of Administration. The 2005 Legislature provided State General Fund financing directly to the Kansas Highway Patrol for this program, giving the agency direct control over the financing of the Capitol Police. The 2006 Legislature changed the name of the program from Capitol Area Security Patrol to Capitol Police.

CAPITOL POLICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,550,461	\$ 3,590,501	\$ 3,590,501	\$ 3,958,432	\$ 3,958,432
Contractual Services	286,018	303,943	303,943	305,545	305,545
Commodities	115,860	105,555	105,555	88,810	88,810
Capital Outlay	62,472	16,533	16,533	16,881	16,881
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 4,014,811</i>	<i>\$ 4,016,532</i>	<i>\$ 4,016,532</i>	<i>\$ 4,369,668</i>	<i>\$ 4,369,668</i>
Aid to Local Units	--	--	--	--	--
Other Assistance	7,428	6,329	6,329	1,046	1,046
TOTAL	<u>\$ 4,022,239</u>	<u>\$ 4,022,861</u>	<u>\$ 4,022,861</u>	<u>\$ 4,370,714</u>	<u>\$ 4,370,714</u>
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	4,022,239	4,022,861	4,022,861	4,370,714	4,370,714
TOTAL	<u>\$ 4,022,239</u>	<u>\$ 4,022,861</u>	<u>\$ 4,022,861</u>	<u>\$ 4,370,714</u>	<u>\$ 4,370,714</u>
FTE Positions	51.0	51.0	51.0	51.0	51.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>51.0</u>	<u>51.0</u>	<u>51.0</u>	<u>51.0</u>	<u>51.0</u>

The **agency's** revised estimate for FY 2017 expenditures totals \$4.4 million, all from special revenue funds, for the Capitol Police program. This is an increase of \$102,920, or 2.4 percent, above the FY 2017 approved amount. This increase primarily occurs in salaries and wages for FY 2017. The agency states that the revised estimate includes shrinkage reductions

of \$77,265 for FY 2017. The agency states that increases in categories of expenditure for FY 2017 are based upon projection of provided budget indices rates, excepting Commodities which reflects a decrease due to the elimination of uniforms purchases for FY 2017.

The **Governor** concurs with the agency's revised estimate for the Capitol Police program for FY 2017.

G. Homeland Security

The Kansas Highway Patrol helps administer the federal Homeland Security Grant program. Funding for the program is provided by the United States Department of Homeland Security. Funds are provided to the state's seven homeland security regions for the purpose of preventing, planning for, responding to, and recovering from an act of terrorism. This includes funding for specialized training, exercises, and equipment.

HOMELAND SECURITY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 218,993	\$ 273,322	\$ 273,322	\$ 313,512	\$ 313,512
Contractual Services	64,716	58,659	58,659	77,780	77,780
Commodities	12,084	8,604	8,604	10,000	10,000
Capital Outlay	104,505	--	--	--	--
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 400,298</i>	<i>\$ 340,585</i>	<i>\$ 340,585</i>	<i>\$ 401,292</i>	<i>\$ 401,292</i>
Aid to Local Units	2,783,542	2,529,161	2,529,161	2,041,527	2,041,527
Other Assistance	--	--	--	--	--
TOTAL	\$ 3,183,840	\$ 2,869,746	\$ 2,869,746	\$ 2,442,819	\$ 2,442,819
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	3,183,840	2,869,746	2,869,746	2,442,819	2,442,819
TOTAL	\$ 3,183,840	\$ 2,869,746	\$ 2,869,746	\$ 2,442,819	\$ 2,442,819
FTE Positions	4.0	4.0	4.0	4.0	4.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	4.0	4.0	4.0	4.0	4.0

The **agency's** revised estimate for FY 2017 expenditures totals \$2.4 million, all from special revenue funds, for the Homeland Security program. This is an all funds decrease of \$1.3 million, or 35.2 percent, below the FY 2017 approved amount. The request includes 4.0 FTE positions, which is the same as the FY 2017 approved amount. The primary decrease is due to a projected decrease of \$1.3 million, or 39.4 percent, for aid to local units of government for qualifying Homeland Security expenditures and protection projects from the FY 2017 approved amount.

The **Governor** concurs with the agency's revised estimate for the Homeland Security program for FY 2017.

H. Motor Carrier Inspection

The Motor Carrier Inspection program (MCI) was established to reduce the usage of oversized, overweight, or unsafe commercial vehicles on Kansas roads and highways. This program includes the inspection of commercial motor vehicles to ensure compliance with regulations adopted by the Kansas Corporation Commission. The program was transferred from the Department of Revenue to the KHP in FY 1989. Efforts to reduce the use of overweight vehicles on Kansas highways include the operation of ports of entry, the utilization of mobile units to check the weight of trucks, and safety and informational programs.

MOTOR CARRIER INSPECTION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,407,262	\$ 3,187,876	\$ 3,187,876	\$ 3,550,534	\$ 3,550,534
Contractual Services	271,551	279,190	279,190	283,523	283,523
Commodities	140,784	142,019	142,019	129,195	129,195
Capital Outlay	224,706	167,741	167,741	172,501	172,501
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 4,044,303</i>	<i>\$ 3,776,826</i>	<i>\$ 3,776,826</i>	<i>\$ 4,135,753</i>	<i>\$ 4,135,753</i>
Aid to Local Units	--	--	--	--	--
Other Assistance	10,030	--	--	--	--
TOTAL	\$ 4,054,333	\$ 3,776,826	\$ 3,776,826	\$ 4,135,753	\$ 4,135,753
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	4,054,333	3,776,826	3,776,826	4,135,753	4,135,753
TOTAL	\$ 4,054,333	\$ 3,776,826	\$ 3,776,826	\$ 4,135,753	\$ 4,135,753
FTE Positions	65.0	65.0	65.0	65.0	65.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	65.0	65.0	65.0	65.0	65.0

The **agency's** revised estimate for FY 2017 expenditures totals \$4.1 million, all from special revenue funds, for the Motor Carrier Inspection program. This is a decrease of \$319,157, or 7.2 percent, below the FY 2017 approved amount. The request includes 65.0 FTE positions, which is a reduction of 2.0 positions below the FY 2017 approved amount. The majority of this decrease is in salaries and wages expenditures (\$281,269) from the approved. The FY 2017 revised estimate is a salaries and wages increase from the 2016 revised estimate of (\$362,658), which the agency states is primarily attributable to automatic position re-classifications to reflect duration of service, training achievements, and level of performance maintained within the agency's new pay plan.

The **Governor** concurs with the agency's revised estimate for the Motor Carrier Inspection program for FY 2017.

I. Turnpike Patrol

The Turnpike Patrol program provides security and law enforcement on the Kansas Turnpike. Troopers enforce traffic laws, render services to the motoring public, investigate accidents, provide emergency aid to injured persons, and develop cases pertaining to all criminal activity occurring on the Kansas Turnpike Authority (KTA) property. The agency notes that the KTA reimburses the Highway Patrol for all of its expenditures related to patrol of the Turnpike.

TURNPIKE PATROL SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,754,033	\$ 3,941,769	\$ 3,941,768	\$ 4,403,059	\$ 4,403,059
Contractual Services	1,539	1,552	1,552	1,584	1,584
Commodities	12,514	12,756	12,756	13,008	13,008
Capital Outlay	--	--	--	--	--
Debt Service	--	--	--	--	--
<i>Subtotal - Operations</i>	<i>\$ 3,768,086</i>	<i>\$ 3,956,077</i>	<i>\$ 3,956,076</i>	<i>\$ 4,417,651</i>	<i>\$ 4,417,651</i>
Aid to Local Units	--	--	--	--	--
Other Assistance	--	--	--	--	--
TOTAL	\$ 3,768,086	\$ 3,956,077	\$ 3,956,076	\$ 4,417,651	\$ 4,417,651
Financing:					
State General Fund	\$ --	\$ --	\$ --	\$ --	\$ --
All Other Funds	3,768,086	3,956,077	3,956,077	4,417,651	4,417,651
TOTAL	\$ 3,768,086	\$ 3,956,077	\$ 3,956,077	\$ 4,417,651	\$ 4,417,651
FTE Positions	52.5	52.5	52.5	52.5	52.5
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
TOTAL	53.5	53.5	53.5	53.5	53.5

The **agency's** revised estimate for FY 2017 expenditures totals \$4.4 million, all from special revenue funds, for the Turnpike Patrol program. This is an increase of \$115,791, or 2.7 percent, above the FY 2017 approved amount. The request includes 52.5 FTE positions and 1.0 non-FTE position, which is no change in FTE but 1.0 additional non-FTE position from the FY 2017 approved amount. The primary increase is in salaries and wages, and reflects increases in fringe benefits, primarily attributable to automatic position re-classifications to reflect duration of service, training achievements, and level of performance maintained within the agency's new pay plan. Other categories of expenditures are budgeted to reflect changes in the budget indices.

The **Governor** concurs with the agency's revised estimate for the Turnpike Patrol program for FY 2017.

J. Debt Service

The Kansas Highway Patrol is currently making debt service principal and interest payments on the Fleet Operations Center. The final payment on the 15-year bonds for the Fleet Center is scheduled to be made in FY 2018. Debt service interest payments are classified as operating expenditures and detailed below; however, debt service principal payments are classified as capital improvements expenditures and are included in the next section.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Debt Service Interest	\$ 61,820	\$ 45,281	\$ 45,281	\$ 27,825	\$ 27,825
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	61,820	45,281	45,281	27,825	27,825
TOTAL	\$ 61,820	\$ 45,281	\$ 45,281	\$ 27,825	\$ 27,825

The **agency** requests FY 2016 expenditures of \$45,281, all from special revenue funds, for debt service interest payments on the Fleet Center.

The **Governor** concurs with the agency's FY 2016 request for debt service expenditures.

The **agency** requests FY 2017 expenditures of \$27,825, all from special revenue funds, for debt service interest payments on the Fleet Center.

The **Governor** concurs with the agency's FY 2017 request for debt service expenditures.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Fleet Center Debt Service Principal	\$ 325,000	\$ 325,000	\$ 340,000	\$ 340,000
Rehabilitation and Repair Scales and Buildings	308,522	308,522	312,355	312,355
Troop F Remaining Obligation	1,445,275	1,445,275	--	--
Water Lines	753,800	753,800	--	--
Retaining Walls	783,264	783,264	--	--
TOTAL	\$ 3,615,861	\$ 3,615,861	\$ 652,355	\$ 652,355
Financing:				
State General Fund	\$ --	\$ --	\$ --	\$ --
All Other Funds	3,615,861	3,615,861	652,355	652,355
TOTAL	\$ 3,615,861	\$ 3,615,861	\$ 652,355	\$ 652,355

FY 2016 – Current Year. The agency requests a revised estimate for capital improvement expenditures totaling \$3.6 million, all from special revenue funds, in FY 2016. The agency's revised estimate includes the following expenditures:

- **Debt Service Principal.** The agency requests \$325,000, all from special revenue funds, for debt service principal payments for the Fleet Center in FY 2016;
- **Rehabilitation and Repair Scales and Buildings.** The agency requests \$308,522, all from special revenue funds, for rehabilitation, repair, and replacement expenditures for scales and buildings in FY 2016. This amount includes funding for labor, materials, and equipment to replace or repair owned facilities, scales, and fixtures, which include: (1) the Kansas Highway Patrol Training Academy campus; (2) nine Motor Carrier Inspection stations (of which eight have scales); (3) three vehicle identification number inspection facilities; (4) the Valley Center Troop F building; (5) the Billard hangar facility; and (6) the vehicle fleet and maintenance building.

This request includes funding for:

- \$130,000 for routine rehabilitation and repair for scales and buildings;
 - \$123,000 for scale replacement; and
 - \$55,522 for Academy roof and boiler replacements.
- **Troop F Headquarters.** The agency requests \$1.4 million, all from Federal Forfeiture funds, to pay remaining obligations for construction of a new Troop F

Headquarters building in FY 2016. The project in Kechi, a suburb of Wichita, is set to be completed in the fall of 2015;

- **Water Line Replacement.** The agency requests \$753,800, all from Federal Forfeiture funds, for labor, materials, and equipment to re-pipe the supply and return water mains on all three levels of the dormitory at the Training Academy in Salina, in FY 2016. The agency states that the project was bid and awarded to the lowest bidder in September 2015 for \$753,800, all from Federal Forfeiture funds, which is an increase of \$613,024, or 157.5 percent, above the amount approved by the 2015 Legislature (\$292,740). The agency notes that the cast iron pipes (water lines) were part of the building's original construction in 1962, and they are rusted and flaking. Water is supplied through these lines at approximately 500 gallons per minute and 30 pounds per square inch which has the potential to cause costly water damage if they were to rupture. This project was escalated and, in addition to the lines, the controls for the lines also required replacement. The agency states that this project was considered to be an emergency repair; and
- **Retaining Walls.** The agency requests \$783,264, all from Federal Forfeiture funds, for replacement of the east and west retaining walls at the Training Academy in Salina. The agency states that the project is set to be bid in late fall 2015. The projects estimated cost is an increase of \$613,024, or 157.5 percent, above the amount approved by the 2015 Legislature (\$292,740).

The **Governor** concurs with the agency's request for capital improvements expenditures in FY 2016.

FY 2017 – Budget Year. The agency requests a revised estimate for capital improvement expenditures totaling \$652,355, all from special revenue funds, for FY 2017. The agency's revised estimate includes the following expenditures:

- **Debt Service Principal.** The agency requests \$340,000, all from special revenue funds, for debt service principal payments for the Fleet Center for FY 2017; and
- **Rehabilitation and Repair Scales and Buildings.** The agency requests \$312,355, all from special revenue funds, for rehabilitation, repair, and replacement expenditures for scales and buildings for FY 2017. This amount includes funding for labor, materials, and equipment to replace or repair owned facilities, scales, and fixtures, which include: (1) the Kansas Highway Patrol Training Academy campus; (2) nine Motor Carrier Inspection stations (of which eight have scales); (3) three vehicle identification number inspection facilities; (4) the Valley Center Troop F building; (5) the Billard hangar facility; and (6) the vehicle fleet and maintenance building.

This request includes funding for:

- \$130,000 for routine rehabilitation and repair for scales and buildings;
- \$126,000 for scale replacement; and
- \$56,355 for Academy roof and boiler replacements.

The **Governor** concurs with the agency's request for capital improvements expenditures for FY 2017.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
<i>Administration:</i>				
Number of trooper road hours	320,000	297,692	320,000	320,000
Percent of fatalities per 100 million miles traveled	1.00%	1.10%	1.00%	1.00%
Number of felony arrests	800	1,086	1,000	1,000
Percent of injury accidents involving alcohol	7.5%	7.5%	7.5%	7.5%
Percent of seat belt law compliance	93.0%	92.0%	93.0%	93.0%
<i>Turnpike Patrol:</i>				
Number of miles patrolled	1,500,000	1,500,000	1,500,000	1,500,000
Percent of fatalities to total accidents	0.41%	0.52%	0.45%	0.45%
Number of DUI arrests	450	398	450	450
<i>Motor Carrier Inspection:</i>				
Number of safety programs presented	120	89	120	120
Percent of vehicles at ports exceeding the legal weight limit	0.25%	0.18%	0.15%	0.15%
Percent of trucks stopped by mobile units illegally overweight	35.0%	25.8%	25.0%	25.0%
<i>Capitol Police:</i>				
Number of crimes reported and complaints filed	1,100	1,384	1,100	1,100
Number of arrests	100	234	150	150
Number of patrol hours	32,000	31,120	32,000	32,000

KANSAS SENTENCING COMMISSION

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 7,018,535	\$ 7,409,156	\$ 7,409,156	\$ 7,395,910	\$ 7,395,910
Other Funds	723,904	232,872	232,872	107,594	107,594
TOTAL	\$ 7,742,439	\$ 7,642,028	\$ 7,642,028	\$ 7,503,504	\$ 7,503,504
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 7,742,439	\$ 7,642,028	\$ 7,642,028	\$ 7,503,504	\$ 7,503,504
Percentage Change:					
Operating Expenditures					
State General Fund	(0.8) %	5.6 %	5.6 %	(0.2) %	(0.2) %
All Funds	(0.2)	(1.3)	(1.3)	(1.8)	(1.8)
FTE Positions	9.0	9.5	9.5	9.5	9.5
Non-FTE Perm.Uncl.Pos.	3.0	3.0	3.0	3.0	3.0
TOTAL	12.0	12.5	12.5	12.5	12.5

AGENCY OVERVIEW

The Kansas Sentencing Commission was created by the 1989 Legislature to develop a sentencing guideline model, or grid, based upon fairness and equity and to provide a mechanism for linking justice and corrections policies. The Commission tracks and assesses sentencing impositions using statistical methodologies to develop prison population projections and legislative impacts to interested parties including the Kansas Department of Corrections, Governor, and Legislature. The Commission also administers the Substance Abuse Treatment Program created by the 2003 Legislature in SB 123, principally codified as KSA 21-6824.

MAJOR ISSUES FROM PRIOR YEARS

The **2003 Legislature** moved the penalties for possession of illegal drugs from a punishment model to a treatment model with the passage of SB 123 during the 2003 Legislative Session. The bill established a non-prison sentence of drug abuse treatment which is not to exceed 18 months. The bill also reduced all illegal drug possession criminal penalties regardless of the second, third, or subsequent possession conviction to a level 4 drug offense. First-time marijuana possession remained as a class A misdemeanor.

The **2010 Legislature** approved a FY 2010 reduction of \$2,178, including \$2,042 from the State General Fund, for a 5.0 percent state officers salary reduction (\$1,092 from the State

General Fund) and a moratorium on contributions to the KPERS Death and Disability Fund (\$1,086, including \$950 from the State General Fund). The Legislature made the following adjustments to the FY 2011 budget:

- Approved the Governor's recommendation to increase the use of fee funds by \$662,400 to offset the same amount of State General Fund expenditures;
- Approved the Governor's recommended reduction of \$422,208 from the State General Fund for 2003 SB 123 drug treatment program expenditures; and
- Deleted \$1,155, including \$1,021 from the State General Fund, for a moratorium on contributions to the KPERS Death and Disability Fund.

The **2011 Legislature** approved FY 2012 reductions totaling \$96,354, including \$92,473 from the State General Fund. The adjustments included deleting \$86,760, including \$83,556 from the State General Fund, as part of an across-the-board reduction.

The **2012 Legislature** approved FY 2013 reductions of \$1,029, including \$899 from the State General Fund, for a three-month moratorium on contributions to the Kansas Public Employees Retirement System Group Insurance Fund.

The **2013 Legislature** approved the addition of \$81,257, all from the State General Fund, and 1.0 FTE position for FY 2014 and FY 2015 to monitor the implementation of HB 2170, the Justice Reinvestment Act.

The **2014 Legislature** deleted \$47,620 from the State General Fund reappropriation from FY 2013 to FY 2014.

The **2015 Legislature** added \$179,544, all from the State General Fund, for funding the projected shortfall for substance abuse treatment program expenditures for FY 2016 and FY 2017. The Legislature added \$20,000, all from the State General Fund, and 0.5 FTE position for a part-time data entry position to assist the agency in processing backlogged felony journal entries for FY 2016 and FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** estimates revised FY 2016 operating expenditures of \$7.6 million, including \$7.4 million from the State General Fund. The estimate is an all funds increase of \$135,467, or 1.8 percent, above the approved amount. The increase is due to staffing fluctuations and the extension of a federal grant to review the Substance Abuse Treatment program. The estimate includes 9.5 FTE positions, which is the same as the approved amount.

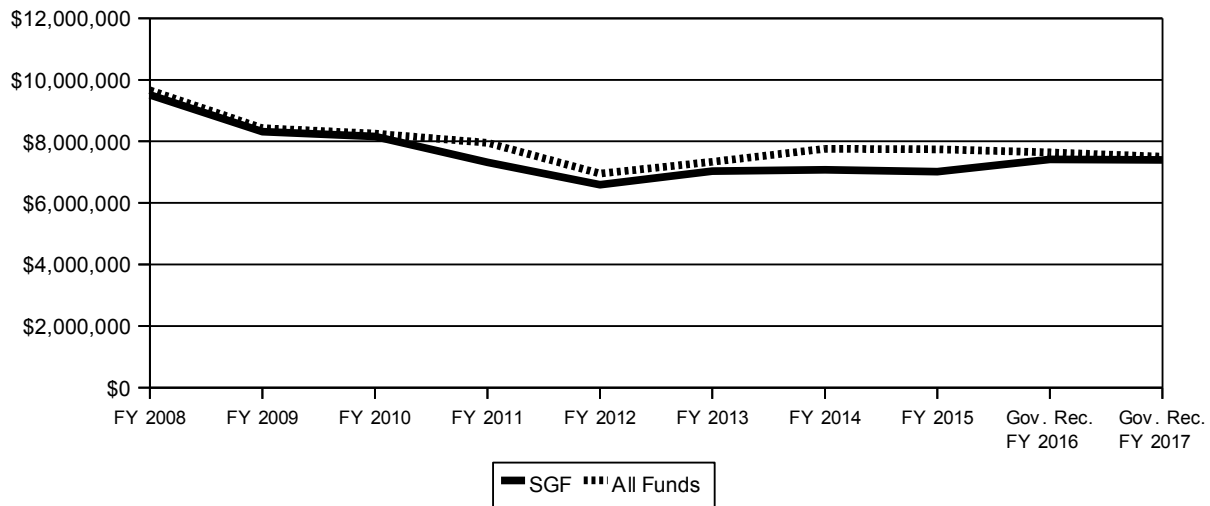
The **Governor** concurs with the agency's estimate.

FY 2017 – Budget Year. The **agency** estimates revised FY 2017 operating expenditures of \$7.5 million, including \$7.4 million from the State General Fund. The estimate is an all funds increase of \$32,489, or 0.4 percent, above the approved amount. The increase is predominantly attributable to the agency being fully staffed for the entire fiscal year and increased funding from the General Fees Fund for Substance Abuse Treatment program expenditures.

The **Governor** concurs with the agency's estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 9,514,919	8.0 %	\$ 9,660,600	7.5 %	10.0
2009	8,315,982	(12.6)	8,429,974	(12.7)	10.0
2010	8,156,594	(1.9)	8,253,571	(2.1)	10.0
2011	7,320,944	(10.2)	7,954,442	(3.6)	8.0
2012	6,857,997	(6.3)	6,953,459	(12.6)	8.0
2013	7,033,235	2.6	7,335,652	5.5	8.0
2014	7,076,303	0.6	7,759,597	5.8	9.0
2015	7,018,535	(0.8)	7,742,439	(0.2)	9.0
2016 Gov. Rec.	7,409,156	5.6	7,642,028	(1.3)	9.5
2017 Gov. Rec.	7,395,910	(0.2)	7,503,504	(1.8)	9.5
Ten-Year Change Dollars/Percent	\$ (2,119,009)	(22.3)%	\$ (2,157,096)	(22.3)%	(0.5)

Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 834,787	\$ 1,070,216	\$ 980,700	\$ (89,516)	(8.4) %	\$ 1,070,216	\$ 980,700	\$ (89,516)	(8.4)%
Substance Abuse Treatment	6,907,652	6,571,812	6,522,804	(49,008)	(0.7)	6,571,812	6,522,804	(49,008)	(0.7)
TOTAL	\$ 7,742,439	\$ 7,642,028	\$ 7,503,504	\$ (138,524)	(1.8) %	\$ 7,642,028	\$ 7,503,504	\$ (138,524)	(1.8)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 659,128	\$ 798,707	\$ 824,563	\$ 25,856	3.2 %	\$ 798,707	\$ 824,563	\$ 25,856	3.2 %
Contractual Services	156,069	261,659	146,287	(115,372)	(44.1)	261,659	146,287	(115,372)	(44.1)
Commodities	8,015	7,850	7,850	0	0.0	7,850	7,850	0	0.0
Capital Outlay	11,380	2,000	2,000	0	0.0	2,000	2,000	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 834,592	\$ 1,070,216	\$ 980,700	\$ (89,516)	(8.4) %	\$ 1,070,216	\$ 980,700	\$ (89,516)	(8.4)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	6,907,847	6,571,812	6,522,804	(49,008)	(0.7)	6,571,812	6,522,804	(49,008)	(0.7)
TOTAL	\$ 7,742,439	\$ 7,642,028	\$ 7,503,504	\$ (138,524)	(1.8) %	\$ 7,642,028	\$ 7,503,504	\$ (138,524)	(1.8)%
Financing:									
State General Fund	\$ 7,018,535	\$ 7,409,156	\$ 7,395,910	\$ (13,246)	(0.2) %	\$ 7,409,156	\$ 7,395,910	\$ (13,246)	(0.2)%
General Fees Fund	669,771	126,927	106,094	(20,833)	(16.4)	126,927	106,094	(20,833)	(16.4)
Federal Funds	54,133	105,945	1,500	(104,445)	(98.6)	105,945	1,500	(104,445)	(98.6)
TOTAL	\$ 7,742,439	\$ 7,642,028	\$ 7,503,504	\$ (138,524)	(1.8) %	\$ 7,642,028	\$ 7,503,504	\$ (138,524)	(1.8)%

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$7,404,459 for the Kansas Sentencing Commission in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$4,697, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016.

This adjustment changes the FY 2016 approved State General Fund to \$7,409,156. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 7,409,156	\$ 7,409,156	\$ 0	\$ 7,409,156	\$ 0
All Other Funds	97,405	232,872	135,467	232,872	135,467
TOTAL	\$ 7,506,561	\$ 7,642,028	\$ 135,467	\$ 7,642,028	\$ 135,467
FTE Positions	9.5	9.5	0.0	9.5	0.0

The **agency** estimates revised FY 2016 operating expenditures of \$7.6 million, including \$7.4 million from the State General Fund. The estimate is an all funds increase of \$135,467, or 1.8 percent, above the FY 2016 estimate. The increase is due to staffing fluctuations and the extension of a federal grant to review the Substance Abuse Treatment program. The estimate includes 9.5 FTE positions, which is the same as the approved amount.

The **Governor** concurs with the agency's estimate.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$7,395,910 for the Kansas Sentencing Commission in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 7,395,910	\$ 7,395,910	\$ 0	\$ 7,395,910	\$ 0
All Other Funds	75,105	107,594	32,489	107,594	32,489
TOTAL	\$ 7,471,015	\$ 7,503,504	\$ 32,489	\$ 7,503,504	\$ 32,489
FTE Positions	9.5	9.5	0.0	9.5	0.0

The **agency** estimates revised FY 2017 operating expenditures of \$7.5 million, including \$7.4 million from the State General Fund. The estimate is an all funds increase of \$32,489, or 0.4 percent, above the approved amount. The increase is predominantly attributable to the agency being fully staffed for the entire fiscal year and increased funding from the General Fees Fund for Substance Abuse Treatment program expenditures. The estimate includes 9.5 FTE positions, which is the same as the approved amount.

The estimate is an overall decrease of \$138,524, or 1.8 percent, including a State General Fund decrease of \$13,246, or 0.2 percent, below the FY 2016 estimate. The decrease is mainly due to the discontinuance of a federal grant to review the Substance Abuse Treatment program and reduced projected expenditures for the Substance Abuse Treatment program, partially offset by the agency being fully staffed for the entire fiscal year.

The **Governor** concurs with the agency's estimate.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	98.6 %	98.6 %
General Fees Fund	1.4	1.4
Federal Funds	0.0	0.0
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

General Fees Fund

The Sentencing Commission General Fees Fund receives funds from the sale of publications and reimbursements from other state agencies. The Fund previously received funds from offender reimbursement for 2003 SB 123 drug treatment, but those funds are now treated as a reimbursement of expenditures from the State General Fund. Therefore, the fund is no longer a viable funding source to offset Substance Abuse Treatment program expenditures.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 683,704	\$ 89,458	\$ 89,458	\$ 37,880	\$ 37,880
Revenue	75,725	75,849	75,849	78,488	78,488
Transfers in	0	0	0	0	0
Total Funds Available	\$ 759,429	\$ 165,307	\$ 165,307	\$ 116,368	\$ 116,368
Less: Expenditures	669,771	126,927	126,927	106,094	106,094
Transfers Out	0	0	0	0	0
Off Budget Expenditures	200	500	500	500	500
Ending Balance	<u>\$ 89,458</u>	<u>\$ 37,880</u>	<u>\$ 37,880</u>	<u>\$ 9,774</u>	<u>\$ 9,774</u>
Ending Balance as Percent of Expenditures	13.4%	29.8%	29.8%	9.2%	9.2%

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 980,700	13.1 %	\$ 896,404	12.1 %
Substance Abuse Treatment	6,522,804	86.9	6,499,506	87.9
TOTAL	<u>\$ 7,503,504</u>	<u>100.0 %</u>	<u>\$ 7,395,910</u>	<u>100.0 %</u>

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	9.0	9.5	9.5	9.5	9.5
Substance Abuse Treatment	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>9.0</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>

A. Administration

The Administration program develops prison population projections and maintains a statewide sentencing database. The Commission annually publishes the Desk Reference Manual, or Sentencing Guidelines Manual, which contains the sentencing grids and the required sentencing forms for felony offenders. Training and assistance to judges, court services, and other criminal justice professionals are also provided on the implementation of and legislative changes regarding sentencing. The agency is also an information resource to the Governor, Legislature, and the state's criminal justice agencies.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 659,128	\$ 798,707	\$ 798,707	\$ 824,563	\$ 824,563
Contractual Services	156,069	261,659	261,659	146,287	146,287
Commodities	8,015	7,850	7,850	7,850	7,850
Capital Outlay	11,380	2,000	2,000	2,000	2,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 834,592	\$ 1,070,216	\$ 1,070,216	\$ 980,700	\$ 980,700
Aid to Local Units	0	0	0	0	0
Other Assistance	195	0	0	0	0
TOTAL	\$ 834,787	\$ 1,070,216	\$ 1,070,216	\$ 980,700	\$ 980,700
Financing:					
State General Fund	\$ 681,630	\$ 837,344	\$ 837,344	\$ 896,404	\$ 896,404
All Other Funds	153,157	232,872	232,872	84,296	84,296
TOTAL	\$ 834,787	\$ 1,070,216	\$ 1,070,216	\$ 980,700	\$ 980,700
FTE Positions	9.0	9.5	9.5	9.5	9.5
Non-FTE Uncl. Perm. Pos.	3.0	3.0	3.0	3.0	3.0
TOTAL	12.0	12.5	12.5	12.5	12.5

The **agency** estimates revised FY 2016 operating expenditures of \$1.1 million, including \$837,344 from the State General Fund. The estimate is an all funds increase of \$135,467, or 14.5 percent, above the FY 2016 approved amount. The increase is primarily due to staffing fluctuations and the extension of a federal grant to review the Substance Abuse Treatment program. The estimate includes 9.5 FTE positions, which is the same as the approved amount.

The **Governor** concurs with the agency's estimate.

The **agency** estimates revised FY 2017 operating expenditures of \$980,700, including \$896,404 from the State General Fund. The estimate is an all funds increase of \$9,191, or 0.9 percent, above the approved amount. The increase is attributable to the agency being fully staffed for the entire fiscal year. The estimate includes 9.5 FTE positions, which is the same as the approved amount.

The estimate is an overall decrease of \$89,516, or 8.4 percent, below the FY 2016 estimate, partially offset by a State General Fund increase of \$59,060, or 7.1 percent. The decrease is mainly due to the discontinuance of the federal grant to review the Substance Abuse Treatment program, partially offset by the agency being fully staffed for the entire fiscal year.

The **Governor** concurs with the agency's estimate.

B. Substance Abuse Treatment

The Kansas Sentencing Commission is responsible for the implementation, development, and management of 2003 SB 123. This law requires offenders convicted of drug possession to attend mandatory substance abuse treatment. Treatment options include detoxification, inpatient, outpatient, continuing care, after care, and relapse prevention and education. Offenders are placed under the supervision of Community Corrections. The Kansas Sentencing Commission is responsible for the payment of treatment providers in this program, as well as the collection of reimbursement money from offenders with the ability to pay for a portion of the treatment. The agency is also collecting data on this offender group to analyze whether mandatory substance abuse treatment is an effective alternative to incarceration.

SUBSTANCE ABUSE TREATMENT SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	6,907,652	6,571,812	6,571,812	6,522,804	6,522,804
TOTAL	\$ 6,907,652	\$ 6,571,812	\$ 6,571,812	\$ 6,522,804	\$ 6,522,804
Financing:					
State General Fund	\$ 6,336,905	\$ 6,571,812	\$ 6,571,812	\$ 6,499,506	\$ 6,499,506
All Other Funds	570,747	0	0	23,298	23,298
TOTAL	\$ 6,907,652	\$ 6,571,812	\$ 6,571,812	\$ 6,522,804	\$ 6,522,804
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0

The **agency** estimates FY 2016 operating expenditures of \$6.6 million, all from the State General Fund, which is the same as the approved amount.

The **Governor** concurs with the agency's estimate.

The **agency** estimates FY 2017 operating expenditures of \$6.5 million, including \$6.5 million from the State General Fund. The estimate is an all funds increase of \$23,298, or 0.4 percent, above the FY 2017 approved amount. The increase is attributable to increased funding from the General Fees Fund.

The estimate is an overall decrease of \$49,008, or 0.7 percent, including a State General Fund decrease of \$72,306, or 1.1 percent, below the FY 2016 estimate. The decrease is due to reduced projected expenditures for the Substance Abuse Treatment program.

The **Governor** concurs with the agency's estimate.

SB 123 TREATMENT PROGRAM

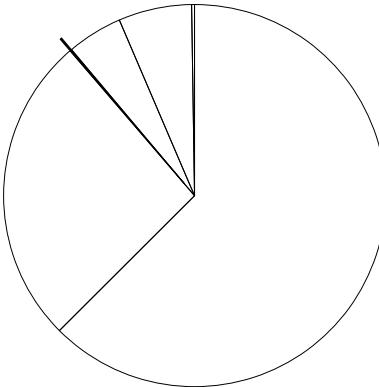
Fiscal Year	Number of Offenders	Program Expenditures
FY 2007	2,291	8,156,337
FY 2008	2,301	8,795,680
FY 2009	2,069	7,631,060
FY 2010	1,906	7,467,860
FY 2011	1,808	7,209,983
FY 2012	1,671	6,248,671
FY 2013	1,626	6,539,506
FY 2014	1,648	6,753,595
FY 2015	1,650	6,900,000
FY 2016 Gov. Rec.	1,650	6,550,000
FY 2017 Gov. Rec.	1,650	6,550,000

PERFORMANCE MEASURES

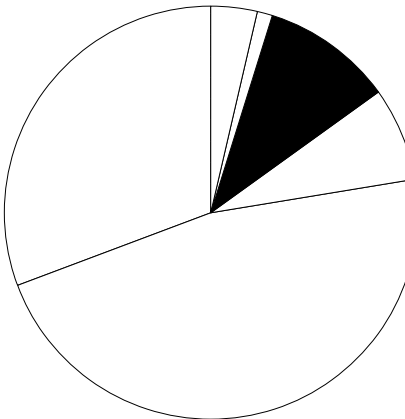
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of adult journal presentence investigation reports entered	17,008	17,560	17,823	18,090
Number of staff hours required to complete adult prison population projections	3,200	3,200	3,200	3,200
Number of offenders receiving alternative substance abuse treatment	1,650	1,650	1,650	1,650
Number of prison bed impact statements completed	700	680	700	700

TRANSPORTATION

State General Fund



All Funds



Transportation Includes the Department of Transportation (KDOT) which has responsibility for construction and maintenance of highways and other transportation functions. It also includes funding for debt service payments made by the Department of Administration.

The Governor’s FY 2017 recommendation for the Transportation function totals \$1.66 billion from all funding sources, including \$10.4 million from the State General Fund.

The FY 2017 recommendation represents a State General Fund increase of less than 0.1 percent or \$2,306 above FY 2016. Expenditures from all funds increase by 45.5 percent or \$519.7 million above FY 2016.

Agencies in this Function:	
<i>Kansas Department of Transportation.....</i>	<i>1445</i>

A total of 1,899.0 FTE positions are recommended by the Governor for the Transportation function for FY 2017, which is no

change from FY 2016. Of all state FTE positions, 5.4 percent are in this function.

Agencies in this function comprise 0.2 percent of the total State General Fund budget in FY 2017, which is slightly below the 0.2 in FY 2016. They comprise 10.3 percent of expenditures from all funding sources for FY 2017, which is up from 7.3 percent in FY 2016.

KANSAS DEPARTMENT OF TRANSPORTATION

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	611,580,217	629,527,432	640,580,759	617,538,062	626,603,350
TOTAL	\$ 611,580,217	\$ 629,527,432	\$ 640,580,759	\$ 617,538,062	\$ 626,603,350
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	544,070,331	590,469,257	490,469,257	1,023,585,507	1,024,178,807
TOTAL	\$ 544,070,331	\$ 590,469,257	\$ 490,469,257	\$ 1,023,585,507	\$ 1,024,178,807
Non-Reportable Expenditures	\$ 860,343,777	\$ 494,439,524	\$ 606,530,157	\$ 179,767,179	\$ 187,829,824
GRAND TOTAL	\$ 2,015,994,325	\$ 1,714,436,213	\$ 1,737,580,173	\$ 1,820,890,748	\$ 1,838,611,981
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	0.6	2.9	4.7	(1.9)	(2.2)
FTE Positions	2,139.5	1,899.0	1,899.0	1,899.0	1,899.0
Non-FTE Perm.Uncl.Pos.	598.0	616.6	616.6	616.6	616.6
TOTAL	2,737.5	2,515.6	2,515.6	2,515.6	2,515.6

AGENCY OVERVIEW

The Kansas Department of Transportation (KDOT) is a cabinet-level agency headed by a Secretary appointed by the Governor. The purpose of KDOT is to coordinate the planning, development, and operation of the various modes and systems of transportation within the state. KDOT has administrative and planning responsibilities for aviation, highways, public transportation, railroads, and waterways. However, the agency's efforts focus primarily on approximately 10,000 of the state highway system's 140,000 miles of public roads and highways. KDOT has four programs: Administration and Transportation Planning, Local Support, Maintenance, and Construction.

Reportable and Non-reportable Expenditures

In order to gauge the full magnitude of spending by KDOT, a number of tables include non-reportable expenditures including: bond payments (largest), inter-agency transfers, inter-agency motor fuel sales, payments for the Rail Loan program, and leasing of radios and tower space as part of KDOT's inter-operable 800 MHz communication system. However, for state budgeting and accounting purposes, an expenditure is categorized as reportable only when it is initially spent to avoid double counting. Consequently, when reviewing KDOT's budget, most

tabular data (including those in the Governor's Budget Report) reflect reportable expenditures and exclude spending of non-reportable money. The magnitude of non-reportable spending by KDOT is significant. Within the **agency's** revised budget submission non-reportable expenditures include: \$860.3 million in FY 2015, \$494.4 million for FY 2016, and \$179.8 million for FY 2017.

State Operations and Capital Improvements

In a state agency budget, state operations include agency operating costs for salaries and wages and other operating expenditures. Other operating expenditures include contractual services, commodities, and capital outlay. Agency budgets also include separate categories for aid to local units, other assistance, and capital improvements. The KDOT budget differs from other agency budgets in that expenditures typically considered state operations are included with budgeted capital improvements expenditures. For example, the Construction program includes capital improvements expenditures, but also contains expenditures classified as state operations.

MAJOR ISSUES FROM PRIOR YEARS

Comprehensive Transportation Program

The **1999 Legislature** enacted a 10-year Comprehensive Transportation Program (CTP) for FY 2000 through FY 2009. The CTP included maintenance and substantial maintenance; construction and reconstruction, with major modifications and priority bridges; system enhancement projects; and a highway demonstration project to evaluate pavement guarantees by the contractor. The CTP also provided enhanced assistance to local units of government and programs for other transportation elements, including rail, air, and public transit.

Total CTP expenditures of \$12.9 billion were proposed in 1999, with total revenues estimated at \$12.7 billion. To fund the program, the Legislature included revenue enhancements totaling \$2.3 billion from motor fuels taxes, a State General Fund sales tax transfer, interest on funds, and bonds. With the completion of the CTP, actual revenues and expenditures from FY 2000 to FY 2009 totaled \$13.3 billion.

Adjustments made to the 1999 Comprehensive Transportation Program

Beginning in the **2001 Session**, the Legislature made a series of adjustments to the financing of the CTP. The following describes the major revenue sources of the CTP, the original funding mechanisms, and the changes adopted by subsequent Sessions of the Legislature.

- **Motor Fuels Taxes.** The **1999 Legislature** authorized a four-cents-per-gallon increase in motor fuel taxes. The tax was implemented in phases, with a two-cent increase on July 1, 1999, a one cent increase on July 1, 2001, and the remaining one cent increase on July 1, 2003. The 2002 Legislature increased the motor fuel tax an additional two cents per gallon beginning on July 1, 2002, for a total increase of six cents between 1999 and July 1, 2003. The additional two-cent increase in 2002 was estimated to generate an additional \$253.7 million for the CTP from FY 2003 to FY 2009;

- **State General Fund Sales Tax Transfer.** Beginning in 1983, a portion of sales tax receipts were transferred from the State General Fund to the State Highway Fund. The 1999 Legislature approved the transfer of 7.628 percent of sales tax receipts from the State General Fund to the State Highway Fund for FY 2000 and FY 2001. The original intent was to increase the transfer over the next five fiscal years to a rate of 12.0 percent in FY 2005 and subsequent fiscal years;
- The **2000 Legislature** reduced the transfers in FY 2000 and FY 2001 by \$27.2 million and \$39.2 million, respectively. The 2001 Legislature approved a further reduction of \$3.0 million in the FY 2001 transfer and reduced the FY 2002 transfer by \$20.0 million. The 2002 Legislature eliminated the FY 2003 sales tax transfer, estimated at \$149.0 million. The 2003 Legislature eliminated the estimated \$128.0 million sales tax transfer in FY 2004. The sales tax transfer was eliminated for the remainder of the CTP by the 2004 Legislature;
- **Sales and Compensating Use Tax Direct Deposit.** In 1989, the Legislature increased the sales and compensating use tax from 4.0 percent to 4.25 percent, and directed that the additional 0.25 percent go to the State Highway Fund; the State Highway Fund also received a direct deposit attributable to this portion of all sales and use tax receipts. The 2004 Legislature increased the sales and use tax direct deposit to 0.38 percent beginning in FY 2007 and to 0.65 percent in FY 2008 and subsequent fiscal years;
- **Motor Vehicle Registration Fees.** Motor vehicle registration fees are deposited in the State Highway Fund. The 2002 Legislature increased motor vehicle registration fees for passenger automobiles and pickup trucks by \$5, and for other trucks in amounts ranging from \$2 to \$10, beginning July 1, 2002. The increases were estimated to generate an additional \$84.6 million for the CTP from FY 2003 to FY 2009;
- **Federal Construction Reimbursement.** The 2004 Legislature included an estimated additional \$250.0 million in federal aid from FY 2005 to FY 2009;
- **Bonding Authority.** The 1999 Legislature authorized the issuance of CTP bonds of \$995.0 million, backed by the State Highway Fund. The 2001 Legislature authorized additional bond authority of \$277.0 million for the CTP. This additional bonding was authorized to offset the reduction in the sales tax transfer approved by the 2001 Legislature. To compensate for the elimination of the sales tax transfer, the 2004 Legislature authorized the issuance of \$150.0 million in State General Fund backed bonds with the proceeds deposited in the State Highway Fund. In addition, the 2004 Legislature authorized the issuance of up to an additional \$60.0 million in State General Fund bonds if the Federal Highway Trust Fund did not generate an additional \$50.0 million annually for the CTP. The agency reports that all the authorized CTP and State General Fund bonds have been issued. The debt service for the \$210.0 million in State General Fund bonds appears in the Department of Administration's budget;
- **Other Adjustments.** The 2002 Legislature transferred \$94.6 million from the State Highway Fund to the State General Fund. This funding was equal to the FY 2002 sales tax transfer amount and was considered a loan with repayment

scheduled in FY 2003. The 2003 Legislature delayed repayment until FY 2007 with the repayment to be spread over four fiscal years;

- The **2003 Legislature** transferred \$28.9 million from the State Highway Fund to the State General Fund to finance the Kansas Highway Patrol in FY 2004. This transfer was considered to be a loan with repayment scheduled each year from FY 2007 to FY 2010. The 2003 Legislature also transferred \$1.6 million from the State Highway Fund to the State General Fund to finance a portion of the Department of Revenue's Division of Vehicles. This loan was scheduled for repayment in FY 2007; and
- The **2006 Legislature** approved a \$32.5 million transfer in FY 2007 from the State General Fund to the State Highway Fund for loan repayments. Payments of \$31.9 million annually were scheduled in fiscal years 2008, 2009, and 2010 (as noted later, Governor and Legislative action canceled both the FY 2009 and FY 2010 loan repayments to the State Highway Fund).

The **2008 Legislature** authorized in 2008 SB 359, up to \$1.0 million in FY 2009 and FY 2010 from the North Central Kansas Air Passenger Service Support Fund for the Manhattan, Kansas regional airport to secure passenger service, with reimbursements for any expenditures to be paid from the Economic Development Initiatives Fund in subsequent fiscal years.

The **2009 Legislature** approved the transfer of \$25,287,150, all from the State Highway Fund, to the State General Fund to reimburse the State General Fund in FY 2009 and FY 2010 for Comprehensive Transportation Plan bond payments.

The **2010 Legislature** approved expenditure reductions and transfers from the State Highway Fund to the State General Fund which totaled \$143.3 million in FY 2010, and included: (1) \$108.0 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance; (2) \$25.3 million transferred to reimburse the State General Fund for debt service principal and interest payments on Comprehensive Transportation Plan (CTP) bonds (as part of 2009 Senate Sub. for HB 2373); and (3) \$10.0 million transferred as part of \$11.0 million in federal funding the agency is eligible to receive as part of the passage of HB 2130, the primary safety belt law.

In addition, the **2010 Legislature** approved expenditure reductions and transfers from the State Highway Fund to the State General Fund totaling \$149.3 million in FY 2011, which included: (1) \$124.3 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance; and (2) \$25.0 million to reimburse the State General Fund for debt service principal and interest payments on Comprehensive Transportation Plan (CTP) bonds.

The **2010 Legislature** also approved cancellation of the transfer of \$10.1 million from the State General Fund to the Special City and County Highway Fund in FY 2011.

The **2010 Legislature** also approved cancellation of the FY 2011 loan repayment from the State General Fund to the State Highway Fund of \$30,896,209. The amount was originally delayed from FY 2010 to FY 2011.

In addition, the **2010 Legislature** added language that would repay the five previously underpaid counties a total of \$11.1 million from FY 2012 to FY 2016 from the Special City and County Highway Fund. The payments are deducted from the quarterly distributions from the Special City and County Highway Fund for five years from the 100 remaining counties that were overpaid from FY 2000 to FY 2009.

The **2010 Legislature** also enacted the ten-year T-WORKS transportation program (2010 Senate Sub. for Senate Sub. for HB 2650) for the period of FY 2011 to FY 2020. Expenditures for the period are estimated at \$8.2 billion. New revenue enhancements of \$2.7 billion during the period are authorized, including authority to issue new bonds up to an 18.0 percent debt service bonding cap (such that debt service on agency bonds owed in a year cannot exceed 18.0 percent of expected State Highway Fund revenues). It is estimated that \$1.7 billion in bonds will be issued over the 10-year period.

The **2011 Legislature** transferred \$205.0 million from the State Highway Fund to the State General Fund in FY 2012. In order to capture the necessary savings for the FY 2012 transfer, preservation projects were reduced by \$22.0 million in both FY 2011 and FY 2012. The additional \$5.0 million was to capture administrative savings experienced by the agency in FY 2011.

The **2013 Legislature** transferred \$3.5 million from the State Highway Fund to the new Municipal University Forensic Laboratory Fund in FY 2014 and added language to provide that the transfer shall be repaid in full by Washburn University before the end of FY 2015. And then added \$3.5 million, all from the new Municipal University Forensic Laboratory Fund in FY 2014, to provide funding for a new forensic science laboratory at Washburn University for use by the Kansas Bureau of Investigation.

The **2013 Legislature** (1) transferred \$6,751,952 from the State Highway Fund to the Department of Revenue's Division of Vehicles Modernization Fund in FY 2013; (2) transferred \$893,036 from the State Highway Fund to the Department of Education in FY 2013, \$143.5 million in FY 2014, and \$107.5 million in FY 2015; and (3) increased the transfer from the State Highway Fund to the Kansas Highway Patrol Operations Fund by \$315,986 in FY 2013.

The **2013 Legislature** deleted \$25,000 in FY 2013, \$321,267 and 3.0 FTE positions in FY 2014, and \$305,161 and 3.0 FTE positions in FY 2015, all from special revenue funds, to transfer certain emergency response responsibilities from the Department of Transportation to the Adjutant General.

The **2013 Legislature** approved direct transfers from the State Highway Fund to the Highway Patrol operations fund totaling \$55.1 million in FY 2014, and \$56.5 million for FY 2015, to support the operations of the Highway Patrol.

The **2013 Legislature** reduced the sales tax to 6.15 percent, effective July 1, 2013. This change in sales tax also led to a recalculation of the amount that the State Highway Fund receives, in order to keep them whole. It was estimated that KDOT would receive sales tax in the amount of \$478.5 million in FY 2014, and \$510.3 million in FY 2015.

The **2013 Legislature** enacted HB 2234 which names the Secretary of Transportation (Secretary) as the director of operations of the Kansas Turnpike Authority (KTA). The director of operations is responsible for the daily administration of the toll roads, bridges, structures and facilities constructed, maintained, or operated by the KTA and the director or the director's designee would have such powers as are necessary to carry out those responsibilities. This provision will expire July 1, 2016.

The bill provided that the KTA cannot use KTA toll or other revenue in ways other than those established in existing law: maintaining, repairing, and operating turnpike projects; paying principal and interest on bonds and creating reserves for the same; fixing and collecting tolls; and entering into certain types of contracts.

The bill changed authority for contracting between KTA and the Kansas Department of Transportation (KDOT) for three years. The bill adds an effective date of July 1, 2016, to

provisions in existing law regarding contracting between the KTA and KDOT (generally, allowing KTA to contract with KDOT for use of KDOT resources for certain types of work related to KTA projects).

In a new section, the bill stated the KTA retains its separate identity, powers, and duties as an instrumentality of the state; however, the bill in this new section requires duplication of effort, facilities, and equipment between KDOT and the KTA be minimized in operation and maintenance of turnpikes and highways in the state. The KTA and the Secretary are authorized to take actions including the temporary transfer of personnel, property and equipment from the KTA to the Secretary and from the Secretary to the KTA. Further, the bill requires the integrity of the bonded indebtedness be maintained through the actions of the KTA. The provisions of this new section will expire July 1, 2016.

The **2014 Legislature** deleted \$4.8 million in FY 2014 and \$10.5 million in FY 2015 in debt service expenditures, based on the most recent estimates from the Highway Revenue Estimating Group.

The **2014 Legislature** deleted \$1.4 million in FY 2014 and \$1.7 million in FY 2015 in Special City and County Highway Fund expenditures, based on the most recent estimates from the Highway Revenue Estimating Group.

The **2014 Legislature** deleted \$3.5 million, all from the Municipal University Forensic Laboratory Fund, to reflect expenditures not made from the fund in FY 2014. These funds were later transferred to the State General Fund as part of 2014 HB 2506.

The **2014 Legislature** transferred \$7.5 million, all from the State Highway Fund to the State General Fund, to provide for statehouse grounds renovation and repair payments in FY 2014.

The **2014 Legislature** transferred \$20.0 million, all from the State Highway Fund to the Statehouse Debt Service account of the Department of Administration, to pay for Statehouse debt service payments for FY 2015.

The **2014 Legislature** added \$20,800, all from the State Highway Fund, from Sub. for 2014 HB 2424 which allows the agency to expend gifts and donations for designations and memorial signage for FY 2015.

The **2015 Legislature** approved reductions to preservation projects and lettings of \$51.0 million in FY 2015, \$491.0 million for FY 2016, and \$30.0 million for FY 2017; reductions to agency operations of \$7.8 million in FY 2015, \$13.3 million for FY 2016, and \$13.8 million for FY 2017. These approved reductions helped achieve savings for various transfers including those to the State General Fund as follows: \$158.5 million in FY 2015 as part of 2015 House Sub. for SB 4, and \$129.3 million for FY 2016, and \$130.8 million for FY 2017 as part of 2015 House Sub. for SB 112. 2015 House Sub. for SB 112 also included language suspending the restriction capping bond debt service expenditures to 18% of projected state highway fund revenues for both FY 2016 and FY 2017.

Additional legislation affecting the agency passed during the 2015 Session and effective in FY 2016 includes:

- **2015 HB 2085** removed the sunset on the Kansas Department of Transportation and Kansas Turnpike Authority partnership. Additionally, the legislation designated the Secretary of Transportation as the Director of the Kansas Turnpike Authority. The Secretary had previously been designated the Director of Operations for the Kansas Turnpike Authority;

- **2015 SB 270** made several changes to tax law including raising the state sales tax rate from 6.15 percent to 6.5 percent. The bill requires 16.226 percent in FY 2016 and 16.154 percent beginning July 1, 2016 of state sales tax collections to be deposited in the State Highway Fund. The overall portion of state sales tax receipts directed to the State Highway Fund remains at four-tenths above the Comprehensive Transportation Program level;
- **2015 SB 127** requires the Secretary of Transportation, prior to installing any memorial signs, to have received donations that cover the costs associated with designing and installing the signs plus 50.0 percent to help defray future maintenance costs;
- **2015 HB 2391** provides state agencies the authority to hire and promote individuals into regular unclassified positions; and
- The **2015 Legislature**, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. Transfers in relation to this agency under this authority are detailed within the Governor's Allotment section.

Other Major Issues

KDOT Communications System Project. The **2004 Legislature** authorized KDOT to purchase, for lease to public safety, governmental, and non-governmental entities, communications equipment, including access to radio communication towers. The Legislature added 4.0 FTE positions and transferred \$385,184 from the State Highway Fund to the newly established Communication System Revolving Fund for the program in FY 2005. Due to the nature of the fund, the Communications System Revolving Fund was considered "off-budget" for budgetary and accounting purposes. Federal funding for the project is considered "on-budget."

On June 1, 2005, the agency began a project to upgrade its existing statewide 800 MHz communication system. The upgrade had two basic purposes. One was to provide statewide "interoperability" to public safety agencies and first responders. "Interoperability" would allow communications between various types of 800 MHz and non-800 MHz radio systems. The second purpose was to provide a "trunked" system which would allow seamless communication ability for KDOT, the Kansas Highway Patrol, first responders, and other emergency response and public safety agencies as they traveled from the area of one radio tower to the next. The system would utilize the 76 towers already owned and operated by KDOT.

The project was divided into several phases. Phase I involved 17 counties in southeast Kansas. Both interoperability and trunking have been completed in Phase I. Phase II was originally scheduled over a three-year period, with Phase II-A including towers along the Turnpike corridor and the tower north of Salina in Ottawa County; Phase II-B including the

remaining towers in Northeast Kansas and the tower in Finney County; and Phase II-C including the remaining towers in South-central Kansas. Interoperability and trunking have been completed in all of the Phase II radio towers.

Phase III initially covered the remainder of Northwest Kansas, Phase IV, Southwest Kansas, and Phase V, North-central Kansas. Funding for these areas was not identified at the beginning of the project, so completion of sites in Phase III, Phase IV, and Phase V has been accomplished as funds have become available. This partial funding has come from federal monies received from the Public Safety Interoperable Communications (PSIC) Grant program, American Recovery and Reinvestment Act (ARRA) funding, and Regional Homeland Security Grants, as well as from KDOT radio maintenance budgets for FY 2010 and 2011. To date, all tower sites in all of the remaining phases have been upgraded for interoperability, so, as of September 30, 2010, Kansas has achieved statewide interoperability for KDOT, the Kansas Highway Patrol, first responders, and other emergency response and public safety agencies. As part of Phase III, there were also an additional 16 of the 42 tower sites which were converted to the 800 MHz trunked radio system.

In FY 2011, Phase IV consisted of an additional eight tower sites that were converted to the 800 MHz trunked radio system. At the end of FY 2011, there were 14 tower sites remaining in both Northwest Kansas and Southwest Kansas that needed to be converted to the 800 MHz trunked radio system to complete the entire project statewide. The agency states that the project has been completed, and now the only ongoing expenditures are for continued operation and maintenance.

Subarea Shop Purchasing Contracts. Beginning in FY 2005, the Legislature authorized a *proviso* allowing KDOT subarea shops to opt out of existing purchasing contracts in those cases when the vendor's prescribed in the existing state purchasing contracts are not located within the five-digit zip code of the shop.

Railroad Regulation. The 2005 Legislature transferred all powers, duties, and functions related to the regulation of railroads from the Kansas Corporation Commission to KDOT.

Affordable Airfare Fund. The 2006 Legislature created the State Affordable Airfare Fund in the Department of Commerce, funded through a transfer of \$5.0 million from the State Highway Fund annually from FY 2007 to FY 2011. In FY 2012 and FY 2013, this transfer was made from the Economic Development Initiatives Fund (EDIF), but is set to continue as a transfer from the State Highway Fund in FY 2014, FY 2015, and FY 2016. The program is scheduled for elimination for FY 2017.

Traffic Records Enhancement Fund. The 2007 Legislature created the Traffic Records Enhancement Fund in FY 2008 and directed the agency to report to the House Appropriations and Senate Ways and Means Committees on expenditures from the fund.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The *agency's* revised reportable estimate for FY 2016 totals \$1.2 billion, all from special revenue funds, which is an increase of \$115.9 million, or 10.5 percent, above the FY 2016 approved amount. The agency notes that the increase is largely due to ongoing projects that were delayed from FY 2015 into FY 2016. The agency states that this is the 6th year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2016, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. The agency's originally submitted budget included the issuance of an additional \$300.0 million for the T-WORKS Program in FY 2016.

Changes from the FY 2016 approved budget include the following adjustments:

- \$110.8 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2016;
- \$5.7 million reduction to revise debt service expenditures in FY 2016;
- \$10.1 million in additional special revenue fund receipt expenditures in FY 2016; and
- \$700,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA) in FY 2016.

The FY 2016 revised estimate includes salaries and wages expenditures totaling \$142.6 million, which is no change from the FY 2016 approved amount. Salaries and wages in the FY 2016 revised reportable estimate support 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed and/or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2016 revised estimate includes Federal and Local Aid reimbursement estimates totaling \$356.2 million. This is an increase of \$29.2 million, or 8.9 percent, above the FY 2015 estimate.

The **Governor** recommends FY 2016 operating expenditures totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$88.9 million, or 7.3 percent, below the agency's FY 2016 revised estimate. The difference from the agency's FY 2016 revised estimate is due to the following adjustments included within the Governor's Recommendation:

- Adjustments related to the agency's December issuance of \$400.0 million in bonds (\$100.0 million above revised budget submission);
 - A decrease of \$100.0 million, all from the State Highway Fund, to adjust expenditures for the additional amount issued in bonds;
 - An increase of \$10.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in FY 2016; and
- The addition of \$741,687, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group in FY 2016.

The **Governor** announced a FY 2016 transfer of \$2.1 million, from the State Highway Fund to the State General Fund, would be included within a 2016 Rescission Bill to be introduced during the 2016 Session.

FY 2017 – Budget Year. The **agency** requests a revised FY 2017 estimate totaling \$1.6 billion, all from special revenue funds, an increase of \$105.1 million, or 6.8 percent, above the FY 2017 approved amount. The agency's FY 2017 budget reflects this being the 7th year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2017, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects.

Changes from the FY 2017 approved budget include the following adjustments:

- \$101.1 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2017;
- \$595,973 in additional debt service expenditures;
- \$1.1 million in additional special revenue fund receipt expenditures;
- \$900,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA); and
- \$1.4 million, all from the State Highway Fund, to relocate the Concordia Subarea.

The revised FY 2017 request includes 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2017 revised estimate includes Federal and Local Aid reimbursement estimates totaling \$337.3 million. This is an decrease of \$19.0 million, or 5.3 percent, below the FY 2016 revised estimate.

The **Governor** recommends FY 2017 operating expenditures totaling \$1.65 billion, all from special revenue funds, which is a increase of \$9.7 million, or 0.6 percent, above the agency's FY 2017 revised estimate. The difference from the agency's FY 2017 revised estimate is due to the following adjustments included within the Governor's Recommendation:

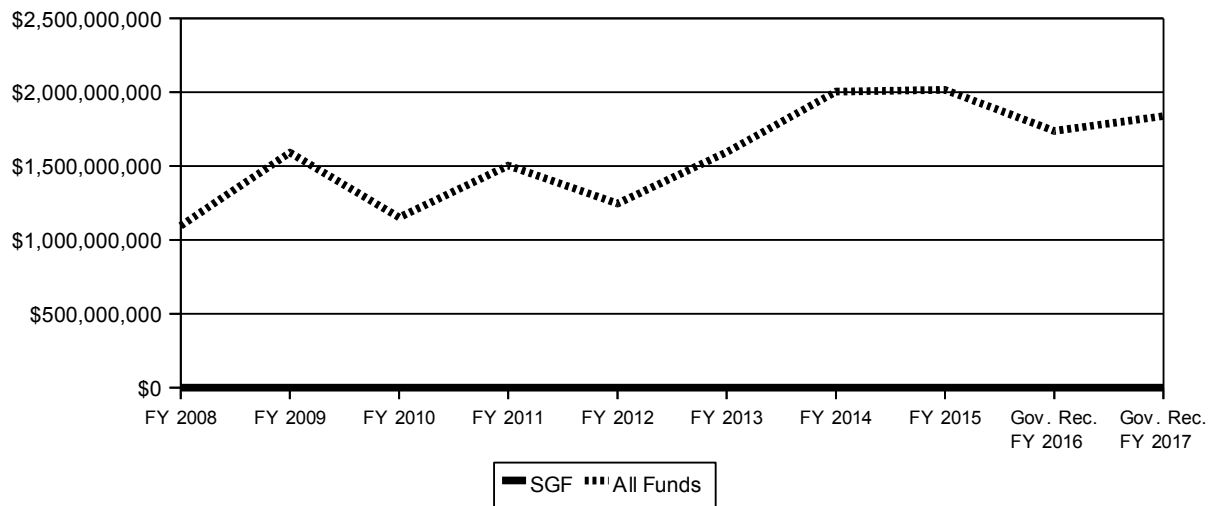
- An increase of \$8.3 million, all from special revenue funds, to reflect additional debt service interest expenditures for FY 2017;
- The addition of \$753,648, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group for FY 2017;
- The addition of \$593,300, all from the State Highway Fund, to the agency's supplemental request to relocate the Concordia Subarea. This amount

incorporates the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures for FY 2017; and

- The transfer of \$25.0 million from the State Highway Fund to the State General Fund as part of: 1) \$10.0 million in projected savings to occur as part of efficiency study recommendations, and 2) \$15.0 million from the leasing of excess bandwidth on KDOT's communications system.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 1,095,844,109	(18.6)%	3,201.5
2009	0	--	1,590,886,908	45.2	3,113.5
2010	0	--	1,152,389,464	(27.6)	3,113.5
2011	0	--	1,503,382,472	30.5	3,113.5
2012	0	--	1,246,526,150	(17.1)	2,916.5
2013	0	--	1,593,683,724	27.9	2,829.5
2014	0	--	2,003,609,903	25.7	2,302.5
2015	0	--	2,015,994,325	0.6	2,139.5
2016 Gov. Rec.	0	--	1,737,580,173	(13.8)	1,899.0
2017 Gov. Rec.	0	--	1,838,611,981	5.8	1,899.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 742,767,872	67.8 %	(1,302.5)

Summary of Operating Budget FY 2015 - FY 2017

		Agency Estimate					Governor's Recommendation				
Actual 2015		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16		
By Program:											
Administration & Transportation Planning	\$ 48,366,595	\$ 57,765,018	\$ 58,059,811	\$ 294,793	0.5 %	\$ 57,765,018	\$ 58,059,811	\$ 294,793	0.5 %		
Local Support	228,971,655	236,246,155	225,214,450	(11,031,705)	(4.7)	236,987,842	225,968,098	(11,019,744)	(4.6)		
Maintenance	133,942,473	134,946,022	139,595,226	4,649,204	3.4	134,946,022	139,595,226	4,649,204	3.4		
Construction	744,369,825	791,039,494	1,218,254,082	427,214,588	54.0	701,351,134	1,227,159,022	525,807,888	75.0		
TOTAL - Reportable	\$ 1,155,650,548	\$ 1,219,996,689	\$ 1,641,123,569	\$ 421,126,880	34.5 %	\$ 1,131,050,016	\$ 1,650,782,157		0.0 %		
Administration & Transportation Planning	\$ 3,106,486	\$ 250,500	\$ 250,500	\$ 0	0.0 %	\$ 250,500	\$ 250,500	\$ 0	0.0 %		
Local Support	3,506,711	5,149,236	4,269,250	(879,986)	(17.1)	5,149,236	4,269,250	(879,986)	(17.1)		
Maintenance	1,940,165	2,000,000	2,000,000	0	0.0	2,000,000	2,000,000	0	0.0		
Construction	851,790,415	487,039,788	173,247,429	(313,792,359)	(64.4)	599,130,421	181,310,074	(417,820,347)	(69.7)		
TOTAL - Non-Reportable	\$ 860,343,777	\$ 494,439,524	\$ 179,767,179	\$ (314,672,345)	(63.6) %	\$ 606,530,157	\$ 187,829,824	\$ (418,700,333)	(69.0)%		
GRAND TOTAL	\$ 2,015,994,325	\$ 1,714,436,213	\$ 1,820,890,748	\$ 106,454,535	6.2 %	\$ 1,737,580,173	\$ 1,838,611,981	\$ 101,031,808	5.8 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 148,631,115	\$ 142,623,902	\$ 147,705,639	\$ 5,081,737	3.6 %	\$ 142,623,902	\$ 147,705,639	\$ 5,081,737	3.6 %		
Contractual Services	115,178,165	121,778,217	106,857,977	(14,920,240)	(12.3)	121,778,217	106,857,977	(14,920,240)	(12.3)		
Commodities	36,540,400	41,249,585	42,508,693	1,259,108	3.1	41,249,585	42,508,693	1,259,108	3.1		
Capital Outlay	13,112,375	16,017,193	15,858,369	(158,824)	(1.0)	16,017,193	15,858,369	(158,824)	(1.0)		
Debt Service	74,142,562	76,428,069	84,145,605	7,717,536	10.1	86,739,709	92,457,245	5,717,536	6.6		
Subtotal - Operations	\$ 387,604,617	\$ 398,096,966	\$ 397,076,283	\$ (1,020,683)	(0.3) %	\$ 408,408,606	\$ 405,387,923	\$ (3,020,683)	(0.7) %		
Aid to Local Units	203,507,999	203,365,325	195,906,950	(7,458,375)	(3.7)	204,107,012	196,660,598	(7,446,414)	(3.6)		
Other Assistance	20,467,601	28,065,141	24,554,829	(3,510,312)	(12.5)	28,065,141	24,554,829	(3,510,312)	(12.5)		
Capital Improvements	544,070,331	590,469,257	1,023,585,507	433,116,250	73.4	490,469,257	1,024,178,807	533,709,550	108.8		
TOTAL - Reportable	\$ 1,155,650,548	\$ 1,219,996,689	\$ 1,641,123,569	\$ 421,126,880	34.5 %	\$ 1,131,050,016	\$ 1,650,782,157	\$ 519,732,141	46.0 %		
TOTAL - Non-Reportable	860,343,777	494,439,524	179,767,179	(314,672,345)	(63.6)	606,530,157	187,829,824	(418,700,333)	(69.0)		
GRAND TOTAL	\$ 2,015,994,325	\$ 1,714,436,213	\$ 1,820,890,748	\$ 106,454,535	6.2 %	\$ 1,737,580,173	\$ 1,838,611,981	\$ 101,031,808	5.8 %		
Financing:											
State Highway Fund	\$ 802,494,079	\$ 858,065,447	\$ 1,279,786,674	\$ 421,721,227	49.1 %	\$ 758,065,447	\$ 1,280,379,974	\$ 522,314,527	68.9 %		
All Other	353,156,469	361,931,242	361,336,895	(594,347)	(0.2)	372,984,569	370,402,183	(2,582,386)	(0.7)		
TOTAL - Reportable	\$ 1,155,650,548	\$ 1,219,996,689	\$ 1,641,123,569	\$ 421,126,880	34.5 %	\$ 1,131,050,016	\$ 1,650,782,157	\$ 519,732,141	46.0 %		
State Highway Fund	\$ 344,779,643	\$ 187,510,188	\$ 173,717,829	\$ (13,792,359)	(7.4) %	\$ 199,600,821	\$ 181,780,474	\$ (17,820,347)	(8.9) %		
All Other Funds	515,564,134	306,929,336	6,049,350	(300,879,986)	(98.0)	406,929,336	6,049,350	(400,879,986)	(98.5)		
TOTAL - Non-Reportable	\$ 860,343,777	\$ 494,439,524	\$ 179,767,179	\$ (314,672,345)	(63.6) %	\$ 606,530,157	\$ 187,829,824	\$ (418,700,333)	(69.0) %		
GRAND TOTAL	\$ 2,015,994,325	\$ 1,714,436,213	\$ 1,820,890,748	\$ 106,454,535	6.2 %	\$ 1,737,580,173	\$ 1,838,611,981	\$ 101,031,808	5.8 %		

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$1.1 billion, all from Special Revenue Funds, for the Department of Transportation in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- A FY 2016 transfer of \$8.0 million, from the State Highway Fund to the State General Fund, announced July 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135; and
- A FY 2016 transfer of \$47.9 million, from the State Highway Fund to the State General Fund, announced November 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135.

The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State Highway Fund	\$ 747,230,833	\$ 858,065,447	\$ 110,834,614	\$ 758,065,447	\$ 10,834,614
All Other Funds	356,816,145	361,931,242	5,115,097	372,984,569	16,168,424
TOTAL	\$ 1,104,046,978	\$ 1,219,996,689	\$ 115,949,711	\$ 1,131,050,016	\$ 27,003,038
FTE Positions	2,139.5	1,899.0	(240.5)	1,899.0	(240.5)

The **agency's** revised reportable estimate for FY 2016 totals \$1.2 billion, all from special revenue funds, which is an increase of \$115.9 million, or 10.5 percent, above the FY 2016 approved amount. The agency notes that the increase is largely due to ongoing projects that were delayed from FY 2015 into FY 2016. The agency states that this is the 6th year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2016, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. The agency's originally submitted budget included the issuance of an additional \$300.0 million for the T-WORKS Program in FY 2016.

Changes from the FY 2016 approved budget include the following adjustments:

- \$110.8 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2016;
- \$5.7 million reduction to revise debt service expenditures in FY 2016;
- \$10.1 million in additional special revenue fund receipt expenditures in FY 2016; and
- \$700,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA) in FY 2016.

The FY 2016 revised estimate includes salaries and wages expenditures totaling \$142.6 million, which is no change from the FY 2016 approved amount. Salaries and wages in the FY 2016 revised reportable estimate support 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed and/or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2016 revised estimate includes Federal and Local Aid reimbursement estimates totaling \$356.2 million. This is an increase of \$29.2 million, or 8.9 percent, above the FY 2015 estimate.

The **Governor** recommends FY 2016 operating expenditures totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$88.9 million, or 7.3 percent, below the agency's FY 2016 revised estimate. The difference from the agency's FY 2016 revised estimate is due to the following adjustments included within the Governor's Recommendation:

- Adjustments related to the agency's December issuance of \$400.0 million in bonds (\$100.0 million above revised budget submission);
 - A decrease of \$100.0 million, all from the State Highway Fund, to adjust expenditures for the additional amount issued in bonds;
 - An increase of \$10.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in FY 2016;
- The addition of \$741,687, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group in FY 2016; and
- In November 2015 the Governor announced an additional FY 2016 transfer of \$2.1 million, from the State Highway Fund to the State General Fund, would be included within a 2016 Rescission Bill to be introduced during the 2016 Session.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
\$100.0 million Additional Bond Issuance - Debt Service Interest Expenditures	\$ --	\$ --	--	\$ 0	\$ 10,311,640	0.0
Bond Issuance Expenditure Adjustment	--	--	--	0	(100,000,000)	0.0
November 2015 Consensus Revenue Estimating Group	--	--	--	0	741,687	0.0
TOTAL	\$ 0	\$ 0	0.0	\$ 0	\$ (88,946,673)	0.0

The **agency** did not request any supplemental funding in FY 2016.

The **Governor** recommends the following adjustments to the agency's FY 2016 budget:

- \$100.0 million Additional Bond Issuance — Debt Service Interest Expenditures:** The Governor's Recommendation includes an increase of \$10.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in relation to the agency's December 2015 \$400.0 million bond issuance (\$100.0 million more than was included in the FY 2016 revised estimate);
- Bond Issuance Expenditure Adjustment:** The Governor's Recommendation includes the reduction of \$100.0 million, all from special revenue funds, in FY 2016 expenditures in order to adjust for the additional issuance; and
- November 2015 Consensus Revenue Estimating Group:** The addition of \$741,687, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating Group in FY 2016.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital

improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Special Allotment			
State Highway Fund Transfer	\$ 0	\$ 0	0.0
November Allotment			
State Highway Fund Transfer	\$ 0	\$ 0	0.0
TOTAL	\$ 0	\$ 0	0.0

- **July 2015:** A FY 2016 transfer of \$8.0 million, from the State Highway Fund to the State General Fund, announced July 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135; and
- **November 2015:** A FY 2016 transfer of \$47.9 million, from the State Highway Fund to the State General Fund, announced November 2015 as the result of the authority given under 2015 Senate Sub. for HB 2135.

B. FY 2017 – Budget Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$1.5 billion, all from Special Revenue Funds, for the Department of Transportation for FY 2017. No adjustments have subsequently been made to that amount.

The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State Highway Fund	\$ 1,176,044,280	\$ 1,279,786,674	\$ 103,742,394	\$ 1,280,379,974	\$ 104,335,694
All Other Funds	359,965,922	361,336,895	1,370,973	370,402,183	10,436,261
TOTAL	\$ 1,536,010,202	\$ 1,641,123,569	\$ 105,113,367	\$ 1,650,782,157	\$ 114,771,955
FTE Positions	2,139.5	1,899.0	(240.5)	1,899.0	(240.5)

The **agency's** reportable FY 2017 revised estimate totals \$1.6 billion, all from special revenue funds, an increase of \$105.1 million, or 6.8 percent, above the FY 2017 approved amount. The agency's FY 2017 budget reflects this being the 7th year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2017, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects.

Changes from the FY 2017 approved budget include the following adjustments:

- \$101.1 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2017;
- \$595,973 in additional debt service expenditures;
- \$1.1 million in additional special revenue fund receipt expenditures;
- \$900,000 in additional federal funds receipts and expenditures from the National Highway Traffic Safety Administration (NHTSA); and
- \$1.4 million, all from the State Highway Fund, to relocate the Concordia Subarea.

The revised FY 2017 request includes 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether

the positions duties could be redistributed or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The FY 2017 revised estimate includes salaries and wages expenditures totaling \$147.7 million, which is no change from the FY 2017 approved amount. Salaries and wages in the FY 2017 revised reportable estimate support 1,899.0 FTE positions, which is a decrease of 240.5 FTE positions from the number approved by the 2015 Legislature, but also includes an increase of 18.6 non-FTE positions. The agency states that the decrease in FTE positions is the result of a thorough review process to determine if all vacant positions were critical, or whether the positions duties could be redistributed or outsourced, and these were vacant FTE positions that were deleted from the system. The agency states that the increase in non-FTE positions is due to the agency allowing several different classifications within the agency to go unclassified, which attributes for the increase in non-FTE positions.

The **agency's** FY 2017 revised estimate includes Federal and Local Aid reimbursement estimates totaling \$337.3 million. This is an decrease of \$19.0 million, or 5.3 percent, below the FY 2016 revised estimate.

The **Governor** recommends FY 2017 operating expenditures totaling \$1.65 billion, all from special revenue funds, which is a increase of \$9.7 million, or 0.6 percent, below the agency's FY 2017 revised estimate. The difference from the agency's FY 2017 revised estimate is due to the following adjustments included within the Governor's Recommendation:

- Adjustments related to the agency's December 2015 issuance of \$400.0 million in bonds (\$100.0 million above revised budget submission);
 - An increase of \$8.3 million, all from special revenue funds, to reflect additional debt service interest expenditures for FY 2017;
- The addition of \$753,648, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating group for FY 2017;
- The addition of \$593,300, all from the State Highway Fund, to the agency's supplemental request to relocate the Concordia Subarea. This amount incorporates the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures for FY 2017; and
- The transfer of \$25.0 million from the State Highway Fund to the State General Fund as part of: 1) \$10.0 million in projected savings to occur as part of efficiency study recommendations, and 2) \$15.0 million from the leasing of excess bandwidth on KDOT's communications system.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Relocate Subarea - Concordia	\$ 0	\$ 1,392,900	0.0	\$ 0	\$ 1,986,200	0.0
Debt Service Interest Expenditures	\$ --	\$ --	--	\$ 0	\$ 8,311,640	0.0
November 2015 Consensus Revenue Estimating Group	--	--	--	0	753,648	0.0
TOTAL	\$ 0	\$ 1,392,900	0.0	\$ 0	\$ 11,051,488	0.0

Relocate Subarea — Concordia: The **agency** requests \$1.4 million, all from the State Highway Fund, to relocate the Subarea in Concordia, for FY 2017. The agency states that it has already purchased the land for the new facility, and that expenditures would be for construction of the following: a building to house the Concordia subarea crew and the area crew, equipment storage, a wash bay building, a chemical storage dome, and a salt/sand bunker. The agency states that the existing building was built in the 1940's, the land is limited in expansion by surrounding commercial development and being split by 17th Street right-of-way, and that the purchase of adjacent property is financially unreasonable.

The **Governor** recommends \$2.0 million, all from the State Highway Fund, for the agency's FY 2017 supplemental request to relocate the Concordia Subarea. This would provide an additional \$593,300, all from the State Highway Fund, to the agency's supplemental request and incorporate the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures for FY 2017.

The **Governor** recommends the following additional adjustments to the agency's FY 2017 budget:

Debt Service Interest Expenditures: The Governor's Recommendation includes an increase of \$8.3 million, all from special revenue funds, to reflect additional debt service interest expenditures in relation to the agency's December 2015 \$400.0 million bond issuance (\$100.0 million more than was included in the FY 2017 revised estimate).

November 2015 Consensus Revenue Estimating Group: The Governor's Recommendation includes the addition of \$753,648, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2015 Highway Consensus Revenue Estimating Group for FY 2017.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State Highway Fund	78.0 %	77.6 %
Highway Bonds Fund Debt Service	11.7	12.1
Special City and County Highway Fund	8.8	8.8
Coordinated Public Transportation Assistance	0.7	0.7
Rail Service Improvement Fund	0.1	0.1
All Other Funds	0.7	0.7
TOTAL	100.0 %	100.0 %

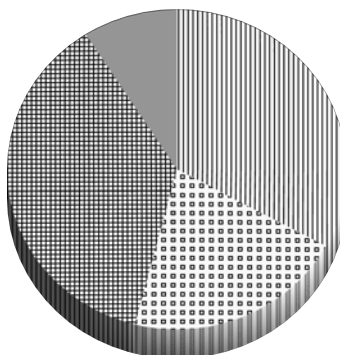
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Reportable Operating Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



Administration & Transportation Planning Local Support Maintenance Construction

**Pie chart does not include capital improvements expenditures*

Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration & Transportation Planning	\$ 57,765,018	9.0 %	\$ 0	-- %
Local Support	236,987,842	37.0	0	--
Maintenance	134,946,022	21.1	0	--
Construction	210,881,877	32.9	0	--
TOTAL	\$ 640,580,759	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration & Transportation Planning	223.0	188.5	188.5	188.5	188.5
Local Support	26.0	18.0	18.0	18.0	18.0
Maintenance	1,230.0	1,138.5	1,138.5	1,138.5	1,138.5
Construction	660.5	554.0	554.0	554.0	554.0
TOTAL	2,139.5	1,899.0	1,899.0	1,899.0	1,899.0

A. Administration & Transportation Planning

The goal of the Administration and Transportation Planning program is to “provide the direction, planning, coordination, communication, and administrative support that foster an integrated, multimodal transportation system to meet the needs of Kansas.” Management planning and goal and policy direction are included in this program. The program also provides administrative and management functions for the agency such as financial and human resource management, information technology, and inventory and procurement support. KDOT maintains a central office with the state divided into six districts. This program is responsible for mapping and transportation data collection and analysis. The program includes planning support for highways, railroads, public transit, and general aviation. In addition, this program coordinates public outreach through media, legislative, and intergovernmental relations. To achieve these goals, the management program is comprised of the following subprograms: Administration; Office of the Secretary; Roads, Rail, and Water; Aviation Planning; and Operations Support.

ADMINISTRATION & TRANSPORTATION PLANNING SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 29,613,458	\$ 28,653,271	\$ 28,653,271	\$ 29,669,351	\$ 29,669,351
Contractual Services	16,939,780	23,986,432	23,986,432	24,093,006	24,093,006
Commodities	733,459	824,422	824,422	837,025	837,025
Capital Outlay	1,036,027	3,700,893	3,700,893	2,860,429	2,860,429
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 48,322,724</i>	<i>\$ 57,165,018</i>	<i>\$ 57,165,018</i>	<i>\$ 57,459,811</i>	<i>\$ 57,459,811</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Capital Improvements	43,871	600,000	600,000	600,000	600,000
Reportable Expenditures	\$ 48,366,595	\$ 57,765,018	\$ 57,765,018	\$ 58,059,811	\$ 58,059,811
Non-Reportable Exp.	3,106,486	250,500	250,500	250,500	250,500
TOTAL	\$ 51,473,081	\$ 58,015,518	\$ 58,015,518	\$ 58,310,311	\$ 58,310,311
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	48,366,595	57,765,018	57,765,018	58,059,811	58,059,811
Reportable Expenditures	\$ 48,366,595	\$ 57,765,018	\$ 57,765,018	\$ 58,059,811	\$ 58,059,811
Non-Reportable Exp.	3,106,486	250,500	250,500	250,500	250,500
TOTAL	\$ 51,473,081	\$ 58,015,518	\$ 58,015,518	\$ 58,310,311	\$ 58,310,311
FTE Positions	223.0	188.5	188.5	188.5	188.5
Non-FTE Uncl. Perm. Pos.	240.0	227.6	227.6	227.6	227.6
TOTAL	463.0	416.1	416.1	416.1	416.1

The **agency's** revised estimate includes FY 2017 expenditures of \$58.3 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds decrease of \$1.8 million, or 3.0 percent, below the FY 2017 approved amount. Most of the decrease (\$1.7 million, or 3.0 percent) is in salaries and wages.

- **Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$29.7 million, all from special revenue funds, to fund 188.5 FTE and 227.6 non-FTE positions for FY 2017. The request is an all funds decrease of \$1.7 million, or 5.5 percent, below the FY 2017 approved amount. Primary

decreases from the FY 2017 approved amount include: classified regular pay (\$1.6 million), group health and hospitalization (\$261,014), and medicare (\$188,901). These decreases are offset by primary increases from the FY 2017 approved amount which include: unclassified regular (\$491,675), and unclassified temporary (\$106,773). This a decrease of 34.5 FTE, and 12.4 non-FTE from the approved amount;

- **Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$24.1 million, all from special revenue funds, for FY 2017. This request is an increase of \$671,038, or 2.9 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: state buildings operating charge (\$1.4 million), and computer programming operations DISC (\$1.2 million), and intergovernmental local communications service, operations DISC (\$319,199), and repair and service of equipment - furniture (\$43,759). These increases are offset by primary decreases from the FY 2017 approved amount which include: state buildings capital charge (\$1.2 million), computer software maintenance and service (\$839,439), staffing and recruiting services (\$195,656), and repair and service of computer equipment (\$77,444). The agency states that Office of Information Technology Services rates have changed for some services, and that new to the indices this cycle were charges for Cloud and E-mail services;
- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$837,025, all from special revenue funds, for FY 2017. This request is an increase of \$13,198, or 1.6 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: gasoline (\$22,219), other supplies and materials (\$22,208), and aircraft fuel (\$5,660). These increases are offset by primary decreases from the FY 2017 approved amount which include: stationery and office supplies (\$18,312), data processing supplies (\$16,943);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$2.9 million, all from special revenue funds, for FY 2017. This request is a decrease of \$715,684, or 20.0 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: microcomputer equipment (\$357,554), and software (\$357,554);
- **Other Assistance.** The agency's FY 2017 revised estimate includes expenditures of \$600,000, all from the State Highway Fund, for expenditures for property damage or loss claims for FY 2017. This is no change from the FY 2017 approved amount; and
- **Non-reportable expenditures.** The agency's FY 2017 revised estimate includes expenditures of \$250,500, which are from two sources, expenditures from the conference fees account (\$250,000), and the remittance of collected sales tax (\$500).

The **Governor** concurs with the agency's revised FY 2017 estimate for the Administration & Transportation Planning Program.

B. Local Support

The goal of the Local Support program is to “assist in providing safe, efficient, and reliable local multimodal transportation systems.” This program provides planning and financial assistance to local governments and administers both state and federal funding for city and county roads, street, and bridge improvements, rural public transportation planning and assistance, transportation for the elderly and disabled, and highway safety plans and programs. The Local Support program includes aid to local units of government through the Special City and County Highway Fund (SCCHF). The SCCHF receives funding from motor fuel taxes and motor carrier property taxes. The funds are distributed quarterly, with 57.0 percent distributed to counties and 43.0 percent distributed to cities. Each county receives a base allocation of \$5,000 with the remainder distributed on a formula based on motor vehicle registration fees, average daily vehicle miles traveled, and total road miles within each county. The city distribution is based on population. This program includes safety programs targeting seat belt usage, drunk driving, underage drinking, and community awareness such as the “Click It or Ticket,” and “You Drink, You Drive, You Lose,” media campaigns. To achieve these goals, the local support program is comprised of the following subprograms: Special City and County Highway Aid; Traffic Safety; Local Projects; Public Transportation Assistance; and Categorical Aid.

LOCAL SUPPORT SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,322,211	\$ 3,210,306	\$ 3,210,306	\$ 3,324,674	\$ 3,324,674
Contractual Services	3,771,248	4,444,163	4,444,163	4,563,180	4,563,180
Commodities	274,871	544,545	544,545	646,117	646,117
Capital Outlay	214,801	576,675	576,675	178,700	178,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,583,131</i>	<i>\$ 8,775,689</i>	<i>\$ 8,775,689</i>	<i>\$ 8,712,671</i>	<i>\$ 8,712,671</i>
Aid to Local Units	200,964,794	200,005,325	200,747,012	192,546,950	193,300,598
Other Assistance	20,423,730	27,465,141	27,465,141	23,954,829	23,954,829
Capital Improvements	0	0	0	0	0
Reportable Expenditures	\$ 228,971,655	\$ 236,246,155	\$ 236,987,842	\$ 225,214,450	\$ 225,968,098
Non-Reportable Exp.	3,506,711	5,149,236	5,149,236	4,269,250	4,269,250
TOTAL	\$ 232,478,366	\$ 241,395,391	\$ 242,137,078	\$ 229,483,700	\$ 230,237,348
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	228,971,655	236,246,155	236,987,842	225,214,450	225,968,098
Reportable Expenditures	\$ 228,971,655	\$ 236,246,155	\$ 236,987,842	\$ 225,214,450	\$ 225,968,098
Non-Reportable Exp.	3,506,711	5,149,236	5,149,236	4,269,250	4,269,250
TOTAL	\$ 232,478,366	\$ 241,395,391	\$ 242,137,078	\$ 229,483,700	\$ 230,237,348
FTE Positions	26.0	18.0	18.0	18.0	18.0
Non-FTE Uncl. Perm. Pos.	25.0	27.0	27.0	27.0	27.0
TOTAL	51.0	45.0	45.0	45.0	45.0

The **agency's** revised estimate includes FY 2017 expenditures of \$229.5 million, all from special revenue funds, for the Local Support program. This is an all funds increase of \$6.0 million, or 2.7 percent, above the FY 2017 approved amount. This increase occurs in aid to locals (\$5.0 million) and other assistance (\$1.2 million), partially offset by decreases in salaries and wages (\$101,119).

- **Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$3.3 million, all from special revenue funds, to fund 18.0 FTE and 27.0 non-FTE positions for FY 2017. The request is an all funds decrease of \$101,119, or 3.0 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: classified regular pay (\$507,916), medicare (\$20,905), and group health and hospitalization (\$19,964). These decreases are offset by primary increases from the FY 2017 approved amount which include: unclassified temporary (\$433,308), classified overtime pay (\$7,498). The FY 2017 revised estimate is a decrease of 8.0 FTE, and an increase of 2.0 non-FTE from the approved amount;
- **Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$4.6 million, all from special revenue funds, for FY 2017. This request is an increase of \$9,210, or 0.2 percent, above the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: advertising and marketing (\$104,959), outsourced program administration (\$70,142), and meals and lodging in state (\$11,610). These decreases are offset by primary increases from the FY 2017 approved amount which include: computer software rental (\$108,248), other fees (\$49,700), and advertising (\$26,000);
- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$646,117, all from special revenue funds, for FY 2017. This request is an increase of \$7,417, or 1.2 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: gasoline (\$5,700), and data processing supplies (\$2,450). These decreases are offset by a primary decrease from the FY 2017 approved amount which includes: stationary and office supplies (\$1,845);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$178,700, all from special revenue funds, for FY 2017. This request is an increase of \$3,500, or 2.0 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: microcomputer equipment non-capital (\$2,500), and books and library materials non-capital (\$1,000);
- **Aid to Local Units.** The agency's FY 2017 revised estimate includes expenditures of \$192.5 million, all from special revenue funds, for expenditures for Special City and County Highway Aid (\$146.9 million), and other State Aid (\$45.6 million). This is an increase of \$4.96 million, or 2.6 percent, above the FY 2017 approved amount. The agency states that this increase is due to revised estimates for the Federal Fund Exchange Program available to locals;
- **Other Assistance.** The agency's FY 2017 revised estimate includes expenditures of \$24.0 million, all from special revenue funds, for expenditures for State assistance (\$41.0 million), and Federal assistance (\$4.6 million) for FY 2017. This is an increase of 1.2 million, or 5.1 percent, above the FY 2017 approved amount. The agency states that this is reflective of an increase in anticipated federal funds receipts; and
- **Non-reportable expenditures.** The agency's FY 2017 revised estimate includes expenditures of \$4.3 million, which include payments for the Rail Loan program

(\$2.5 million) and transfers to other state agencies for safety programs (\$1.8 million).

The **Governor** concurs with the agency's revised estimates in FY 2016 and for FY 2017, and includes an increase to aid to local units expenditures by \$741,687 in FY 2016, and \$753,648 for FY 2017. This increase adjusts Special City and County Highway Fund expenditures to reflect the estimates of the November 2015 Highway Consensus Revenue Estimating group.

C. Maintenance

The Maintenance program contains all regular highway and bridge maintenance functions performed by the state. Regular maintenance activities are designed to preserve, repair, and restore the roadway system to its designed or accepted standards. System elements include travel-way surfaces, shoulders, roadsides, drainage facilities, bridges, signs, and markings. Also included are such traffic services as lighting and signal operation, snow and ice removal, and operation of roadside rest areas.

Maintenance activities are undertaken to offset the effects of deterioration, damage, and vandalism. Deterioration includes the effects of aging, weather, material fatigue, and design and construction weaknesses. Activities also include repair of buildings and equipment essential to perform maintenance activities.

Funds are also provided to cities to assist in maintenance of routes designated as highway connecting links. Costs for maintenance of these links are apportioned between KDOT and the city as determined by agreement. KDOT reimburses cities and counties at the rate of \$3,000 per lane-mile for links maintained.

In addition, funds are available for substantial maintenance on city connecting links, costs for maintenance of these links are apportioned between KDOT and the city as determined by agreement. When cities enter into an agreement for the city connecting links to be maintained by the state, KDOT then become responsible for all maintenance on the connecting link. Agency leasing expenditures are included as non-reportable expenditures while federal funds for the program are included as reportable expenditures. To achieve these goals, the local support program is comprised of the following subprograms: Regular Maintenance, and Communications System - On Budget.

MAINTENANCE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 67,065,296	\$ 63,211,743	\$ 63,211,743	\$ 65,502,417	\$ 65,502,417
Contractual Services	20,453,703	19,614,230	19,614,230	19,861,153	19,861,153
Commodities	33,384,924	38,426,572	38,426,572	39,525,078	39,525,078
Capital Outlay	10,495,345	10,333,477	10,333,477	11,346,578	11,346,578
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 131,399,268</i>	<i>\$ 131,586,022</i>	<i>\$ 131,586,022</i>	<i>\$ 136,235,226</i>	<i>\$ 136,235,226</i>
Aid to Local Units	2,543,205	3,360,000	3,360,000	3,360,000	3,360,000
Other Assistance	0	0	0	0	0
Capital Improvements	0	0	0	0	0
Reportable Expenditures	\$ 133,942,473	\$ 134,946,022	\$ 134,946,022	\$ 139,595,226	\$ 139,595,226
Non-Reportable Exp.	1,940,165	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL	\$ 135,882,638	\$ 136,946,022	\$ 136,946,022	\$ 141,595,226	\$ 141,595,226
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	133,942,473	134,946,022	134,946,022	139,595,226	139,595,226
Reportable Expenditures	\$ 133,942,473	\$ 134,946,022	\$ 134,946,022	\$ 139,595,226	\$ 139,595,226
Non-Reportable Exp.	1,940,165	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL	\$ 135,882,638	\$ 136,946,022	\$ 136,946,022	\$ 141,595,226	\$ 141,595,226
FTE Positions	1,230.0	1,138.5	1,138.5	1,138.5	1,138.5
Non-FTE Uncl. Perm. Pos.	180.0	172.0	172.0	172.0	172.0
TOTAL	1,410.0	1,310.5	1,310.5	1,310.5	1,310.5

The **agency's** revised estimate includes FY 2017 expenditures of \$141.6 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$1.8 million, or 1.3 percent, above the FY 2017 approved amount. This increase occurs in salaries and wages (\$1.7 million, or 2.6 percent) and contractual services (\$236,334, or 1.2 percent).

- **Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$65.5 million, all from special revenue funds, to fund 1,138.5 FTE and 172.0 non-FTE positions for FY 2017. The revised estimate is an all funds increase of \$1.7 million, or 2.6 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: unclassified temporary pay (\$2.1 million), OASDI (\$279,823), public employee retirement system (\$176,363), and workers compensation (\$38,066). These increases are offset by primary decreases from the FY 2017 approved amount which include: classified regular (\$415,300), medicare (\$168,699), classified longevity pay (\$155,290), classified shift differential (\$143,368), and classified overtime pay (\$139,772). The FY 2017 revised estimate is a decrease of 91.5 FTE, and a decrease of 8.0 non-FTE from the approved amount;
- **Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$19.9 million, all from special revenue funds, for FY 2017. This request is an increase of \$236,334, or 1.2 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: surety bond and insurance premiums (\$478,150), staffing and recruiting services (\$149,000), self-propelled service other (\$42,383), repair and service highway

bridge other (\$37,000), repair and service building ground (\$26,000), water (\$22,366), and repair and service weed spraying (\$20,000). These increases are offset by primary decreases from the FY 2017 approved amount which include: other contractual services (\$470,027), other fees (\$46,547), and natural gas (\$26,486);

- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$39.5 million, all from special revenue funds, for FY 2017. This request is a decrease of \$155,869, or 0.4 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: gasohol (\$2.9 million), highway glass beads (\$996,379), professional scientific supply other (\$606,074), highway signs (\$547,879), gasoline federal excise tax (\$407,638), highway iron (\$301,438), bio-diesel (\$164,221), highway aggregate for ice control (\$161,269), and antifreeze (\$144,580). These decreases are offset by primary increases from the FY 2017 approved amount which include: gasoline (\$2.5 million), highway asphaltic concrete (\$966,891), other vehicle parts and supplies (\$620,253), diesel fuel (\$532,380), highway rock salt (\$505,429), highway white traffic paint (\$329,941), highway aggregates (\$283,016), other equipment materials parts (\$202,385), and tires (\$166,079);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$11.3 million, all from special revenue funds, for FY 2017. This request is an increase of \$1,520, or less than 0.1 percent, above the FY 2017 approved amount. The increase from the FY 2017 approved amount includes: professional and scientific equipment non-capital (\$1,530). This increase is offset by the decrease from the FY 2017 approved amount which includes: office furniture non-capital (\$10);
- **Aid to Local Units.** The agency's FY 2017 revised estimate includes expenditures of \$3.4 million, all from special revenue funds, for expenditures for highway to city connecting link maintenance for FY 2017; and
- **Non-reportable expenditures.** Non-reportable expenditures total \$2.0 million for FY 2017, and are for inter-agency transfers, including motor fuel sales and radio purchases.

The **Governor** concurs with the agency's revised FY 2017 estimate for the Maintenance Program.

D. Construction

The Construction program includes functions and activities associated with constructing new highways and performing major renovations of existing state highways and facilities. The program is divided into seven subprograms: Debt Service, Design/Right of Way, Construction Inspection, State Projects, Buildings, Local Construction, and Preservation. Program activities include right-of-way purchase, design, construction supervision, materials testing, facilities construction and remodeling, debt service, and federal aid to local governments. Also included within this program are construction related transfers.

Highway construction projects are classified as Preservation, Modernization, and Expansion/Enhancement.

Preservation. This program includes maintenance activities completed by contract staff with selection based on statewide need, and includes the Priority Bridge program, which replaces or rehabilitates substandard bridges.

Modernization. The projects in this program are designed to improve the safety, and service of the existing roadway system by bringing it up to current design standards. Projects include widening or adding shoulders, flattening hills or removing curves in a road.

Expansion/Enhancement. This program is designed to improve safety, relieve congestion, improve access and enhance economic development. This includes corridor improvements, bypass construction, and interchange/separation improvements. The projects must be on the State Highway System or a logical addition to the State Highway System.

CONSTRUCTION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 48,630,150	\$ 47,548,582	\$ 47,548,582	\$ 49,209,197	\$ 49,209,197
Contractual Services	74,013,434	73,733,392	73,733,392	58,340,638	58,340,638
Commodities	2,147,146	1,454,046	1,454,046	1,500,473	1,500,473
Capital Outlay	1,366,202	1,406,148	1,406,148	1,472,662	1,472,662
Debt Service	74,142,562	76,428,069	86,739,709	84,145,605	92,457,245
<i>Subtotal - Operations</i>	<i>\$ 200,299,494</i>	<i>\$ 200,570,237</i>	<i>\$ 210,881,877</i>	<i>\$ 194,668,575</i>	<i>\$ 202,980,215</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Capital Improvements	544,070,331	590,469,257	490,469,257	1,023,585,507	1,024,178,807
Reportable Expenditures	\$ 744,369,825	\$ 791,039,494	\$ 701,351,134	\$ 1,218,254,082	\$ 1,227,159,022
Non-Reportable Exp.	851,790,415	487,039,788	599,130,421	173,247,429	181,310,074
TOTAL	\$ 1,596,160,240	\$ 1,278,079,282	\$ 1,300,481,555	\$ 1,391,501,511	\$ 1,408,469,096
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	744,369,825	791,039,494	701,351,134	1,218,254,082	1,227,159,022
Reportable Expenditures	\$ 744,369,825	\$ 791,039,494	\$ 701,351,134	\$ 1,218,254,082	\$ 1,227,159,022
Non-Reportable Exp.	851,790,415	487,039,788	599,130,421	173,247,429	181,310,074
TOTAL	\$ 1,596,160,240	\$ 1,278,079,282	\$ 1,300,481,555	\$ 1,391,501,511	\$ 1,408,469,096
FTE Positions	660.5	554.0	554.0	554.0	554.0
Non-FTE Uncl. Perm. Pos.	153.0	190.0	190.0	190.0	190.0
TOTAL	813.5	744.0	744.0	744.0	744.0

The **Governor** recommends FY 2016 operating expenditures totaling \$1.3 billion, all from special revenue funds, for the Construction program. This is an increase of \$22.4 million, or 1.8 percent, above the agency's revised FY 2016 estimate. The difference from the agency's revised FY 2016 estimate is due to the following recommended adjustments: A) An increase of \$112.1 million to off-budget bond debt service expenditures; B) An increase of \$10.3 million in debt service interest payments related to the \$100.0 million in additional bonding in December 2015; and C) A decrease of \$100.0 million, all from the State Highway Fund, to adjust expenditures for the additional amount issued in bonds.

The **agency's** FY 2017 revised estimate includes expenditures of \$1.39 billion, all from special revenue funds, for the Construction program. This is an all funds increase of \$100.7

million, or 7.8 percent, above the FY 2017 approved amount. This increase primarily occurs within capital improvements (\$100.2 million).

- **Salaries and Wages.** The agency's FY 2017 revised estimate includes expenditures of \$49.2 million, all from special revenue funds, to fund 554.0 FTE and 190.0 non-FTE positions for FY 2017. The revised estimate is an all funds increase of \$161,396, or 0.3 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: unclassified temporary pay (\$4.3 million), unclassified regular (\$223,736), OASDI (\$208,426), group health and hospitalization (\$121,717), and unclassified overtime pay (\$120,760). These increases are offset by primary decreases from the FY 2017 approved amount which include: classified regular (\$4.1 million), classified overtime pay (\$430,261), medicare (\$180,816), and classified longevity pay (\$94,182);
- **Contractual Services.** The agency's FY 2017 revised estimate includes expenditures of \$58.3 million, all from special revenue funds, for FY 2017. The revised estimate is a decrease of \$2.1 million, or 3.5 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: architects and engineers (\$6.8 million), and repair and service other (\$43,650). These decreases are offset by primary increases from the FY 2017 approved amount which include: information systems consulting (\$3.8 million), other professional fees (\$758,764), intergovernmental local communication service operations DISC (\$116,570), and staffing and recruiting services (\$75,000);
- **Commodities.** The agency's FY 2017 revised estimate includes expenditures of \$1.5 million, all from special revenue funds, for FY 2017. The revised estimate is an increase of \$42,795, or 2.9 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: gasoline (\$31,174), other equipment materials and parts (\$5,414), and buildings and grounds materials (\$5,000). These increases are offset by primary decreases from the FY 2017 approved amount which include: household supplies (\$1,985), and tires (\$1,000);
- **Capital Outlay.** The agency's FY 2017 revised estimate includes expenditures of \$1.5 million, all from special revenue funds, for FY 2017. The revised estimate is an decrease of \$89,705, or 5.7 percent, below the FY 2017 approved amount. Primary decreases from the FY 2017 approved amount include: professional and scientific equipment (\$67,470), and microcomputer equipment non-capital (\$34,200). These decreases are offset by primary increases from the FY 2017 approved amount which include: software non-capital (\$11,900), and professional and scientific equipment non-capital (\$5,915);
- **Capital Improvements.** The agency's FY 2017 revised estimate includes expenditures of \$1.0 billion, all from special revenue funds, for FY 2017. This request is an increase of \$100.2 million, or 10.9 percent, above the FY 2017 approved amount. Primary increases from the FY 2017 approved amount include: highway bridge construction contracts (\$96.8 million), buildings (\$1.4 million), land and interest in land (\$1.3 million), and highway bridge utility adjustments (\$758,470). This increase is primarily related to the best estimate for current and expected future project lettings; and

- **Non-reportable expenditures.** The agency's FY 2017 revised estimate includes expenditures of \$173.2 million, all from special revenue funds, for interfund transfers (\$172.2 million), and traffic control expenditures for the Highway Patrol (\$1.0 million) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures totaling \$1.4 billion, all from special revenue funds, for the Construction program. This is an increase of \$17.0 million, or 1.2 percent, above the agency's revised FY 2017 estimate. The difference from the agency's revised FY 2017 estimate is due to the following recommended adjustments: A) An increase of \$8.1 million to off-budget bond debt service expenditures; B) An increase of \$8.3 million in debt service interest payments related to the \$100.0 million in additional bonding in December 2015; and C) An increase of \$593,300, all from the State Highway Fund, due to the Governor recommending the agency's FY 2017 supplemental request to relocate the Concordia Subarea, as well as incorporate the most recent cost estimates to allow for co-location of Highway Patrol and other site expenditures for FY 2017.

E. Debt Service

This section details principal, interest, and administrative costs related to bond debt for the Kansas Department of Transportation. These expenditures are included as part of the Construction program, the following table is provided as a breakout for additional detail on debt service expenditures. As of December 2015, bond issuance for T-WORKS totals \$1.2 billion.

- The agency originally submitted budget planned on issuing an additional \$300.0 million for the T-WORKS Program in FY 2016. As of December 2015 the agency issued \$400.0 million.

Note: 2015 House Sub. for SB 112 included language suspending restrictions capping bond debt service expenditures to 18.0 percent of projected state highway fund revenues for both FY 2016 and FY 2017. (As of November 2015, with inclusion of the \$400.0 million bonded, this places the agency at 20.3 percent debt service to projected revenues.)

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Debt Service Interest	\$ 74,142,562	\$ 76,428,069	\$ 86,739,709	\$ 84,145,605	\$ 92,457,245
Debt Service Principal	113,405,000	102,670,000	102,670,000	107,310,000	107,310,000
Administrative Costs	2,652,955	1,132,583	1,132,583	658,158	658,158
TOTAL	\$ 190,200,517	\$ 180,230,652	\$ 190,542,292	\$ 192,113,763	\$ 200,425,403
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	190,200,517	180,230,652	190,542,292	192,113,763	200,425,403
TOTAL	\$ 190,200,517	\$ 180,230,652	\$ 190,542,292	\$ 192,113,763	\$ 200,425,403

The **agency** requests debt service expenditures totaling \$180.2 million, all from special revenue funds, in FY 2016.

The **Governor's** recommendation includes debt service expenditures totaling \$190.5 million, all from special revenue funds, in FY 2016. This increase is reflective of the agency's FY 2016 bond issuance of \$400.0 million. The agency states that in review of cash flow needs and favorable market rates, this amount was determined upon. The Governor's recommendation includes increased expenditures in order to provide for additional debt service expenditures related to the issuance.

The **agency** requests debt service expenditures totaling \$192.1 million, all from special revenue funds, for FY 2017.

The **Governor's** recommendation includes debt service expenditures totaling \$200.4 million, all from special revenue funds, for FY 2017. This increase is reflective of additional debt service interest expenditures related to the agency's FY 2016 bond issuance of \$400.0 million.

CAPITAL IMPROVEMENTS

This section further details capital improvements buildings projects for the Kansas Department of Transportation. These expenditures are included as part of the Construction program, the following table is provided as a breakout with additional detail on buildings projects expenditures included within the agency's budget.

CAPITAL IMPROVEMENTS - BUILDINGS PROJECTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 2,846,023	\$ 2,846,023	\$ 2,911,647	\$ 2,911,647
Re-roof Buildings - Various Locations	796,464	796,464	532,570	532,570
Subarea Modernization	2,539,413	2,539,413	2,290,522	2,290,522
Relocate Subarea - Concordia	0	0	1,392,900	1,986,200
Purchase Land - Various Locations	5,696	5,696	0	0
TOTAL	\$ 6,187,596	\$ 6,187,596	\$ 7,127,639	\$ 7,720,939
Financing:				
State Highway Fund	\$ 6,187,596	\$ 6,187,596	\$ 7,127,639	\$ 7,720,939
All Other Funds	0	0	0	0
TOTAL	\$ 6,187,596	\$ 6,187,596	\$ 7,127,639	\$ 7,720,939

FY 2016 – Current Year. The agency's FY 2016 revised estimate includes buildings expenditures totaling \$6.2 million, all from the State Highway Fund. This is an increase of \$563,619, or 10.0 percent, above the FY 2016 approved amount. The request includes \$3.3 million for projects and \$2.8 million for rehabilitation and repair. The agency's FY 2016 revised estimate includes estimated re-roofing expenditures for eleven locations, subarea bay modernizations for three locations, and land purchases totaling \$5,696, all from the State Highway Fund.

The **Governor** concurs with the agency's revised FY 2016 estimate for buildings expenditures.

FY 2017 – Budget Year. The agency's FY 2017 revised estimate includes buildings expenditures totaling \$7.1 million, all from the State Highway Fund. This is an increase of \$1.4 million, or 24.3 percent, above the FY 2017 approved amount. The request includes \$4.2 million for projects and \$2.9 million for rehabilitation and repair. The agency's FY 2017 request includes estimated re-roofing expenditures for seven locations, subarea bay modernizations for three locations, and the relocation of the Concordia Subarea, all from the State Highway Fund. The reason for the increase from the 2017 approved amount is attributable to the agency's supplemental request for additional expenditures to relocate the Concordia Subarea.

The agency requests \$1.4 million, all from the State Highway Fund, to relocate the Subarea in Concordia, for FY 2017. The agency states that it has already purchased the land (20 acres in June 2009) for the new facility, and that expenditures would be for construction of the following: a building to house the Concordia subarea crew and the area crew, equipment storage, a wash bay building, a chemical storage dome, and a salt/sand bunker. The agency notes that the existing building was built in the 1940's, the land is limited in expansion by surrounding commercial development and being split by 17th Street right-of-way, and that the purchase of adjacent property is financially unreasonable.

The **Governor** recommends FY 2017 buildings expenditures of \$7.7 million, all from the State Highway Fund, which is an increase of \$593,300, or 8.3 percent, above the agency's revised FY 2017 estimate. The increase provides for the most recent revised estimates for the relocation efforts which will involve the co-location of Kansas Highway Patrol trooper operations which increases the costs of the relocated facility (which is located north of Concordia along Union Road, and approximately ½ mile east of US-81).

F. State Funding Sources

The Kansas Department of Transportation receives revenue into the State Highway Fund from a number of sources. Three notable state sources of funding include: motor fuels taxes, the sales tax direct deposit, and vehicle registration fees. A history of revenue generated from these three sources from FY 2000 to FY 2017 revised estimate are included in the following table.

Motor Fuels Taxes. Motor fuels taxes are generated on a number of fuel types including: Gasoline and Gasohol, Diesel, E-85, Liquefied Petroleum, and other special fuels. The current fuel tax on gasoline is 24.0 cents per gallon, and the current tax on diesel is 26.0 cents per gallon.

Sales and Compensating Use Tax Direct Deposit. With the passage of 2015 House Sub. for Senate Bill 270 the sales and compensating use tax, as of July 1, 2015, was increased from 6.15 percent to 6.50 percent. The State Highway Fund is set to receive a direct deposit of 16.226 percent of this tax in FY 2016, and 16.154 for FY 2017.

Vehicle Registration and Licensing Fees. The State Highway Fund receives revenues from vehicle registration and licensing fees on commercial class vehicles and commercial endorsements. These include the following:

- Type A—truck/tractor, trailer/semitrailer, and truck and trailer/semitrailer combinations over 26,000 pounds;
- Type B—trucks that weigh more than 26,000 pounds;
- Type C—trucks weighing 26,000 pounds or less, farm trucks, cars, and passenger vehicles; and
- Type M—for motorcycle licenses.

As part of the enhanced revenues for the T-WORKS program, Heavy Truck Registration increase \$100 in FY 2013, and is estimated to generate \$132.0 million over the life of the program.

STATE FUNDING SOURCES FY 2000-FY 2017 ESTIMATE (THOUSANDS)						
Fiscal Year	Motor Fuels Tax	Sales Tax Transfer Received	Revised Sales Tax Direct Deposit*	Vehicle Registration Fees	Totals	
2000 Actual	\$ 356,069	\$ 62,240	\$ 88,598	\$ 134,289	\$	641,196
2001 Actual	356,399	51,709	89,241	132,439		629,788
2002 Actual	371,201	94,288	91,611	132,969		690,069
2003 Actual	408,119	0	89,369	146,306		643,794
2004 Actual	420,353	0	90,137	149,369		659,859
2005 Actual	422,760	0	93,353	154,108		670,221
2006 Actual	424,666	0	98,914	155,834		679,414
2007 Actual	430,547	0	158,393	163,047		751,987
2008 Actual	427,808	0	273,293	162,100		863,201
2009 Actual	417,771	0	268,740	162,655		849,166
CTP TOTAL	\$ 4,035,693	\$ 208,237	\$ 1,341,649	\$ 1,493,116	\$	7,078,695
2010 Actual	\$ 421,071	\$ 0	\$ 259,445	\$ 166,178	\$	846,694
2011 Actual	432,730	0	292,641	167,386		892,757
2012 Actual	431,549	0	312,358	166,316		910,223
2013 Actual	411,852	0	319,382	186,962		918,196
2014 Actual	433,806	0	485,458	201,051		1,120,315
2015 Actual	436,058	0	511,724	208,935		1,156,717
2016 Estimate*	437,833	0	518,115	206,000		1,161,948
2017 Estimate*	439,133	0	534,639	206,000		1,179,772

*Note: 2016 and 2017 estimates are the most recent projections provided by the November 2015 consensus revenue estimating group.

The **2015 Legislature** increased the sales tax to 6.50 percent, effective July 1, 2015. This change in sales tax also led to a recalculation of the amount that the State Highway Fund receives from 17.073 percent to 16.226 in FY 2016, and 16.154 for FY 2017, in order to keep them whole.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Administration and Transportation Planning:				
Percent of bridges on the state highway system with bridge health index of 88 or above	88.0%	86.0%	86.0%	86.0%
Percent of roadway miles on the state highway system with desirable levels of service during peak hours of travel	95.0%	95.0%	95.0%	95.0%
Percent of non-Interstate miles on the state highway system that are classified as "good" or "acceptable"	85.0%	89.0%	86.0%	83.0%
Number of modernization miles programmed	63	9	14	112
Number of preservation miles programmed	2,359	1,474	517	1,379
Number of preservation bridges programmed	150	100	77	39
Number of public-use airports improved	25	28	22	25
Local Support:				
Number of programmed local road and street projects contracted in the programmed year	N/A	168	190	190
Annual ridership for rural public transportation operations	2,976,207	3,026,841	3,094,597	3,139,468
Average number of days to complete a road safety audit	450	450	450	450
Injuries per hundred million vehicle miles	51	50	48	47
Number of accidents related to alcohol	2,500	2,300	2,275	2,250
Maintenance:				
Percent of lane miles of connecting links maintained	71.0%	71.0%	71.0%	71.0%
Percent of shoulder miles on the state highway system that are repaired	32.0%	35.0%	35.0%	35.0%
Lane miles of state highway system repaired	1,500	1,339	1,400	1,400
Construction:				
Number of project miles designed	182	135	142	112
Number of bridge projects designed	40	33	31	25
Number of preservation projects	276	249	112	188
Number of preservation miles resurfaced	2,350	1,474	517	1,379
Number of bridges repaired and repainted	95	51	25	17