

BUDGET ANALYSIS

FISCAL YEAR 2018

Submitted to the 2017 Kansas Legislature



Volume III

*Education
Human Services*

Kansas Legislative Research Department
January 2017

BUDGET ANALYSIS

Fiscal Year 2019

Volume III

*Education
Human Services*

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FOREWORD

The *Fiscal Year 2018 Budget Analysis* is provided to assist the Legislature in the review of agency budget requests and the Governor's budget recommendations for Fiscal Years 2017 and 2018.

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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 2018 Governor's Budget Report and agencies in Agriculture and Natural Resources, Public Safety, and Transportation.

Volume II of this publication contains agencies in General Government.

Volume III of this publication contains agencies in Education and Human Services.

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2018

Abstracters' Board of Examiners **NEIKIRK, KATELIN** (785) 296-4181
Adjutant General's Department **KLAASSEN, AARON** (785) 296-4396
Attorney General **WU, STEVEN** (785) 296-4447

Behavioral Sciences Regulatory Board **DECKARD, AMY** (785) 296-4429
Board of Accountancy **PATEL, AMIT** (785) 296-3183
Board of Barbering **PATEL, AMIT** (785) 296-3183
Board of Cosmetology **PATEL, AMIT** (785) 296-3183
Board of Examiners in Optometry **HESS, JOHN** (785) 296-7882
Board of Indigents' Defense Services **WU, STEVEN** (785) 296-4447
Board of Mortuary Arts **PATEL, AMIT** (785) 296-3183
Board of Nursing **FYE, DAVID** (785) 296-4405
Board of Pharmacy **HESS, JOHN** (785) 296-7882
Board of Regents **MORROW, SHIRLEY** (785) 296-3542
Board of Technical Professions **NEIKIRK, KATELIN** (785) 296-4181
Board of Veterinary Examiners **SKOGLUND, MARK** (785) 296-4407

Citizens' Utility Ratepayer Board **SKOGLUND, MARK** (785) 296-4407

Department for Children and Families **DECKARD, AMY** (785) 296-4429
Department of Administration **DEAR, DYLAN** (785) 296-0665
Department of Agriculture **SKOGLUND, MARK** (785) 296-4407
Department of Corrections **SAVOY, MARK** (785) 296-4443
Department of Credit Unions **MARIANI, BOBBI** (785) 296-3184
Department of Education **WENGER, SHARON** (785) 296-4439
Department of Wildlife, Parks and Tourism **SKOGLUND, MARK** (785) 296-4407

Emergency Medical Services Board **KLAASSEN, AARON** (785) 296-4396
Emporia State University **MORROW, SHIRLEY** (785) 296-3542
Fort Hays State University **MORROW, SHIRLEY** (785) 296-3542
Governmental Ethics Commission **NEIKIRK, KATELIN** (785) 296-4181
Health Care Stabilization Fund Board of Governors **OUELLETTE, JENNIFER** (785) 296-6684
Judicial Branch **WU, STEVEN** (785) 296-4447

Judicial Council **WU, STEVEN** (785) 296-4447

Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments **OUELLETTE, JENNIFER** (785) 296-6684
Kansas Bureau of Investigation **WU, STEVEN** (785) 296-4447
Kansas Commission on Peace Officers' Standards and Training **KLAASSEN, AARON** (785) 296-4396
Kansas Commission on Veterans' Affairs Office **FYE, DAVID** (785) 296-4405
Kansas Corporation Commission **SKOGLUND, MARK** (785) 296-4407
Kansas Dental Board **OUELLETTE, JENNIFER** (785) 296-6684
Kansas Department for Aging and Disability Services **FYE, DAVID** (785) 296-4405
Kansas Department of Commerce **MARIANI, BOBBI** (785) 296-3184
Kansas Department of Health and Environment **OUELLETTE, JENNIFER** (785) 296-6684
Kansas Department of Labor **PATEL, AMIT** (785) 296-3183
Kansas Department of Revenue **DAPP, MARK** (785) 296-4409
Kansas Department of Transportation **KLAASSEN, AARON** (785) 296-4396
Kansas Guardianship Program **HESS, JOHN** (785) 296-7882
Kansas Highway Patrol **KLAASSEN, AARON** (785) 296-4396
Kansas Human Rights Commission **PATEL, AMIT** (785) 296-3183
Kansas Insurance Department **PATEL, AMIT** (785) 296-3183
Kansas Lottery **DAPP, MARK** (785) 296-4409
Kansas Neurological Institute **FYE, DAVID** (785) 296-4405
Kansas Public Employees Retirement System **DAPP, MARK** (785) 296-4409
Kansas Racing and Gaming Commission **DAPP, MARK** (785) 296-4409
Kansas Sentencing Commission **SAVOY, MARK** (785) 296-4443
Kansas State Board of Healing Arts **HESS, JOHN** (785) 296-7882
Kansas State Fair **SKOGLUND, MARK** (785) 296-4407
Kansas State School for the Blind **WENGER, SHARON** (785) 296-4439
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

Larned State Hospital **FYE, DAVID** (785) 296-4405
Legislative Coordinating Council **SCOTT, J.G.** (785) 296-4397
Legislative Division of Post Audit **SCOTT, J.G.** (785) 296-4397
Legislative Research Department **SCOTT, J.G.** (785) 296-4397
Legislature **SCOTT, J.G.** (785) 296-4397

Office of Administrative Hearings **PATEL, AMIT** (785) 296-3183
Office of Information and Technology Services **DEAR, DYLAN** (785) 296-0665
Office of the Governor **DAPP, MARK** (785) 296-4409
Office of the Revisor of Statutes **SCOTT, J.G.** (785) 296-4397
Office of the Securities Commissioner **MARIANI, BOBBI** (785) 296-3184
Office of the State Bank Commissioner **MARIANI, BOBBI** (785) 296-3184
Office of the State Treasurer **DEAR, DYLAN** (785) 296-0665
Osawatomie State Hospital **FYE, DAVID** (785) 296-4405

Parsons State Hospital and Training Center **FYE, DAVID** (785) 296-4405
Pittsburg State University **MORROW, SHIRLEY** (785) 296-3542
Pooled Money Investment Board **DEAR, DYLAN** (785) 296-0665
Postsecondary Education Systemwide **MORROW, SHIRLEY** (785) 296-3542

Real Estate Appraisal Board **NEIKIRK, KATELIN** (785) 296-4181
Real Estate Commission **NEIKIRK, KATELIN** (785) 296-4181

Secretary of State **MARIANI, BOBBI** (785) 296-3184
State Board of Tax Appeals **DAPP, MARK** (785) 296-4409
State Fire Marshal **KLAASSEN, AARON** (785) 296-4396
State Historical Society **WENGER, SHARON** (785) 296-4439
State Library **WENGER, SHARON** (785) 296-4439

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

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

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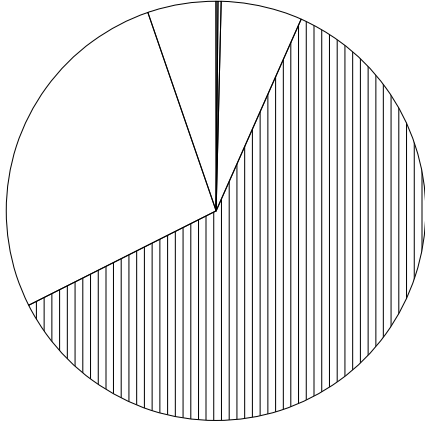
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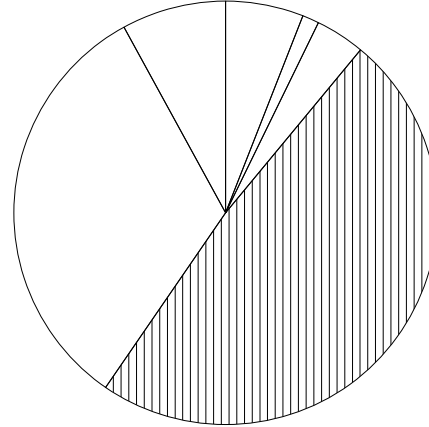
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EDUCATION

State General Fund



All Funds



Education is the function that 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 2018 recommendation for the Education function totals \$7.44 billion from all funding sources, including \$3.82 billion from the State General Fund.

The Governor’s FY 2019 recommendation for the Education function totals \$7.41 billion from all funding sources, including \$3.75 billion from the State General Fund.

Agencies in this Function:

<i>Department of Education</i>	1767
<i>Kansas State School for the Blind</i>	1803
<i>Kansas State School for the Deaf</i>	1831
<i>Postsecondary Education Systemwide</i>	1858
<i>Board of Regents</i>	1900
<i>Emporia State University</i>	1944
<i>Fort Hays State University</i>	1971
<i>Kansas State University</i>	1997
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The FY 2018 recommendation represents a State General Fund decrease of \$44.5 million, or 1.2 percent, below FY 2017. Expenditures from all funds decrease by \$92.5 million, or 1.2 percent, below FY 2017.

The FY 2019 recommendation represents a State General Fund decrease of \$66.9 million, or 1.8 percent, below FY 2018. Expenditures from all funds decrease by \$29.9 million, or 0.4 percent, below FY 2018.

A total of 19,366.9 FTE positions are recommended by the Governor for the Education function in FY 2018, the same as FY 2017. Of all state FTE positions, 52.2 percent are in this function.

A total of 19,366.9 FTE positions are recommended by the Governor for the Education function in FY 2018, the same as FY 2018. Of all state FTE positions, 52.2 percent are in this function.

Agencies in this function comprise 61.0 percent of the total State General Fund budget in FY 2018, down from 61.8 percent in FY 2017. They comprise 48.6 percent of expenditures from all funding sources in FY 2018, a decrease of 1.2 percent from FY 2017.

Agencies in this function comprise 60.9 percent of the total State General Fund budget in FY 2019, down from 61.0 percent in FY 2018. They comprise 46.8 percent of expenditures from all funding sources in FY 2019, a decrease of 1.8 percent from FY 2018.

DEPARTMENT OF EDUCATION

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 3,009,361,008	\$ 3,244,297,328	\$ 3,078,841,094	\$ 3,845,745,002	\$ 3,041,918,633	\$ 4,239,127,218	\$ 2,970,704,480
Other Funds	<u>1,440,176,657</u>	<u>1,523,562,280</u>	<u>1,517,099,040</u>	<u>1,592,209,741</u>	<u>1,546,317,268</u>	<u>1,632,475,688</u>	<u>1,588,871,878</u>
TOTAL	\$ 4,449,537,665	\$ 4,767,859,608	\$ 4,595,940,134	\$ 5,437,954,743	\$ 4,588,235,901	\$ 5,871,602,906	\$ 4,559,576,358
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	<u>\$ 4,449,537,665</u>	<u>\$ 4,767,859,608</u>	<u>\$ 4,595,940,134</u>	<u>\$ 5,437,954,743</u>	<u>\$ 4,588,235,901</u>	<u>\$ 5,871,602,906</u>	<u>\$ 4,559,576,358</u>

Percentage Change:

Operating Expenditures							
State General Fund	10.1 %	7.8 %	2.3 %	18.5 %	0.0 %	10.2 %	0.0 %
All Funds	35.0	7.2	3.3	14.1	(0.2)	8.0	(0.6)
FTE Positions	148.9	243.9	242.9	243.9	242.9	243.9	242.9
Non-FTE							
Perm.Uncl.Pos.	<u>97.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
TOTAL	<u>246.4</u>	<u>248.4</u>	<u>247.4</u>	<u>248.4</u>	<u>247.4</u>	<u>248.4</u>	<u>247.4</u>

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 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

In response to a ruling by the Kansas Supreme Court, the **2014 Legislature** appropriated an additional \$109.3 million for Supplemental General State Aid (local option budget, or LOB, equalization aid) from the State General Fund 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 of 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 LOB of at least 25.0 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;
- Non-proficient at-risk weighting was eliminated;
- Virtual weighting was eliminated from the LOB calculation; and

- At-risk weighting was eliminated for part-time students (grades 1 through 12) and students older than 19 years of age (excluding students with Individualized Education Programs (IEPs)).

Because the primary issues in the *Gannon* litigation are constitutional equity and adequacy of K-12 public education funding, the **2015 Session** resulted in the repeal of the School District Finance and Quality Performance Act (SDFQPA), which was passed in 1992. In its place, the Legislature created the Classroom Learning Assuring Student Success Act, or CLASS Act, in House Sub. for SB 7. 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. The CLASS Act also changed the formulas for LOB state aid and capital outlay state aid and provided funding for the new formulas.

The CLASS Act (the Act) is effective from July 1, 2015, through June 30, 2017, and makes appropriations for K-12 education for FY 2015, FY 2016, and FY 2017.

Because the block grant froze state aid at the 2014-2015 amount, the Extraordinary Need Fund (ENF) was to be used for the following:

- 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.

Districts could apply to the State Finance Council for payments from the ENF.

During the **2016 Session**, a three-judge panel in Shawnee County (on remand from the Kansas Supreme Court) found the the CLASS Act to be unconstitutional.

In *Gannon II*, issued in February 2016, the Kansas Supreme Court affirmed 2015 SB 7 failed to cure inequities in the school finance system, continued the stay of the panel's order, and ordered the State to satisfactorily demonstrate the Legislature has complied with the equity standard by June 30, 2016.

The **2016 Legislature** passed HB 2655 in response. *Gannon III*, issued in May 2016, found that although HB 2655 did remedy constitutional infirmities related to capital outlay state aid, the LOB state aid funding mechanism was unconstitutional, and use of any "hold harmless" funds and the Extraordinary Need Fund was insufficient to mitigate LOB inequities. The Court found Kansas schools could not operate without a valid school finance system. The Court continued its earlier stay until June 30, 2016, to minimize the threat of disruptions in education funding.

The **2016 Legislature** reinstated the formula for capital outlay state aid in effect prior to SB 7. Later, 2016 Special Session Sub. for HB 2001 reinstated the previous LOB state aid formula. Both LOB state aid and capital outlay state aid were then fully funded by the Legislature. Regarding the Extraordinary Need Fund, administration of the Fund was given to the State Board of Education. HB 2001 set a \$13.0 million expenditure limit on the ENF and prohibited expenditures in FY 2017 until the sale of the Kansas Bioscience Authority (KBA) is complete. The ENF expenditure limitation will be reduced if the sale of the KBA yields less than \$38.0 million.

On June 28, 2016, the Court found HB 2001 brought the Legislature into compliance with its requirements and retained jurisdiction over the issue. The Kansas Supreme Court heard oral arguments on adequacy in September 2016.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a FY 2017 revised budget of \$4.8 billion, including \$3.2 billion from the State General Fund. The

all funds increase from FY 2016 is \$318.3 while the State General Fund increase is \$234.9 million.

The major areas of increase include:

- General state aid in FY 2016 included delaying a payment of \$75.0 million to school districts to be paid in FY 2017 and is included in the agency's FY 2017 revised request;
- Payments to KPERS for FY 2016 obligations for both the school employees and the non-school district employees' share of the employer contribution was lapsed for the fourth quarter in an amount totaling \$90.6 million, thus lowering FY 2016 actual expenditures (a payback of these funds to KPERS is slated for FY 2018, but this payback will not be shown in this agency's budget);
- The 2016 Legislature increased supplemental general state aid and capital outlay state aid by \$76.0 million over the FY 2016 actual amounts;

- The School District Finance Fund, comprised primarily of the 20 mill statewide levy, includes an estimated increase of \$21.0 million;
- The School District Capital Improvement Fund (bond and interest state aid) includes an estimated increase of \$17.7 million above the FY 2016 actual amount; and
- Funding from the Mineral Production Fund to school districts, scheduled to begin in FY 2017, added \$11.5 million to the FY 2017 budget request.

A large change in full-time equivalent (FTE) positions occurred between FY 2016 and 2017 from 148.9 to 243.9. According to the agency, this change occurred due to directives received from the Department of Administration requiring the agency to change formerly non-FTE unclassified permanent positions to FTE positions.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 expenditures of \$4.6 billion, including \$3.1 billion from the State General Fund. The recommendation is an all funds decrease of \$172.0 million, or 3.6 percent, and a State General Fund decrease of \$165.0 million, or 5.1 percent, below the agency's revised FY 2017 estimate. These decreases result as a net total of the following changes:

- Adjustments resulting from revised consensus revenue estimates:

- Added \$7.9 million for capital improvement state aid;
- Added \$6.9 million for KPERS school employer contributions and non-school district (community and technical colleges) employer contributions;
- Added \$3.6 million for LOB state aid; and
- Reduced General State Aid by \$11.6 million; and

- Adjustments resulting from the Governor's recommendations:
 - Reduced \$75.0 million by permanently delaying General State Aid to the following year;
 - Reduced \$13.0 million from Extraordinary Needs State Aid (sale of the Kansas Bioscience Authority did not yield funding necessary to provide for this state aid);
 - Reduced \$84.3 million due to KPERS policy changes
 - Reduced 20 mill statewide levy estimate by \$4.8 million;
 - Reduced Mineral Production Education Fund estimate by \$5.9 million; and
 - Increased School District Finance Fund (special weightings) by 4.3 million.

FY 2018 Agency Request

The **agency** requests \$5.4 billion in all funds, including \$3.8 billion from the State General Fund. The all funds budget request for FY 2018 exceeds the FY 2017 request by \$670.1

million, primarily due to \$601.4 million of State General Fund enhancement requests, which are primarily block grant increases.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 expenditures of \$4.6 billion, including \$3.0 billion from the State General Fund. The recommendation is an all funds decrease of \$850.0 million, or 15.6 percent, and a State General Fund decrease of \$804.0 million, or 20.9 percent, below the agency's FY 2018 request. The major differences in the agency's request and the Governor's recommendation results from the lack of a recommendation for funding of the agency's enhancement requests totaling \$641.0 million in all funds and \$600.5 million from the State General Fund, except for a recommendation to approve \$14.5 million from the State General Fund for capital improvement state aid. Additional differences result from the following changes:

- Adjustments resulting from revised consensus revenue estimates:
 - Block Grant–General State Aid expenditures would be reduced by \$11.6 million, while increasing Capital Outlay State Aid expenditures by \$7.9 million and Supplemental General State Aid expenditures by \$3.6 million, all from the State General Fund;
 - KPERS–School employer contributions are anticipated to increase by \$7.8 million in FY 2018, including \$5.9 million for USDs and \$1.9 million for non-USDs;

- Block grant expenditures related to the 20 mill statewide property tax levy for education are expected to be reduced by \$8.8 million, resulting from less than expected property values for the current year;
- Block Grant expenditures from the Mineral Production Education Fund were reduced by \$2.9 million, resulting from reduced Severance Tax revenues; and
- School District Finance Fund expenditure estimates were increased by \$4.3 million to reflect revised estimates based on school district budgets; and
- Adjustments resulting from the Governor's recommended revised consensus revenue estimates:
 - Reduced Extraordinary Needs Fund state aid by \$13.0 million;
 - Reduced General State Aid by \$23.8 million from the State General Fund;
 - Reduced General State Aid by \$47.2 million from the State General Fund in anticipation of efficiency savings from A&M recommendations related to K-12 benefit program consolidation and centralization of K-12 procurement activities;
 - Reduced all funds expenditures totaling \$139.7 million, including \$144.0 million from the State General Fund, for KPERS policy changes and related to KPERS increase expenditures from the Expanded Lottery Act Revenues Fund (ELARF) in the amount of \$4.5 million; and
 - Adjusting all expenditures from the Children's Initiatives Fund (\$16.6 million) and the Kansas Endowment for Youth Fund (\$248,581) making the expenditures from the State General Fund, in combination with the Governor's recommendation for tobacco settlement securitization.

FY 2019 Agency Request

The **agency** requests \$5.9 billion in all funds, including \$4.2 billion from the State General Fund. The budget request for FY 2019 exceeds the FY 2018 request by \$433.6 million in all funds, primarily due to the \$393.4 million in State General Fund

enhancement requests—over and above the State General Fund enhancement requests for FY 2018—primarily in block grant increases.

FY 2019 Governor Recommendation

The Governor recommends an all funds FY 2019 budget of \$4.6 billion, including \$3.0 billion from the State General Fund. This is an all funds decrease of \$1.312 billion, or 22.3 percent,

and a State General Fund decrease of \$1.268 billion, or 30.0 percent, below the agency's revised FY 2019 estimate. The major differences in the agency's request and the Governor's

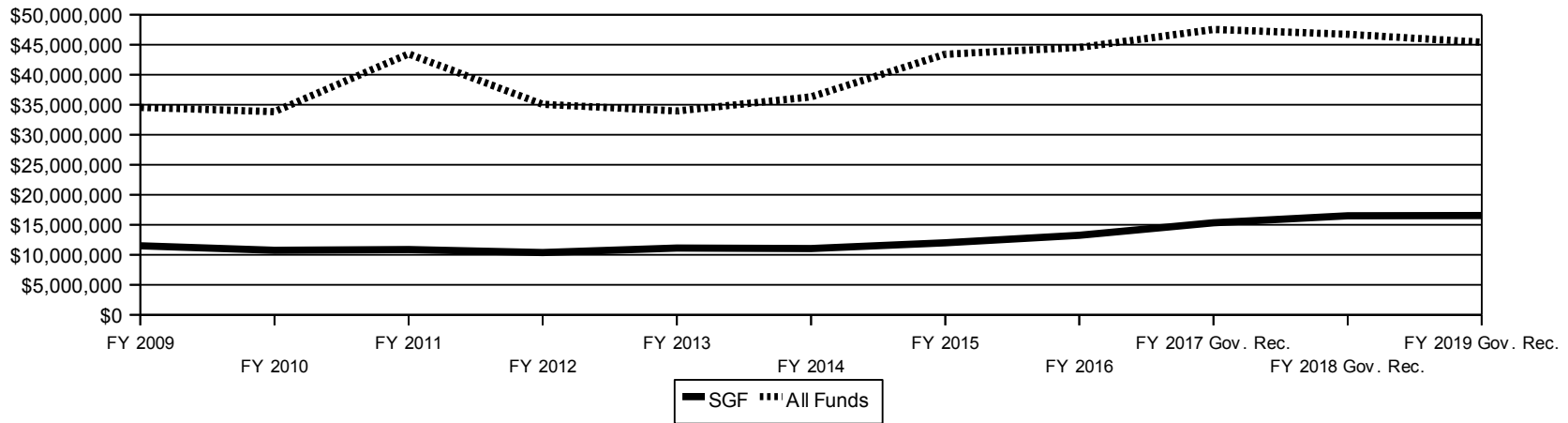
recommendation results from the lack of a recommendation for funding of the agency's enhancement requests totaling \$983.0 million in all funds and \$949.0 million from the State General Fund, except for a recommendation to approve \$8.0 million from the State General Fund for capital improvement state aid.

Additional differences result from the following changes:

- Adjustments resulting from revised consensus revenue estimates:
 - Block Grant–General State Aid expenditures would be reduced by \$11.6 million, while increasing Capital Outlay State Aid expenditures by \$7.9 million and Supplemental General State Aid expenditures by \$3.6 million, all from the State General Fund;
 - KPERS–School employer contributions are anticipated to increase by \$8.7 million in FY 2019, including \$6.6 million for USDs and \$2.2 million for non-USDs;
 - Block grant expenditures related to the 20 mill statewide property tax levy for education are expected to be reduced by \$8.8 million, resulting from less than expected property values for the current year;
 - Block Grant expenditures from the Mineral Production Education Fund were reduced by \$700,000, resulting from reduced Severance Tax revenues; and
- School District Finance Fund expenditure estimates were increased by \$4.3 million to reflect revised estimates based on school district budget; and
- Adjustments resulting from the Governor's recommended revised consensus revenue estimates:
 - Reduced Extraordinary Needs Fund state aid by \$13.0 million;
 - Reduced General State Aid by \$51.0 million from the State General Fund;
 - Reduced General State Aid by \$89.0 million from the State General Fund in anticipation of efficiency savings from A&M recommendations related to K-12 benefit program consolidation and centralization of K-12 procurement activities;
 - Reduced all funds' expenditures totaling \$187.5 million, including \$192.1 million from the State General Fund, for KPERS policy changes and related to KPERS, increase expenditures from the Expanded Lottery Act Revenues Fund (ELARF) in the amount of \$4.7 million; and
 - Adjusted all expenditures from the Children's Initiatives Fund (\$16.6 million) and the Kansas Endowment for Youth Fund (\$248,581) making the expenditures from the State General Fund.

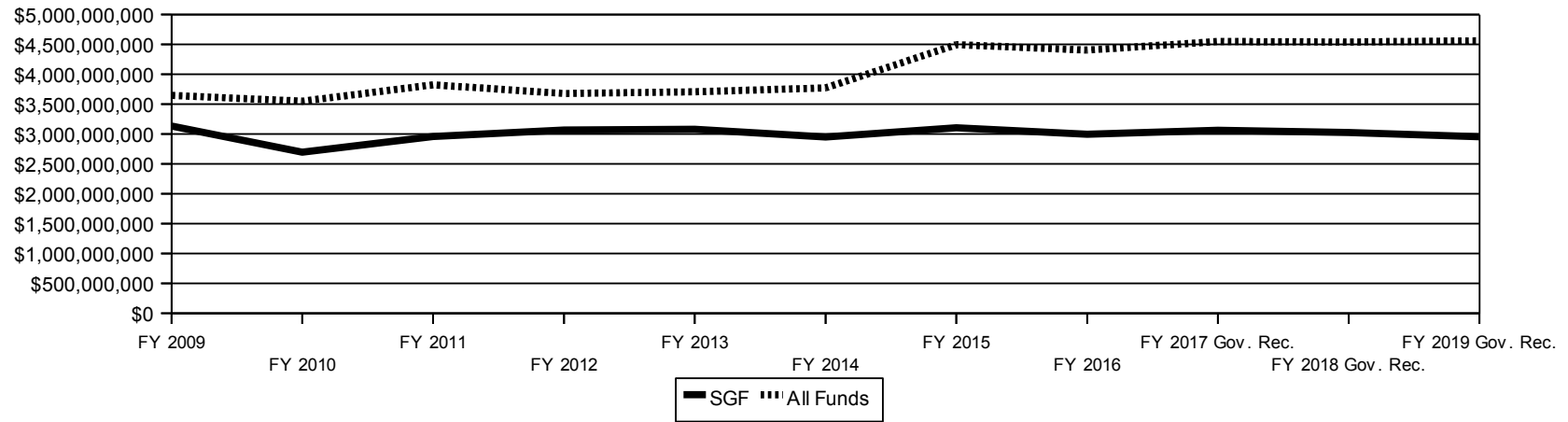
BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	13,220,867	10.1	44,539,694	35.0	148.9
2017 Gov. Rec.	15,328,327	15.9	47,539,067	0.0	242.9
2018 Gov. Rec.	16,468,733	7.4	46,730,097	(1.7)	242.9
2019 Gov. Rec.	16,538,535	0.4	45,411,071	(2.8)	242.9
Eleven-Year Change	\$ 5,028,037	43.7 %	\$ 10,849,788	31.4 %	29.6

**AID AND OTHER ASSISTANCE EXPENDITURES
FY 2009 – FY 2019**



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	2,996,140,141	(3.5)	4,404,997,971	(2.0)	148.9
2017 Gov. Rec.	3,063,512,767	0.0	4,548,401,067	0.0	242.9
2018 Gov. Rec.	3,025,449,900	(1.2)	4,541,505,804	(0.2)	242.9
2019 Gov. Rec.	2,954,165,945	(2.4)	4,559,576,358	0.4	242.9
Eleven-Year Change	\$ (181,688,790)	(5.8)%	\$ 912,328,356	25.0 %	29.6

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 13,760,551	\$ 15,654,835	\$ 15,370,815	\$ (284,020)	(1.8) %	\$ 15,540,377	\$ 15,188,753	\$ (351,624)	(2.3)%
Governance of Ed.	319,427	368,968	374,742	5,774	1.6	368,741	373,902	5,161	1.4
Child Nutrition/Wellness	3,423,596	3,919,174	3,518,450	(400,724)	(10.2)	3,912,789	3,495,133	(417,656)	(10.7)
Standards & Assessment	12,277,383	10,779,976	12,386,376	1,606,400	14.9	10,775,156	10,368,803	(406,353)	(3.8)
Special Ed. Services	12,098,631	11,547,036	12,059,964	512,928	4.4	11,542,460	12,043,266	500,806	4.3
Title Programs	3,528,718	3,184,004	2,919,605	264,399	(8.3)	3,180,957	2,908,467	(272,490)	
Career and Technical Ed.	1,694,089	1,842,092	1,828,793	(13,299)	(0.7)	1,839,470	1,819,228	(20,242)	(1.1)
Financial Aid	4,402,435,270	4,702,600,585	5,347,742,672	645,142,087	13.7	4,530,818,021	4,524,078,318	(6,739,703)	(0.1)
Children's Cabinet	--	17,962,938	41,753,326	23,790,388	132.4	17,962,163	17,960,031	(2,132)	(0.0)
TOTAL	\$ 4,449,537,665	\$ 4,767,859,608	\$ 5,437,954,743	\$ 670,095,135	14.1 %	\$ 4,595,940,134	\$ 4,588,235,901	\$ (7,704,233)	(0.2)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 16,103,945	\$ 18,389,172	\$ 18,095,484	\$ (293,688)	(1.6) %	\$ 18,258,279	\$ 17,835,821	\$ (422,458)	(2.3)%
Contractual Services	27,674,389	28,474,700	30,090,393	1,615,693	5.7	28,470,558	28,086,182	(384,376)	(1.4)
Commodities	579,092	569,265	544,871	(24,394)	(4.3)	569,115	544,718	(24,397)	(4.3)
Capital Outlay	182,268	242,840	263,376	20,536	8.5	241,115	263,376	22,261	9.2
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 44,539,694	\$ 47,675,977	\$ 48,994,124	\$ 1,318,147	2.8 %	\$ 47,539,067	\$ 46,730,097	\$ (808,970)	(1.7)%
Aid to Local Units	4,362,238,717	4,660,089,749	5,304,166,420	644,076,671	13.8	4,488,307,185	4,481,082,793	(7,224,392)	(0.2)
Other Assistance	42,759,254	60,093,882	84,794,199	24,700,317	41.1	60,093,882	60,423,011	329,129	0.5
TOTAL	\$ 4,449,537,665	\$ 4,767,859,608	\$ 5,437,954,743	\$ 670,095,135	14.1 %	\$ 4,595,940,134	\$ 4,588,235,901	\$ (7,704,233)	(0.2)%
Financing:									
State General Fund	\$ 3,009,361,008	\$ 3,244,297,328	\$ 3,845,745,002	\$ 601,447,674	18.5 %	\$ 3,078,841,094	\$ 3,041,918,633	\$ (36,922,461)	(1.2)%
Expanded Lottery Act Rev. Fund	29,574,659	35,430,948	35,430,948	0	0.0	35,430,948	39,883,000	4,452,052	12.6
Children's Initiatives Fund	13,456,947	16,631,299	53,151,712	36,520,413	219.6	16,631,075	-	(16,631,075)	(100.0)
Transportation Fund	107,252,608	107,250,000	108,050,000	800,000	0.7	107,250,000	107,250,000	0	0.0
All Other Funds	1,289,892,443	1,364,250,033	1,395,577,081	31,327,048	2.3	1,357,787,017	1,399,184,268	41,397,251	3.0
TOTAL	\$ 4,449,537,665	\$ 4,767,859,608	\$ 5,437,954,743	\$ 670,095,135	14.1 %	\$ 4,595,940,134	\$ 4,588,235,901	\$ (7,704,233)	(0.2)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 15,370,815	\$ 15,153,688	\$ (217,127)	(1.4) %	\$ 15,188,753	\$ 14,956,376	\$ (232,377)	(1.5)%
Governance of Ed.	374,742	382,765	8,023	2.1	373,902	381,797	7,895	2.1
Child Nutrition/Wellness	3,518,450	3,547,340	28,890	0.8	3,495,133	3,520,483	25,350	0.7
Standards & Assessment	12,386,376	11,182,689	(1,203,687)	(9.7)	10,368,803	9,162,500	(1,206,303)	(11.6)
Special Ed. Services	12,059,964	12,087,491	27,527	0.2	12,043,266	12,068,278	25,012	0.2
Title Programs	2,919,605	2,929,939	10,334	0.4	2,908,467	2,917,098	8,631	0.3
Career and Technical Ed.	1,828,793	1,842,285	13,492	0.7	1,819,228	1,831,294	12,066	0.7
Financial Aid	5,347,742,672	5,782,723,383	434,980,711	8.1	4,524,078,318	4,496,778,932	(27,299,386)	(0.6)
Children's Cabinet	41,753,326	41,753,326	0	0.0	17,960,031	17,959,600	(431)	(0.0)
	<u>\$ 5,437,954,743</u>	<u>\$ 5,871,602,906</u>	<u>\$ 433,648,163</u>	<u>8.0 %</u>	<u>\$ 4,588,235,901</u>	<u>\$ 4,559,576,358</u>	<u>\$ (28,659,543)</u>	<u>(0.6)%</u>
By Major Object of Expenditure:								
Salaries and Wages	\$ 18,095,484	\$ 18,269,292	\$ 173,808	1.0 %	\$ 17,835,821	\$ 17,982,044	\$ 146,223	0.8 %
Contractual Services	30,090,393	28,720,723	(1,369,670)	(4.6)	28,086,182	26,716,490	(1,369,692)	(4.9)
Commodities	544,871	549,048	4,177	0.8	544,718	548,893	4,175	0.8
Capital Outlay	263,376	163,644	(99,732)	(37.9)	263,376	163,644	(99,732)	(37.9)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 48,994,124	\$ 47,702,707	\$ (1,291,417)	(2.6) %	\$ 46,730,097	\$ 45,411,071	\$ (1,319,026)	(2.8)%
Aid to Local Units	5,304,166,420	5,738,956,160	434,789,740	8.2	4,481,082,793	4,453,592,436	(27,490,357)	(0.6)
Other Assistance	84,794,199	84,944,039	149,840	0.2	60,423,011	60,572,851	149,840	0.2
TOTAL	<u>\$ 5,437,954,743</u>	<u>\$ 5,871,602,906</u>	<u>\$ 433,648,163</u>	<u>8.0 %</u>	<u>\$ 4,588,235,901</u>	<u>\$ 4,559,576,358</u>	<u>\$ (28,659,543)</u>	<u>(0.6)%</u>
Financing:								
State General Fund	\$ 3,845,745,002	\$ 4,239,127,218	\$ 393,382,216	10.2 %	\$ 3,041,918,633	\$ 2,970,704,480	\$ (71,214,153)	(2.3)%
Expanded Lottery Act Rev. Fund	35,430,948	35,430,948	0	0.0	39,883,000	40,084,000	201,000	0.5
Children's Initiatives Fund	53,151,712	53,151,712	0	0.0	--	--	0	--
Transportation Fund	108,050,000	108,050,000	0	0.0	107,250,000	107,250,000	0	0.0
All Other Funds	1,395,577,081	1,435,843,028	40,265,947	2.9	1,399,184,268	1,441,537,878	42,353,610	3.0
TOTAL	<u>\$ 5,437,954,743</u>	<u>\$ 5,871,602,906</u>	<u>\$ 433,648,163</u>	<u>8.0 %</u>	<u>\$ 4,588,235,901</u>	<u>\$ 4,559,576,358</u>	<u>\$ (28,659,543)</u>	<u>(0.6)%</u>

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$3,167,719,050 for the Department of Education in FY 2017. One adjustment has been made subsequently 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 \$75,446,203, based on the reappropriation of FY 2016 funding which was not spent in FY 2016 and has shifted to FY 2017

(the major portion of this amount is \$75,000,002, which was a delayed payment of general state aid to school districts in FY 2016).

- This adjustment changes the FY 2017 approved State General Fund to \$3,243,165,253. 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	\$ 3,243,165,253	\$ 3,244,297,328	\$ 1,132,075	\$ 3,078,841,094	\$ (164,324,159)
All Other Funds	1,527,154,317	1,523,562,280	(3,592,037)	1,517,099,040	(10,055,277)
TOTAL	\$ 4,770,319,570	\$ 4,767,859,608	\$ (2,459,962)	\$ 4,595,940,134	\$ (174,379,436)
FTE Positions	148.9	243.9	95.0	242.9	94.0

The **agency** requests a revised FY 2017 budget of \$4.8 billion, including \$3.2 billion from the State General Fund. The agency requests an additional \$1.3 million to fulfill the federal

maintenance of effort requirements for special education as well as \$87,908 for 1.0 FTE position added in relation to the passage of 2016 SB 367 concerning juvenile justice reform. These

amounts are decreased by nearly \$300,000 because reappropriations related to juvenile detention facilities and the teacher excellence awards are not being proposed to be spent by the agency in order to comply with the reduced resource budget reductions, according to the agency.

The all other funds decrease resulted from various revised estimates in federal grant funding. In addition, the Children's Initiatives Fund approved budget decreased from \$34.5 million to \$16.6 million due to reallocation of these funds to other agencies.

According to the agency, due to a directive from the Department of Administration, the agency changed formerly non-FTE unclassified permanent positions to FTE positions.

The **Governor** recommends FY 2017 expenditures of \$4.6 billion, including \$3.1 billion from the State General Fund. The recommendation is an all funds decrease of \$174.4 million and a State General Fund decrease of \$164.3 million below the FY 2017 approved amount. These decreases result as a net total of the following changes:

- Adjustments resulting from revised consensus revenue estimates:

- Added \$7.9 million for capital outlay state aid;
- Added \$6.9 million for KPERS school employer contributions and non-school district (community and technical colleges) employer contributions;
- Added \$3.6 million for LOB state aid; and
- Reduced General State Aid by \$11.6 million; and
- Adjustments resulting from the Governor's recommendations:
 - \$75.0 million to permanently delay General State Aid to the following year;
 - \$13.0 million from Extraordinary Needs State Aid (sale of the Kansas Bioscience Authority did not yield funding necessary to provide for this state aid); and
 - \$84.3 million for KPERS policy changes.

Supplemental Detail

Supplementals	FY 2017 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Juvenile Justice FTE	\$ 87,908	\$ 87,908	1.0	\$ 0	\$ 0	0.0
Special Education Maintenance of Effort	1,341,828	1,341,828	0.0	1,341,828	1,341,828	0.0
TOTAL	\$ 1,429,736	\$ 1,429,736	1.0	\$ 1,341,828	\$ 1,341,828	0.0

The **agency** requests supplemental funding of \$87,908 from the State General Fund to fund 1.0 FTE position to implement requirements of the Department related to 2016 SB 367, which amended statutes related to juvenile justice. This bill contains several provisions impacting the State Board of Education, including working with the Attorney General and the Kansas Law Enforcement Training Center in promulgating rules and regulations creating training for school employees responding to misconduct in schools, and assisting school district staff in developing memorandum of understanding with community stakeholders to protect public safety.

The **Governor** did not recommend funding for the requested full-time equivalent position.

The **agency** requests supplemental funding of \$1.3 million to comply with federal maintenance of effort requirements related to the special education program. The federal maintenance of effort requirement states the State must provide the same level of funding as the previous year in order to receive full federal funding available for special education.

The **Governor** did recommend funding in the amount of \$1,341,828, all from the State General Fund, to maintain the federal maintenance of effort requirement related to the special education program.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,437,954,743	\$ 4,588,235,901	\$ (849,718,842)
FTE Positions	243.9	242.9	(1.0)
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ 601,447,674	\$ (36,922,461)	
All Other Funds	68,647,461	29,218,228	
TOTAL	<u>\$ 670,095,135</u>	<u>\$ (7,704,233)</u>	
<i>Percent Change:</i>			
State General Fund	18.5 %	0.0 %	
All Other Funds	4.5	0.0	
TOTAL	<u>14.1 %</u>	<u>(0.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$5.4 billion from all funds, including \$3.8 billion from the State General Fund, for the FY 2018 budget. Of these totals, \$600.5 million from the State General Fund is requested in enhancements described below. The all funds enhancement requests total \$641.0 million.

Absent the enhancements, the all funds increase is \$29.1 million, including \$922,590 from the State General Fund.

The **Governor** recommends FY 2018 expenditures of \$4.6 billion, including \$3.0 billion from the State General Fund. The recommendation is an all funds decrease of \$850.0 million, or 15.6 percent, and a State General Fund decrease of \$802.0 million, or 20.9 percent, below the agency's FY 2018 request.

The Governor did not recommend funding for any enhancement requests except for the increase of \$14.5 million for capital improvement state aid.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Provide Interim State Assessments	\$ 2,000,000	\$ 2,000,000	0.0	\$ 0	\$ 0	0.0
Implement Juvenile Justice Reform Law (2016 SB 367)	85,422	85,422	1.0	0	0	0.0
Increase Block Grant	519,425,945	519,425,945	0.0	0	0	0.0
Increase KPERs School	33,970,450	33,970,450	0.0	0	0	0.0
Increase in Special Education Aid	31,194,055	31,194,055	0.0	0	0	0.0
Increase in Supplemental General State Aid	3,509,252	3,509,252	0.0	0	0	0.0
Increase in Capital Outlay State Aid	2,000,000	2,000,000	0.0	0	0	0.0
Increase in Professional Development Funding	4,250,000	4,250,000	0.0	0	0	0.0
Increase in Mentor Teacher Program	3,000,000	3,000,000	0.0	0	0	0.0
Increase Juvenile Detention Funding	937,460	937,460	0.0	0	0	0.0
Increase and Change Funding Source for Pre-K Pilot Program	0	900,000	0.0	0	0	0.0
Increase Technical Education Transportation	0	800,000	0.0	0	0	0.0
Increase and Change Funding Source for Parents as Teachers Program	0	460,000	0.0	0	0	0.0
Increase Teaching Excellence Awards	47,500	47,500	0.0	0	0	0.0
Fund Ag in the Classroom	35,000	35,000	0.0	0	0	0.0
Fund Communities in Schools	35,000	35,000	0.0	0	0	0.0
Fund Environmental Education	35,000	35,000	0.0	0	0	0.0
Increase Children's Cabinet Programs Funding	0	23,790,461	0.0	0	0	0.0
Capital Improvement State Aid	0	14,500,000		0	14,500,000	0.0
TOTAL	\$ 600,525,084	\$ 640,975,545	1.0	\$ 0	\$ 14,500,000	0.0

The **State Board of Education** approved a budget submission containing the following enhancements to the FY 2018 budget and in highest to lowest priority order:

State Operations

- State Assessment Program—Interim Assessments: According to the Department,

requested funding would allow the Center for Educational Testing and Evaluation at the University of Kansas to develop interim assessments aligned to current standards, replacing off-the-shelf tests school districts are now using, according to the Department.

- Implement Juvenile Justice Reforms: This request would fund 1.0 FTE position to implement requirements of the Department related to 2016 SB 367, which amended statutes related to juvenile justice. This bill contained several provisions impacting the State Board of Education, including working with the Attorney General and the Kansas Law Enforcement Training Center in promulgating rules and regulations creating training for school employees responding to misconduct in schools and assisting school district staff in developing memorandum of understanding with community stakeholders to protect public safety.

Aid and Other Assistance

- Block Grant: This request would fund the base state aid per pupil amount at \$4,604. (Base state aid per pupil was at \$3,852 when it was held constant for the past two school years as part of the block grant.)
- KPERS School: This request would fully fund the KPERS School employer contribution if the base state aid per pupil increased. This is because the Department assumes a large share of an

increase in base aid would be used to hire additional school district staff.

- Special Education Aid: This request would fund special education at 85.0 percent of excess costs. (State law requires funding at 92.0 percent of excess costs; under the base budget request, excess costs would be funded at 79.3 percent for FY 2018.)
- Supplemental General State Aid: This request would fully fund supplemental general state aid if the base state aid per pupil was increased as requested in the earlier enhancement.
- Capital Outlay State Aid: This request would fully fund capital outlay state aid, assuming the need would increase with the enhancement requests mentioned earlier.
- Professional Development: This request would fund, at a 50.0 percent state aid pro-ration rate, professional development for educators. No state funding has been provided for this item for FY 2010 through FY 2017.
- Mentor Teacher Program: This request would fund this voluntary program, providing grants up to \$1,000 for each mentor teacher for first-, second-, and third-year teachers.
- Juvenile Detention Facilities: This request would fully fund state law if base state aid is increased, related to school districts providing educational services for students confined in juvenile

detention facilities or housed at a psychiatric treatment facility.

- Pre-K Pilot: This request would change funding for the Pre-K Pilot Program from Temporary Assistance for Needy Families (TANF) to the Children's Initiatives Fund, as well as add funding. Agency officials estimate this enhancement request would provide services to approximately 325 more children.
- Technical Education Transportation: This request would fully fund transportation aid for 11th and 12th graders traveling to postsecondary career and technical education programs. Because there has been an increasing number of students in this program, transportation funding has been pro-rated. Agency officials indicate that without the enhancement, aid is expected to be pro-rated at 44.0 percent for FY 2018.
- Parent Education (Parents as Teachers): This request would change the funding from TANF to the Children's Initiatives Fund, as well as add funding. According to agency officials, this request would help fund approximately 550 of the 1,200 families on the program waiting list.
- Teaching Excellence Awards: This request would fully fund the program supporting teachers to attain National Board for Professional Teaching Standards certification. Kansas law (KSA 72-1398) authorizes the State Board of Education to provide scholarships of \$1,100 each to teachers who are accepted to participate and \$500 each to teachers to renew a certification. A certification is

valid for ten years. Kansas teachers are to be paid an incentive bonus of \$1,000 a year for the certification for up to ten years, as long as the teacher remains employed by a Kansas school district. The bonus is paid by the school district and the district is entitled to receive state aid equal to the amount of the bonus.

- Kansas Foundation for Agriculture in the Classroom: This request would restore funding for this program, which has been unfunded since 2012. State funding would be matched dollar for dollar from private industry.
- Communities in Schools: This request would restore funding to this dropout prevention program. For FY 2009 through FY 2011, \$35,000 was provided; no funding for 2012 and 2013, and \$250,000 per year in FY 2014 and FY 2015.
- Environmental Education: This request would re-establish funding for environmental education via the Kansas Association for Conservation and Environmental Education, and provide workshops and training for educators. Funding has not been provided since 2009.
- Children's Cabinet Programs: This request would restore reductions made in 2016 as well as expand services for the Early Childhood Block Grant, which totals \$23,713,974. This program provides funding for programs across the State and is designed to increase kindergarten readiness. A portion of this request also would provide \$69,534 for the Child Care Quality Initiative, designed to increase the quality of care

by child care providers. Finally, \$6,953 could be provided for autism diagnosis. All three enhancement requests for the Children’s Cabinet would restore reductions made in 2016.

- Capital Improvement State Aid: This request includes an increase from an estimated \$181.0 million in FY 2017 to \$195.5 million in FY 2018.

The **Governor** recommends funding for one enhancement request, \$14.5 million for capital improvement state aid.

FY 2018 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency’s reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Kansas Reading Success	\$ (500,000)	\$ (500,000)	0.0	\$ 0	\$ 0	0.0
Juvenile Detention Facilities	(214,336)	(214,336)	0.0	0	0	0.0
Teaching Excellence Awards	(78,777)	(78,777)	0.0	0	0	0.0
Children’s Cabinet Programs	0	(833,181)	0.0	0	0	0.0
TOTAL	\$ (793,113)	\$ (1,626,294)	0.0	\$ 0	\$ 0	0.0

The **agency** estimates a reduced resource budget would include reductions in the Kansas Reading Success Program of \$500,000. According to the agency, this reduction would result in 500 fewer students receiving services. A spending reduction of \$100,000 and a reduction of \$114,336, equal to half of a reappropriated balance from FY 2016, would result in a total reduction to the Juvenile Detention Program of \$214,336. The agency indicates this reduction would result in 13 fewer students receiving services. The reduction in the Teaching Excellence Awards Program would include \$44,282 plus the

anticipated reappropriation of \$34,495, originally resulting from unexpended funds in FY 2016. Finally, Children’s Cabinet programming from the Children’s Initiatives Fund would result in the following reductions: a \$809,031 reduction in the Early Childhood Block Grant resulting in 600 fewer low-income children receiving child care services; a \$21,954 reduction in the Child Care Quality Initiative; and a \$2,196 reduction in the Autism Diagnosis Program.

The **Governor** did not recommend reductions related to the agency’s reduced resource estimates.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,871,602,906	\$ 4,559,576,358	\$ (1,312,026,548)
FTE Positions	243.9	242.9	(1.0)
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 393,382,216	\$ (71,214,153)	
All Other Funds	40,265,947	42,554,610	
TOTAL	<u>\$ 433,648,163</u>	<u>\$ (28,659,543)</u>	
<i>Percent Change:</i>			
State General Fund	10.2 %	0.0 %	
All Other Funds	2.5	0.0	
TOTAL	<u>8.0 %</u>	<u>(0.6) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an increase of \$433.7 million in all funds and an additional \$393.4 million from the State General Fund above the FY 2018 request. The majority of this difference results from an enhancement request of \$348.5 million above the FY 2018 request. The remainder of the State General Fund difference results from an increased KPERS School estimate of \$39.0 million from FY 2018 to FY 2019, primarily due to the

increased employer contribution rate from 13.01 percent in FY 2018 to 14.21 percent in FY 2019. In special revenue funds, the FY 2019 capital improvement state aid (bond and interest state aid) request is increased by \$8.0 million from FY 2018 to FY 2019. The FY 2018 estimate is \$195.5 million; the FY 2019 estimate is \$203.5 million.

The **Governor** recommends an all funds FY 2019 budget of \$4.6 billion, including \$3.0 billion from the State General Fund. This is an all funds decrease of \$1.312 billion, or 22.3 percent, and a State General Fund decrease of \$1.268 billion, or 30.0 percent, below the agency's revised FY 2019 estimate. The major differences in the agency's request and the Governor's

recommendation results from the lack of a recommendation for funding of the agency's enhancement requests totaling \$983.0 million in all funds and \$949.0 million from the State General Fund, except for a recommendation to approve \$8.0 million from the State General Fund for capital improvement state aid.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Provide Interim State Assessments	\$ 2,000,000	\$ 2,000,000	--	\$ 0	\$ 0	0.0
Implement Juvenile Justice Reform Law (SB 367)	86,437	86,437	1.0	0	0	0.0
Increase Block Grant	825,928,400	825,928,400	--	0	0	0.0
Increase KPERs School	54,015,700	54,015,700	--	0	0	0.0
Increase in Special Education Aid	40,497,545	40,497,545	--	0	0	0.0
Increase in Supplemental General State Aid	13,509,252	13,509,252	--	0	0	0.0
Increase in Capital Outlay State Aid	4,000,000	4,000,000	--	0	0	0.0
Increase in Professional Development Funding	4,250,000	4,250,000	--	0	0	0.0
Increase in Mentor Teacher Program	3,000,000	3,000,000	--	0	0	0.0
Increase Juvenile Detention Funding	1,540,100	1,540,100	--	0	0	0.0
Increase and Change Funding Source for Pre-K Pilot Program	--	900,000	0.0	0	0	0.0
Increase Technical Education Transportation	--	800,000	--	0	0	0.0
Increase and Change Funding Source for Parents as Teachers Program	--	460,000	--	0	0	0.0
Increase Teaching Excellence Awards	47,500	47,500	--	0	0	0.0
Fund Ag in the Classroom	35,000	35,000	--	0	0	0.0
Fund Communities in Schools	35,000	35,000	--	0	0	0.0
Fund Environmental Education	35,000	35,000	0.0	0	0	0.0
Increase Children's Cabinet Programs' Funding	--	23,790,461	0.0	0	0	0.0
Capital Improvement State Aid	--	8,000,000	0.0	0	8,000,000	0.0
TOTAL	\$ 948,979,934	\$ 982,930,395	1.0	\$ 0	\$ 8,000,000	0.0

The **State Board of Education** approved a budget submission containing the following enhancements to the FY 2019 budget and in highest to lowest priority order:

State Operations

- **State Assessment Program—Interim Assessments:** According to the Department, requested funding would allow the Center for Educational Testing and Evaluation at the University of Kansas to develop interim assessments aligned to current standards, replacing off-the-shelf tests school districts are now using. according to the Department.
- **Implement Juvenile Justice Reforms:** This request would continue to fund 1.0 FTE positions, initially requested in the FY 2018 enhancement request, to implement requirements of the Department related to 2016 SB 367, which amended statutes related to juvenile justice.

Aid and Other Assistance

- **Block Grant:** This request would fund the base state aid per pupil amount at \$5,090. (Base state aid per pupil was at \$3,852 when it was held constant for the past two school years as part of the block grant.)
- **KPERS School:** This request would fund the KPERS School employer contribution based on

the state aid per pupil enhancement. This is because the Department assumes a large share of an increase in base aid would be used to hire additional school district staff.

- **Special Education Aid:** This request would fund special education at 85.0 percent of excess costs. (State law requires funding at 92.0 percent of excess costs; under the base budget request, excess costs would be funded at 77.7 percent for FY 2019.)
- **Supplemental General State Aid:** This request would fully fund supplemental general state aid if the base state aid per pupil was increased as requested in the earlier enhancement.
- **Capital Outlay State Aid:** This request would fully fund capital outlay state aid, assuming the need would increase with the increases mentioned earlier.
- **Professional Development:** This request would fund, at a 50.0 percent state aid pro-ration rate, professional development for educators. No state funding has been provided for this item for FY 2010 through FY 2017.
- **Mentor Teacher Program:** This request would fund this voluntary program, providing grants up to \$1,000 for each mentor teacher for first-, second-, and third-year teachers.

- Juvenile Detention Facilities: This request would fully fund state law if base state aid is increased, related to school districts providing educational services for students confined in juvenile detention facilities or housed at a psychiatric treatment facility.
- Pre-K Pilot: This request would change funding for the Pre-K Pilot Program from Temporary Assistance for Needy Families (TANF) to the Children's Initiatives Fund, as well as add funding.
- Technical Education Transportation: This request would fully fund transportation aid for 11th and 12th graders traveling to postsecondary career and technical education programs. Because there has been an increasing number of students in this program, without the enhancement, aid is expected to be pro-rated at 43.0 percent for FY 2019.
- Parent Education (Parents as Teachers): This request would change the funding from TANF to the Children's Initiatives Fund (\$7.2 million) as well as add funding (\$460,000).
- Teaching Excellence Awards: This request would fully fund the program supporting teachers to attain National Board for Professional Teaching Standards certification.
- Kansas Foundation for Agriculture in the Classroom: This request would restore funding for this program, which has been unfunded since 2012. State funding would be matched dollar for dollar from private industry.
- Communities in Schools: This request would restore funding to this dropout prevention program. For FY 2009 through FY 2011, \$35,000 was provided; no funding for FY 2012 and FY 2013, and \$250,000 per year in FY 2014 and FY 2015.
- Environment Education: This request would re-establish funding for environmental education *via* the Kansas Association for Conservation and Environmental Education, and provide workshops and training for educators. Funding has not been provided since 2009.
- Children's Cabinet Programs: This request would restore reductions made in 2016 as well as expand services for the Early Childhood Block Grant, which totals \$23,713,974. This program provides funding for programs across the State and is designed to increase kindergarten readiness. A portion of this request also would provide \$69,534 for the Child Care Quality Initiative, designed to increase the quality of care by child care providers. Finally, \$6,953 could be provided for autism diagnosis. All three enhancement requests for the Children's Cabinet would restore reductions made in 2016.
- Capital Improvement State Aid: This request includes an increase from an estimated \$195.5 million in FY 2018 to \$203.5 million in FY 2019.

The **Governor** did not recommend any enhancements, except for a recommendation to fund an additional \$8.0 million for capital improvement state aid.

FY 2019 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Kansas Reading Success	\$ (500,000)	\$ (500,000)	0.0	\$ 0	\$ 0	0.0
Juvenile Detention Facilities	(214,336)	(214,336)	0.0	0	0	0.0
Teaching Excellence Awards	(82,930)	(82,930)	0.0	0	0	0.0
Children's Cabinet Programs	--	(833,181)	0.0	0	0	0.0
TOTAL	\$ (797,266)	\$ (1,630,447)	0.0	\$ 0	\$ 0	0.0

The **agency** estimates a reduced resource budget would include reductions in the Kansas Reading Success Program of \$500,000. According to the agency, this reduction would result in 500 fewer students receiving services. A spending reduction of \$100,000 and a reduction of \$114,336, equal to half of a reappropriated balance originally from FY 2016, would result in a total reduction to the Juvenile Detention Program of \$214,336. The agency indicates this reduction would result in 13 fewer students receiving services. The reduction in the Teaching Excellence Awards Program would include \$48,436 plus the anticipated reappropriation of \$34,494, originally resulting from

unexpended funds in FY 2016. Finally, Children's Cabinet programming from the Children's Initiatives Fund would result in the following reductions: a \$809,031 reduction in the Early Childhood Block Grant resulting in 600 fewer low-income children receiving child care services; a \$21,954 reduction in the Child Care Quality Initiative; and a \$2,196 reduction in the Autism Diagnosis Program.

The **Governor** did not recommend reductions related to the agency's reduced resource estimates.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$36,640, including \$17,434 from the State General Fund; FY 2018 longevity payments total \$38,800, including \$19,006 from the State General Fund; and FY 2019 longevity payments total \$40,161, including \$19,604 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$49,002, including \$23,802 from the State General Fund, in FY 2017; by \$146,281, including \$73,326 from the State General Fund, for FY 2018; and by \$205,199, including \$102,787 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$32,324, including \$16,204 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

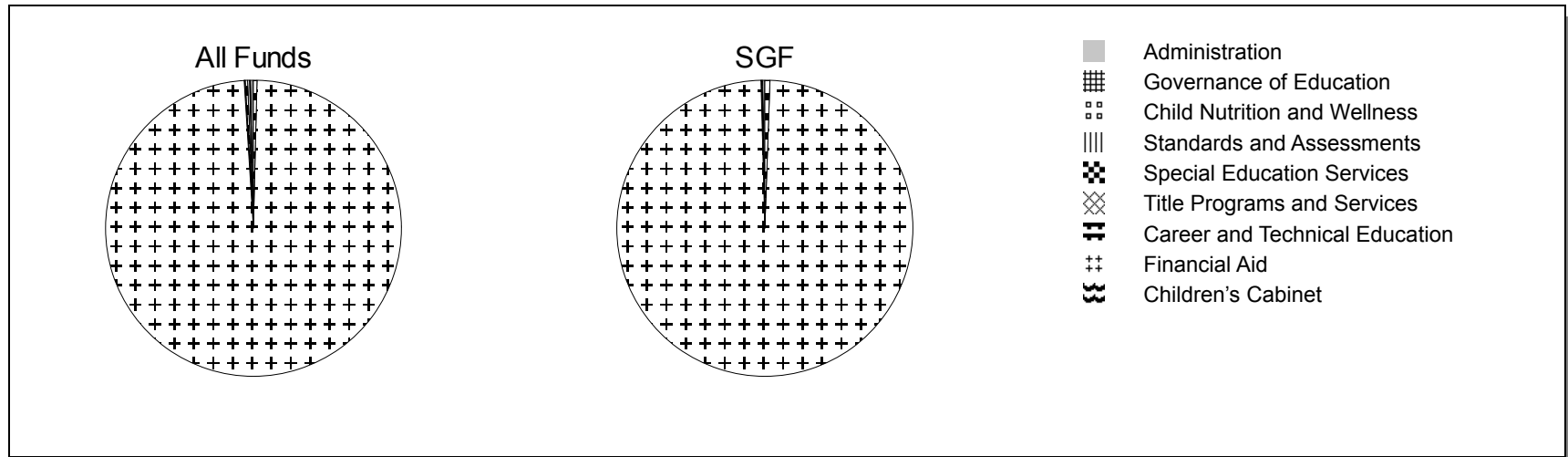
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	70.7 %	66.3 %	72.2 %	65.2 %
All Other Funds	29.3	33.7	27.8	34.8
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 15,188,753	0.3 %	\$ 8,075,323	0.3 %
Governance of Education	373,902	0.0	373,902	0.0
Child Nutrition and Wellness	3,495,133	0.1	319,498	0.0
Standards and Assessments	10,368,803	0.2	2,591,960	0.1
Special Education Services	12,043,266	0.3	574,781	0.0
Title Programs and Services	2,908,467	0.1	51,897	0.0
Career and Technical Education	1,819,228	0.0	1,073,745	0.0
Financial Aid	4,524,078,318	98.6	3,011,980,491	99.0
Children's Cabinet	17,960,031	0.4	16,877,036	0.6
TOTAL	\$ 4,588,235,901	100.0 %	\$ 3,041,918,633	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	74.0	136.0	135.0	136.0	135.0	136.0	135.0
Governance of Ed.	--	1.0	1.0	1.0	1.0	1.0	1.0
Child Nutrition/Wellness	17.9	32.0	32.0	32.0	32.0	32.0	32.0
Standards and Assessment	16.0	22.7	22.7	22.7	22.7	22.7	22.7
Special Ed. Services	16.9	23.0	23.0	23.0	23.0	23.0	23.0
Title Programs	12.0	14.5	14.5	14.5	14.5	14.5	14.5
Career and Technical Ed.	12.1	14.7	14.8	14.7	14.8	14.7	14.8
Financial Aid	--	--	--	0.0	--	0.0	--
Children's Cabinet	--	--	--	0.0	--	0.0	--
TOTAL	<u>148.9</u>	<u>243.9</u>	<u>242.9</u>	<u>243.9</u>	<u>242.9</u>	<u>243.9</u>	<u>242.9</u>

A. Agency Operating Budget

AGENCY OPERATIONS BUDGET (INCLUDING CHILDREN'S CABINET) SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 16,103,945	\$ 18,389,172	\$ 18,258,279	\$ 18,095,484	\$ 17,835,821	\$ 18,269,292	\$ 17,982,044
Contractual Services	27,674,389	28,474,700	28,470,558	30,090,393	28,086,182	28,720,723	26,716,490
Commodities	579,092	569,265	569,115	544,871	544,718	549,048	548,893
Capital Outlay	182,268	242,840	241,115	263,376	263,376	163,644	163,644
Debt Service	--	--	--	--	--	--	--
<i>Subtotal - Operations</i>	<u>\$ 44,539,694</u>	<u>\$ 47,675,977</u>	<u>\$ 47,539,067</u>	<u>\$ 48,994,124</u>	<u>\$ 46,730,097</u>	<u>\$ 47,702,707</u>	<u>\$ 45,411,071</u>
Aid to Local Units	--	--	--	--	--	--	--
Other Assistance	--	--	--	--	--	--	--
TOTAL	<u>\$ 44,539,694</u>	<u>\$ 47,675,977</u>	<u>\$ 47,539,067</u>	<u>\$ 48,994,124</u>	<u>\$ 46,730,097</u>	<u>\$ 47,702,707</u>	<u>\$ 45,411,071</u>
Financing:							
State General Fund	\$ 13,220,867	\$ 15,440,037	\$ 15,328,327	\$ 17,307,681	\$ 16,468,733	\$ 17,391,755	\$ 16,538,535
All Other Funds	31,318,827	32,235,940	32,210,740	31,686,443	30,261,364	30,310,952	28,872,536
TOTAL	<u>\$ 44,539,694</u>	<u>\$ 47,675,977</u>	<u>\$ 47,539,067</u>	<u>\$ 48,994,124</u>	<u>\$ 46,730,097</u>	<u>\$ 47,702,707</u>	<u>\$ 45,411,071</u>
FTE Positions	148.9	243.9	242.9	243.9	242.9	243.9	242.9
Non-FTE Uncl.Perm.Pos.	97.5	4.5	4.5	4.5	4.5	4.5	4.5
TOTAL	<u>246.4</u>	<u>248.4</u>	<u>247.4</u>	<u>248.4</u>	<u>247.4</u>	<u>248.4</u>	<u>247.4</u>

The **agency** requests \$47.7 million in all funds, including \$15.4 million from the State General Fund, for the agency's operations budget for FY 2017. The increase in the all funds operations budget is \$3.1 million above the amount approved by the 2016 Legislature. This increase is primarily due to the 27th pay period, which occurs once approximately every 11 years, and the addition of the Children's Cabinet to the overall agency operations.

The **Governor** recommends FY 2017 agency operations of \$47.5 million, including \$15.3 million from the State General Fund. The recommendation is an all funds decrease of \$136,910, or 0.3 percent, and a State General Fund decrease of \$111,710, or 0.7 percent, below the agency's revised FY 2017 estimate. The decrease primarily is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests \$49.0 million from all funds for FY 2018, including \$17.3 from the State General Fund. This is an increase of \$1.3 million above the FY 2017 request. This is primarily due to an increase in contractual services due to the agency's enhancement request of \$2.0 million to add interim assessments to the state assessment program.

The **Governor** recommends FY 2018 agency operations of \$46.7 million, including \$16.5 million from the State General Fund. The recommendation is an all funds decrease of \$2.3 million, or 4.6 percent, and a State General Fund decrease of \$838,948, or 4.8 percent, below the agency's FY 2018 request. The majority of these decreases are due to the lack of approval of two major enhancement requests: \$2.0 million for interim assessment tools for school districts (State General Fund) and \$85,000 for an additional employee (State General Fund). However, these State General Fund reductions were lessened by the recommendation to fund the Children's Cabinet from the State General Fund, adding \$273,000 of salary and wage

funding to the operations budget from the State General Fund. Other reductions include the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests \$47.7 million from all funds for FY 2019, including \$17.4 million from the State General Fund. This is a decrease of \$1.3 million below than the FY 2018 request.

The **Governor** recommends FY 2019 agency operations of \$45.4 million, including \$16.5 million from the State General Fund. The recommendation is an all funds decrease of \$2.3 million, or 4.8 percent, and a State General Fund decrease of \$853,220, or 4.9 percent, below the agency's FY 2018 request. The reductions are due to the lack of recommendations related to two enhancements, as described earlier, as well as the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. Aid and Other Assistance

The information in the table below includes the descriptions and data from the agency program entitled “Financial Aid.” This includes all the aid to local school district expenditures as well as most grants provided to local agencies.

AID AND OTHER ASSISTANCE SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
State General Fund	\$						
General State Aid	1,842,534,308	1,942,388,782	1,855,830,064	2,386,814,725	1,784,830,062	2,693,317,180	1,715,867,062
Supplemental State Aid	414,832,745	466,990,748	470,625,852	470,500,000	470,625,852	480,500,000	470,625,852
Capital Outlay State Aid	27,047,902	50,780,296	58,703,910	52,780,296	58,703,910	54,780,296	58,703,910
KPERS–School	257,620,685	308,629,536	241,464,058	410,467,186	261,569,312	469,302,761	259,742,946
KPERS–CCs, Tech Colleges	11,838,054	13,563,552	3,384,506	23,328,658	2,164,457	29,382,640	1,669,868
Special Education	424,754,409	425,470,823	425,470,823	455,174,510	423,980,455	464,478,000	423,980,455
Extraordinary Need Fund	9,363,597	13,000,000	--	13,000,000	0	13,000,000	0
Juvenile Detention Facilities	4,542,828	4,771,500	4,771,500	5,708,960	4,771,500	6,311,600	4,771,500
School Food Assistance	2,510,483	2,510,486	2,510,486	2,510,486	2,510,486	2,510,486	2,510,486
Teaching Excellence							
Scholarship & Awards	258,511	327,500	327,500	375,000	327,500	375,000	327,500
Professional Development	0	0	0	4,250,000	0	4,250,000	0
Discretionary Grants	312,500	312,500	312,500	312,500	312,500	312,500	312,500
Communities in Schools	0	0	0	35,000	0	35,000	0
Mentor Teachers	0	0	0	3,000,000	0	3,000,000	0
Agriculture in the Classroom	0	0	0	35,000	0	35,000	0
Educable Deaf Blind Program	108,304	110,000	110,000	110,000	110,000	110,000	110,000
Environmental Education	0	0	0	35,000	0	35,000	0
Ft. Riley Match	409,541	0	--	0	0	0	0
Children’s Cabinet Funding	0	0	0	0	15,543,866	0	15,543,866
State Voluntary Retirement Incentive	6,274	1,568	1,568	0	0	0	0
TOTAL State General Fund	\$ 2,996,140,141	\$ 3,228,857,291	\$ 3,063,512,767	\$ 3,828,437,321	\$ 3,025,449,900	\$ 4,221,735,463	\$ 2,954,165,945
Other Funds:							
School District Finance Fund	\$ 648,419,694	\$ 662,591,329	\$ 662,069,739	\$ 689,942,929	\$ 685,461,810	\$ 717,504,529	\$ 712,903,410
KPERS–ELARF	29,574,659	35,430,948	35,430,948	35,430,948	39,883,000	35,430,948	40,084,000
Mineral Production Fund	0	11,473,000	5,556,550	11,473,000	8,529,000	11,473,000	10,750,000

**AID AND OTHER ASSISTANCE
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Transportation Aid–State Highway Fund	\$ 107,252,608	\$ 107,250,000	\$ 107,250,000	\$ 108,050,000	\$ 107,250,000	\$ 108,050,000	\$ 107,250,000
State Safety Fund	814,778	1,525,000	1,525,000	1,675,000	1,675,000	1,675,000	1,675,000
Children’s Initiatives Fund	12,037,447	15,543,866	15,543,866	52,064,279	0	52,064,279	0
Temporary Assistance for Needy Families (TANF)	0	11,369,952	11,369,952	0	11,369,952	0	11,369,952
School District Capital Improvement Fund	163,341,697	181,000,000	181,000,000	195,500,000	195,500,000	203,500,000	203,500,000
All Other Funds	447,416,947	465,142,245	465,142,245	466,387,142	466,387,142	472,466,980	472,466,980
TOTAL	\$ 4,404,997,971	\$ 4,720,183,631	\$ 4,548,401,067	\$ 5,388,960,619	\$ 4,541,505,804	\$ 5,823,900,199	\$ 4,514,165,287
FTE Positions	148.9	244.0	242.9	243.9	242.9	243.9	242.9
Non-FTE Uncl.Perm.Pos.	97.5	4.5	4.5	4.5	4.5	4.5	4.5
TOTAL	246.4	248.5	247.4	248.4	247.4	248.4	247.4

The **agency** requests \$4.7 billion from all funds for aid and other assistance for FY 2017, including \$3.2 billion from the State General Fund. Approximately \$300.2 million is the all funds increase and about \$235.0 million is the State General Fund increase. The major areas of increase include the following:

- General state aid in FY 2016 included delaying a payment of \$75.0 million to school districts to be paid in FY 2017;
- Payments to KPERS for FY 2016 obligations for both the school employees and the non-school district employees’ share of the employer contribution was lapsed for the fourth quarter in the total amount of \$90.6 million, thus lowering FY 2016 actual expenditures (a payback of these funds to KPERS is slated for FY 2018, but this

payback will not be shown in this agency’s budget);

- The 2016 Legislature increased supplemental general state aid and capital outlay state aid by \$76.0 million above the FY 2016 actual amounts;
- The School District Finance Fund, comprised primarily of the 20 mill statewide levy, includes an estimated increase of \$21.0 million;
- The School District Capital Improvement Fund (bond and interest state aid) includes an estimated increase of \$17.7 million above the FY 2016 actual amount; and
- Funding from the Mineral Production Fund to school districts, scheduled to begin in FY 2017,

provided \$11.5 million to help fund the FY 2017 budget request.

The **Governor** recommends FY 2017 expenditures of \$4.6 billion, including \$3.1 billion from the State General Fund. The recommendation is an all funds decrease of \$172.0 million, or 3.6 percent, and a State General Fund decrease of \$165.0 million, or 5.1 percent, below the agency's revised FY 2017 estimate. These decreases result as a net total of the following changes:

- Adjustments resulting from revised consensus revenue estimates:
 - Added \$7.9 million for capital outlay state aid;
 - Added \$6.9 million for KPERS school employer contributions and non-school district (community and technical colleges) employer contributions;
 - Added \$3.6 million for LOB state aid; and
 - Reduced General State Aid by \$11.6 million; and
- Adjustments resulting from the Governor's recommendations:
 - \$75.0 million by permanently delaying General State Aid to the following year;
 - \$13.0 million from Extraordinary Needs State Aid (sale of the Kansas Bioscience Authority did not yield funding necessary to provide for this state aid); and

- \$84.3 million for KPERS policy changes.

The **agency** requests \$5.4 billion from all funds for FY 2018, including \$3.8 billion from the State General Fund. The budget request for FY 2018 exceeds the FY 2017 request by \$669.0 million, primarily due to \$601.0 million of State General Fund enhancements requests listed earlier in this report and \$36.5 million in Children's Initiatives Funds.

The **Governor** recommends a FY 2018 budget of \$4.5 billion, including \$3.0 billion from the State General Fund, for aid to local entities and other assistance. The recommendation is an all funds decrease of \$847.5 million, or 15.7 percent, and a State General Fund decrease of \$803.0 million, or 21.0 percent, below the agency's revised FY 2018 estimate. The major differences in the agency's request and the Governor's recommendation results from the lack of a recommendation for funding of the agency's enhancement requests totaling \$641.0 million in all funds and \$600.5 million from the State General Fund, except for a recommendation to approve \$14.5 million from the State General Fund for capital improvement state aid. Additional differences result from the following changes:

- Adjustments resulting from revised consensus revenue estimates:
 - Block Grant–General State Aid expenditures would be reduced by \$11.6 million, while increasing Capital Outlay State Aid expenditures by \$7.9 million and Supplemental General State Aid expenditures by \$3.6 million, all from the State General Fund;
 - KPERS–School employer contributions are anticipated to increase by \$7.8 million in FY 2018, including \$5.9 million for USDs and \$1.9 million for non-USDs;

- Block grant expenditures related to the 20-mill statewide property tax levy for education are expected to be reduced by \$8.8 million resulting from less than expected property values for the current year;
- Block Grant expenditures from the Mineral Production Education Fund were reduced by \$2.9 million resulting from reduced Severance Tax revenues; and
- School District Finance Fund expenditure estimates were increased by \$4.3 million to reflect revised estimates based on school district budget; and
- Adjustments resulting from the Governor's recommended revised consensus revenue estimates:
 - Reduced Extraordinary Needs Fund state aid by \$13.0 million;
 - Reduced General State Aid by \$23.8 million from the State General Fund;
 - Reduced General State Aid by \$47.2 million from the State General Fund in anticipation of efficiency savings from A&M recommendations related to K-12 benefit program consolidation and centralization of K-12 procurement activities;
 - Reduced all funds' expenditures totaling \$139.7 million, including \$144.0 million from the State General Fund, for KPERS policy changes and related to KPERS, increase expenditures from the Expanded Lottery Act Revenues Fund (ELARF) in the amount of \$4.5 million; and

- Adjusted all expenditures from the Children's Initiatives Fund (\$16.6 million) and the Kansas Endowment for Youth Fund (\$248,581) making the expenditures from the State General Fund, in combination with the Governor's recommendation for tobacco settlement securitization.

The **agency** requests \$5.8 billion from all funds for FY 2019, including \$4.2 billion from the State General Fund. The budget request for FY 2019 exceeds the FY 2018 request by \$435.0 million, primarily due to the \$348.5 million in State General Fund enhancement requests described earlier in this report.

The **Governor** recommends a FY 2019 budget of \$4.5 billion, including \$3.0 billion from the State General Fund, for aid to local entities and other assistance. The recommendation is an all funds decrease of \$1.310 billion, or 22.5 percent, and a State General Fund decrease of \$1.268 billion, or 30.0 percent, below the agency's revised FY 2019 estimate. The major differences in the agency's request and the Governor's recommendation results from the lack of a recommendation for funding of the agency's enhancement requests totaling \$983.0 million in all funds and \$949.0 million from the State General Fund, except for a recommendation to approve \$8.0 million from the State General Fund for capital improvement state aid. Additional differences result from the following changes:

- Adjustments resulting from revised consensus revenue estimates:
 - Block Grant—General State Aid expenditures would be reduced by \$11.6 million, while increasing Capital Outlay State Aid expenditures by \$7.9 million and Supplemental General State

- Aid expenditures by \$3.6 million, all from the State General Fund;
- KPERS–School employer contributions are anticipated to increase by \$8.7 million in FY 2019, including \$6.6 million for USDs and \$2.2 million for non-USDs;
- Block grant expenditures related to the 20-mill statewide property tax levy for education are expected to be reduced by \$8.8 million resulting from less than expected property values for the current year;
- Block Grant expenditures from the Mineral Production Education Fund were reduced by \$0.7 million resulting from reduced Severance Tax revenues; and
- School District Finance Fund expenditure estimates were increased by \$4.3 million to reflect revised estimates based on school district budget; and
- Adjustments resulting from the Governor’s recommended revised consensus revenue estimates:
 - Reduced Extraordinary Needs Fund state aid by \$13.0 million;
 - Reduced General State Aid by \$51.0 million from the State General Fund;
 - Reduced General State Aid by \$89.0 million from the State General Fund in anticipation of efficiency savings from A&M recommendations related to K-12 benefit program consolidation and centralization of K-12 procurement activities;
 - Reduced all funds’ expenditures totaling \$187.5 million, including \$192.1 million from the State General Fund, for KPERS policy changes and related to KPERS, increase expenditures from the Expanded Lottery Act Revenues Fund (ELARF) in the amount of \$4.7 million; and
 - Adjusted all expenditures from the Children’s Initiatives Fund (\$16.6 million) and the Kansas Endowment for Youth Fund (\$248,581) making the expenditures from the State General Fund.

The General State Aid table below describes the changes school districts would experience in General State Aid from FY 2016 through the Governor’s recommendations in FY 2019.

General State Aid

(Dollars in Thousands)

	<u>FY 2016 Actuals</u>	<u>FY 2017 Gov. Rec.</u>	<u>Change from Prior Year</u>	<u>FY 2018 Gov. Rec</u>	<u>Change from Prior Year</u>	<u>FY 2019 Gov. Rec.</u>	<u>Change from Prior Year</u>
General State Aid (GSA)							
SGF Approp./Actuals	\$ 1,842,534	\$ 1,855,830	\$ 13,296	\$ 1,784,830	\$ (71,000)	\$ 1,715,867	\$ (68,963)
20-Mill Local Prop. Tax	595,451	612,070	16,619	635,462	23,392	662,903	27,442
Mineral Production Fund	0	5,557	5,557	8,529	2,972	10,750	2,221
School Dist. Fin. Fund	52,969	50,000	(2,969)	50,000	0	50,000	--
State Highway Fund	<u>96,600</u>	<u>96,600</u>	<u>0</u>	<u>96,600</u>	<u>0</u>	<u>96,600</u>	<u>--</u>
Total—GSA	\$ 2,587,554	\$ 2,620,056	\$ 32,502	\$ 2,575,421	\$ (44,635)	\$ 2,536,120	\$ (39,300)

PERFORMANCE MEASURES

<u>Measure</u>	<u>Gov. Rec. for FY 2016</u>	<u>Actual FY 2016</u>	<u>Gov. Rec. FY 2017</u>	<u>Gov. Rec. FY 2018</u>	<u>Gov. Rec. FY 2019</u>
Average Student Scores on ACT	21	22	22	22	22
Number of FTE students enrolled in K-12	458,000	459,900	458,217	458,217	458,217

KANSAS STATE SCHOOL FOR THE BLIND

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 5,303,531	\$ 5,403,988	\$ 5,392,238	\$ 5,357,868	\$ 5,265,749	\$ 5,407,620	\$ 5,303,512
Other Funds	941,401	833,624	833,149	803,399	801,692	692,322	690,838
TOTAL	\$ 6,244,932	\$ 6,237,612	\$ 6,225,387	\$ 6,161,267	\$ 6,067,441	\$ 6,099,942	\$ 5,994,350
Capital Improvements:							
State General Fund	\$ 53	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	914,871	800,636	800,636	678,941	678,941	540,000	540,000
TOTAL	\$ 914,924	\$ 800,636	\$ 800,636	\$ 678,941	\$ 678,941	\$ 540,000	\$ 540,000
GRAND TOTAL	\$ 7,159,856	\$ 7,038,248	\$ 7,026,023	\$ 6,840,208	\$ 6,746,382	\$ 6,639,942	\$ 6,534,350
Percentage Change:							
Operating Expenditures							
State General Fund	(1.3) %	1.9 %	1.7 %	(0.9) %	(2.3) %	0.9 %	0.7 %
All Funds	1.0	(0.1)	(0.3)	(1.2)	(2.5)	(1.0)	(1.2)
FTE Positions	81.5	81.5	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	0.0	0.0
TOTAL	81.5	81.5	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 State 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 the campuses not be co-located and the School for the Blind and School for the Deaf maintain their 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.

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 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.

The **2012 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.

Also during the **2012 Session**, HB 2777 was passed, which allowed the School for the Blind and the School for the Deaf to

receive payment from school districts for providing services to students at each of the schools.

The **2013 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, FY 2014, and FY 2015.

During the **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 eliminate 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 2017 Agency Estimate

The **agency** estimates an all funds budget, including the capital improvements budget, for FY 2017 of \$7.0 million, including \$5.4 million from the State General Fund. The State General Fund request is the same as the approved State

General Fund amount. The reappropriation from the State Institutions Building Fund of \$150,360 was added to the legislative approved amount for FY 2017, leaving a difference of \$27,075 more budgeted in all other funds above the approved.

FY 2017 Governor Recommendation

The **Governor** recommends an all funds budget, including capital improvements, for FY 2017 of \$7.0 million, including \$5.4 million from the State General Fund. The recommendation is an all funds decrease of \$12,225, or 0.2 percent, and a State

General Fund decrease of \$11,750, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2018 Agency Request

The **agency** requests \$6.8 million in all funds, including \$5.4 million from the State General Fund. (This includes the capital improvement request.) This request is \$198,040 less than the FY 2017 request, primarily due to \$150,360 in other funds reappropriated from FY 2016 to FY 2017 in the capital

improvement budget. The FY 2018 budget includes an enhancement request of \$49,451 from the State General Fund to comply with the Kansas statute (KSA 76-11a17) requiring compensation for teachers and licensed personnel at a rate not less than that paid by USD 233 in Olathe.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 expenditures of \$6.7 million in all funds, including \$5.3 million from the State General Fund. The recommendation is an all funds decrease of \$93,826, or 1.4 percent, and a State General Fund decrease of \$92,119, or 1.7 percent, below the agency's revised FY 2018 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$36,343, including

\$34,945 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$8,032, including \$7,723 from the State General Fund. In addition, the Governor did not recommend funding the agency's enhancement request for additional educator compensation in the amount of \$49,451 from the State General Fund.

FY 2019 Agency Request

The **agency** requests \$6.6 million in all funds, including \$5.4 million from the State General Fund, for the FY 2019 budget request. This request is \$200,266 less than the all funds request for FY 2018; however, the State General Fund portion of this request is \$49,752 more than the prior year request because of

an enhancement request of \$50,143 for educator salary increases to keep pace with the Olathe school district, as is required by state law. The reduced other funds request is primarily due to the retirement of debt in the capital improvement section of this budget.

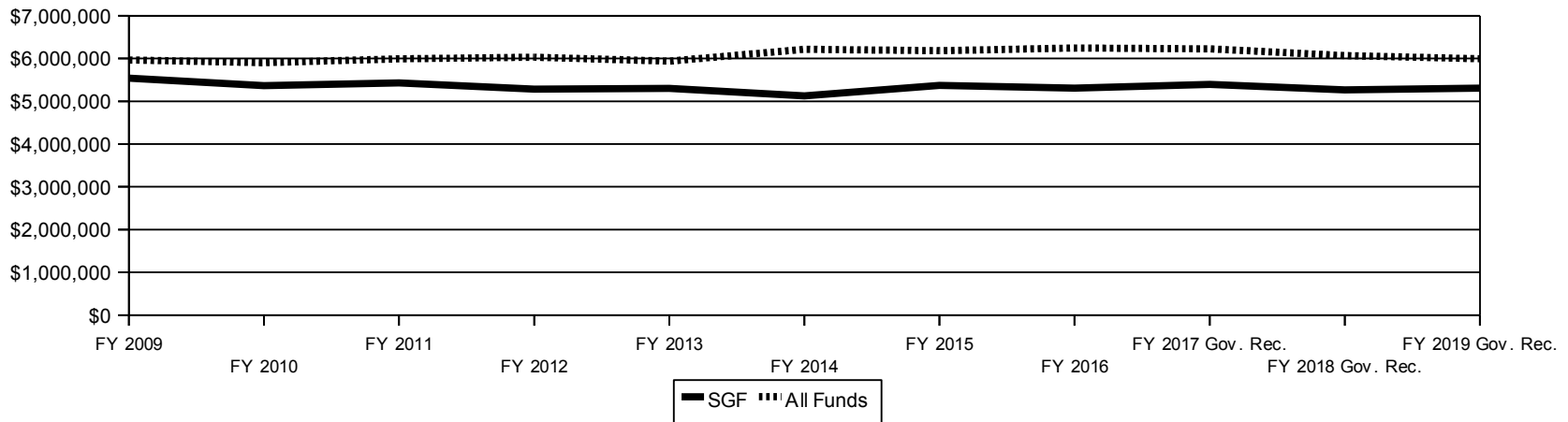
FY 2019 Governor Recommendation

The **Governor** recommends \$6.5 million in all funds, including \$5.3 million from the State General Fund, for FY 2019. The Governor's recommendation is an all funds decrease of \$105,592, or 1.6 percent, including \$104,108, or 2.0 percent, from the State General Fund, below the agency request. The decrease is attributable to the Governor's recommendation to

hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$55,449, including \$53,965 from the State General Fund. In addition, the Governor did not recommend funding the agency's enhancement request for additional educator compensation in the amount of \$50,143 from the State General Fund.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	5,303,531	(1.3)	6,244,932	1.0	81.5
2017 Gov. Rec.	5,392,238	1.7	6,225,387	(0.3)	81.5
2018 Gov. Rec.	5,265,749	(2.3)	6,067,441	(2.5)	81.5
2019 Gov. Rec.	5,303,512	0.7	5,994,350	(1.2)	81.5
Eleven-Year Change	\$ (233,095)	(4.2)%	\$ 29,495	0.5 %	(12.0)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 191,356	\$ 197,910	\$ 195,885	\$ (2,025)	(1.0)%	\$ 197,585	\$ 194,699	\$ (2,886)	(1.5)%
Instructional Services	4,676,900	4,578,870	4,522,902	(55,968)	(1.2)	4,569,515	4,439,510	(130,005)	(2.8)
Support Services	1,371,148	1,457,365	1,440,960	(16,405)	(1.1)	1,454,820	1,431,712	(23,108)	(1.6)
Debt Service	5,528	3,467	1,520	(1,947)	(56.2)	3,467	1,520	(1,947)	(56.2)
TOTAL	\$ 6,244,932	\$ 6,237,612	\$ 6,161,267	\$ (76,345)	(1.2)%	\$ 6,225,387	\$ 6,067,441	\$ (157,946)	(2.5)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 4,983,117	\$ 5,111,040	\$ 5,044,394	\$ (66,646)	(1.3)%	\$ 5,098,815	\$ 4,950,568	\$ (148,247)	(2.9)%
Contractual Services	888,219	860,740	863,339	2,599	0.3	860,740	863,339	2,599	0.3
Commodities	179,539	178,865	180,014	1,149	0.6	178,865	180,014	1,149	0.6
Capital Outlay	42,842	5,000	5,000	0	0.0	5,000	5,000	0	0.0
Debt Service	5,528	3,467	1,520	(1,947)	(56.2)	3,467	1,520	(1,947)	(56.2)
Subtotal - Operations	\$ 6,099,245	\$ 6,159,112	\$ 6,094,267	\$ (64,845)	(1.1)%	\$ 6,146,887	\$ 6,000,441	\$ (146,446)	(2.4)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	145,687	78,500	67,000	(11,500)	(14.6)	78,500	67,000	(11,500)	(14.6)
TOTAL	\$ 6,244,932	\$ 6,237,612	\$ 6,161,267	\$ (76,345)	(1.2)%	\$ 6,225,387	\$ 6,067,441	\$ (157,946)	(2.5)%
Financing:									
State General Fund	\$ 5,303,531	\$ 5,403,988	\$ 5,357,868	\$ (46,120)	(0.9)%	\$ 5,392,238	\$ 5,265,749	\$ (126,489)	(2.3)%
All Other Funds	941,401	833,624	803,399	(30,225)	(3.6)	833,149	801,692	(31,457)	(3.8)
TOTAL	\$ 6,244,932	\$ 6,237,612	\$ 6,161,267	\$ (76,345)	(1.2)%	\$ 6,225,387	\$ 6,067,441	\$ (157,946)	(2.5)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 195,885	\$ 198,185	\$ 2,300	1.2 %	\$ 194,699	\$ 196,838	\$ 2,139	1.1 %
Instructional Services	4,522,902	4,447,283	(75,619)	(1.7)	4,439,510	4,354,139	(85,371)	(1.9)
Support Services	1,440,960	1,454,474	13,514	0.9	1,431,712	1,443,373	11,661	0.8
Debt Service	1,520	--	(1,520)	(100.0)	1,520	0	(1,520)	(100.0)
TOTAL	\$ 6,161,267	\$ 6,099,942	\$ (61,325)	(1.0) %	\$ 6,067,441	\$ 5,994,350	\$ (73,091)	(1.2) %
By Major Object of Expenditure:								
Salaries and Wages	\$ 5,044,394	\$ 5,016,435	\$ (27,959)	(0.6) %	\$ 4,950,568	\$ 4,910,843	\$ (39,725)	(0.8) %
Contractual Services	863,339	849,493	(13,846)	(1.6)	863,339	849,493	(13,846)	(1.6)
Commodities	180,014	174,014	(6,000)	(3.3)	180,014	174,014	(6,000)	(3.3)
Capital Outlay	5,000	5,000	0	0.0	5,000	5,000	0	0.0
Debt Service	1,520	0	(1,520)	(100.0)	1,520	0	(1,520)	(100.0)
Subtotal - Operations	\$ 6,094,267	\$ 6,044,942	\$ (49,325)	(0.8) %	\$ 6,000,441	\$ 5,939,350	\$ (61,091)	(1.0) %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	67,000	55,000	(12,000)	(17.9)	67,000	55,000	(12,000)	(17.9)
TOTAL	\$ 6,161,267	\$ 6,099,942	\$ (61,325)	(1.0) %	\$ 6,067,441	\$ 5,994,350	\$ (73,091)	(1.2) %
Financing:								
State General Fund	\$ 5,357,868	\$ 5,407,620	\$ 49,752	0.9 %	\$ 5,265,749	\$ 5,303,512	\$ 37,763	0.7 %
All Other Funds	803,399	692,322	(111,077)	(13.8)	801,692	690,838	(110,854)	(13.8)
TOTAL	\$ 6,161,267	\$ 6,099,942	\$ (61,325)	(1.0) %	\$ 6,067,441	\$ 5,994,350	\$ (73,091)	(1.2) %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$5,403,988 for the School for the Blind in FY 2017. No adjustments have been made subsequently 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	\$ 5,403,988	\$ 5,403,988	\$ 0	\$ 5,392,238	\$ (11,750)
All Other Funds	1,607,185	1,634,260	27,075	1,633,785	26,600
TOTAL	\$ 7,011,173	\$ 7,038,248	\$ 27,075	\$ 7,026,023	\$ 14,850
FTE Positions	81.5	81.5	0.0	81.5	0.0

The **agency** estimates an all funds budget, including the capital improvements budget, for FY 2017 of \$7.0 million, including \$5.4 million from the State General Fund. The State General Fund request is the same as the approved State General Fund amount. The reappropriation from the State Institutions Building Fund of \$150,360 was added to the legislative approved amount for FY 2017, leaving a difference of \$27,075 more budgeted in all other funds above the approved.

The **Governor** recommends an all funds budget, including capital improvements, for FY 2017 of \$7.0 million, including \$5.4 million from the State General Fund. The recommendation is an all funds decrease of \$12,225, or 0.2 percent, and a State General Fund decrease of \$11,750, or 0.2 percent, below the agency's FY 2017 revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,161,267	\$ 6,067,441	\$ (93,826)
FTE Positions	81.5	81.5	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (46,120)	\$ (126,489)	
All Other Funds	(30,225)	(31,457)	
TOTAL	<u>\$ (76,345)</u>	<u>\$ (157,946)</u>	
<i>Percent Change:</i>			
State General Fund	(0.9) %	(2.3) %	
All Other Funds	(3.6)	(3.8)	
TOTAL	<u>(1.2) %</u>	<u>(2.5) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$6.2 million in all funds, including \$5.4 million from the State General Fund, in its operating budget request for FY 2018. The request is lower than the FY 2017 request primarily because the FY 2017 request included a 27th pay period that is not in the FY 2018 request.

The **Governor** recommends FY 2018 expenditures of \$6.7 million in all funds, including \$5.3 million from the State General

Fund. The recommendation is an all funds decrease of \$93,826, or 1.4 percent, and a State General Fund decrease of \$92,119, or 1.7 percent, below the agency's revised FY 2018 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$36,343, including \$34,945 from the State General Fund, and to provide a moratorium on agency death and disability payments for one

quarter, which results in an all funds reduction of \$8,032, including \$7,723 from the State General Fund. In addition, the Governor did not recommend funding the agency's

enhancement request for additional educator compensation in the amount of \$49,451 from the State General Fund.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Educator Salary Increase In Compliance with State Law	\$ 49,451	\$ 49,451	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$49,451 from the State General Fund to comply with Kansas statute (KSA 76-11a17) requiring compensation for teachers and licensed personnel at a rate not less than that paid by USD 233 in Olathe.

The **Governor** did not recommend funding for this enhancement request.

FY 2018 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages	\$ (265,421)	\$ (265,421)	0.0	\$ 0	\$ 0	0.0

The **agency** includes a reduced resource amount of \$265,421 from its salary and wage category, primarily reducing instructional salaries. Agency officials estimated this reduced resource amount could cause the loss of four employees with three of those from the Instructional Services program. The loss

of funding would adversely affect the state's maintenance of effort related to federal special education funding.

The **Governor** did not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,099,942	\$ 5,994,350	\$ (105,592)
FTE Positions	81.5	81.5	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 49,752	\$ 37,763	
All Other Funds	(111,077)	(110,854)	
TOTAL	<u>\$ (61,325)</u>	<u>\$ (73,091)</u>	
<i>Percent Change:</i>			
State General Fund	0.9 %	0.7 %	
All Other Funds	(13.8)	(13.8)	
TOTAL	<u>(1.0) %</u>	<u>(1.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$6.1 million from all funds, including \$5.4 million from the State General Fund, for its operating budget for FY 2019. The State General Fund portion of this request is \$49,752 more than the prior year request because of an enhancement request of \$50,143 for educator salary increases to keep pace with the Olathe school district as required by state law. The reduced other funds request is due to

the ending of a federal grant designed to provide technical assistance to educational teams and families serving learners who are both deaf and blind.

The **Governor** recommends \$6.5 million in all funds, including \$5.3 million from the State General Fund, for FY 2019.

The Governor's recommendation is an all funds decrease of \$105,592, or 1.6 percent, and a State General Fund increase of \$104,108, or 2.0 percent, below the agency request. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount,

which results in an all funds reduction of \$55,449, including \$53,965 from the State General Fund. In addition, the Governor did not recommend funding the agency's enhancement request for additional educator compensation in the amount of \$50,143 from the State General Fund.

Enhancements Detail

FY 2019 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Educator Salary Increase In Compliance with State Law	\$ 50,143	\$ 50,143	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$50,143 from the State General Fund to comply with Kansas statute (KSA 76-11a17) requiring compensation for teachers and licensed personnel at a rate not less than that paid by USD 233 in Olathe.

The **Governor** did not recommend funding the agency's enhancement request.

FY 2019 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salary and wages	(267,874)	(267,874)	0.0	0	0	0.0

The **agency** includes a reduced resource amount of \$267,874 from its salary and wage category, primarily reducing instructional salaries. Agency officials estimated this reduced resource amount could cause the loss of four employees with three of those from the Instructional Services program. The loss

of funding would adversely affect the state’s maintenance of effort related to federal special education funding.

The **Governor** did not recommend the agency’s reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$6,880, including \$6,527 from the State General Fund; FY 2018 longevity payments total \$7,040, including \$6,679 from the State General Fund; and FY 2019 longevity payments total \$7,120, including \$6,861 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to

freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$12,225, including \$11,750 from the State General Fund, in FY 2017; by \$36,343, including \$34,945 from the State General Fund, for FY 2018; and by \$55,499, including \$53,965 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$8,032, including \$7,732 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

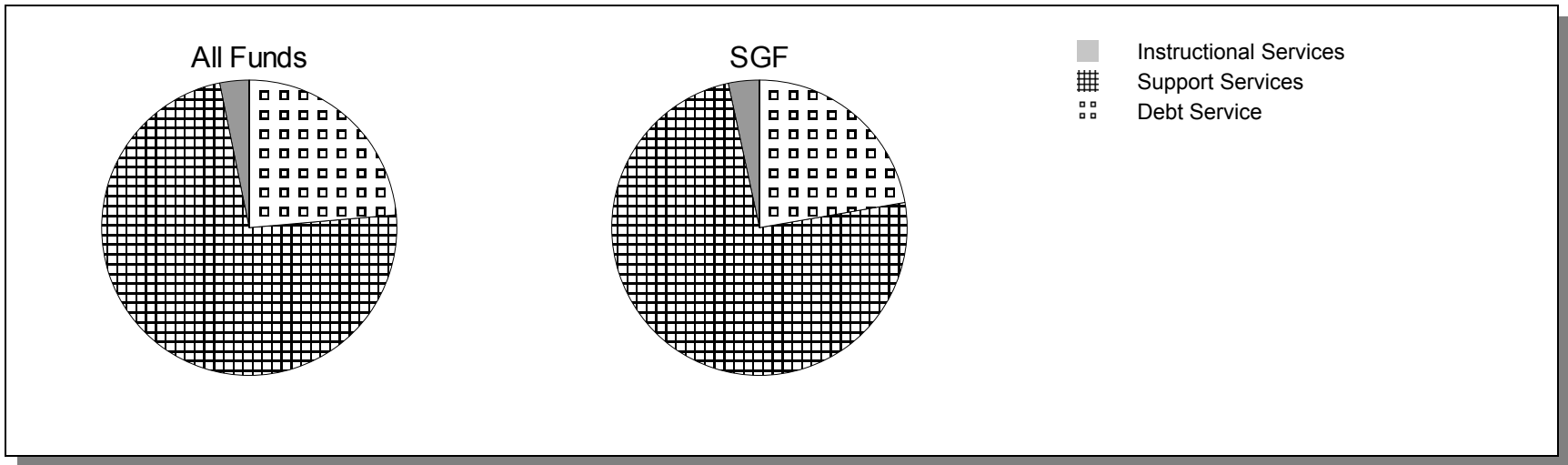
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	87.0 %	87.0 %	89.0 %	88.5 %
All Other Funds	13.0	13.0	11.0	11.5
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 194,699	3.2 %	\$ 179,699	3.4 %
Instructional Services	4,439,510	73.2	3,913,313	74.3
Support Services	1,431,712	23.6	1,171,217	22.2
Debt Service	1,520	0.0	1,520	0.0
TOTAL	\$ 6,067,441	100.0 %	\$ 5,265,749	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Administration	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Instructional Support	60.1	60.1	60.1	60.1	60.1	60.1	60.1
Support Services	20.0	20.0	20.0	20.0	20.0	20.0	20.0
TOTAL	81.5	81.5	81.5	81.5	81.5	81.5	81.5

A. 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 sub-programs.

Day Program. This sub-program 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 sub-program is for students who are unable to return to their homes because of the distance from KSSB. A homelike 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 sub-program 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 sub-program 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 sub-program 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 sub-program 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 2016 – 2019

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 3,923,615	\$ 3,944,423	\$ 3,935,068	\$ 3,899,955	\$ 3,816,563	\$ 3,856,842	\$ 3,763,698
Contractual Services	502,418	468,867	468,867	468,867	468,867	454,361	454,361
Commodities	67,582	82,080	82,080	82,080	82,080	76,080	76,080
Capital Outlay	37,598	5,000	5,000	5,000	5,000	5,000	5,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,531,213</i>	<i>\$ 4,500,370</i>	<i>\$ 4,491,015</i>	<i>\$ 4,455,902</i>	<i>\$ 4,372,510</i>	<i>\$ 4,392,283</i>	<i>\$ 4,299,139</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	145,687	78,500	78,500	67,000	67,000	55,000	55,000
TOTAL	<u>\$ 4,676,900</u>	<u>\$ 4,578,870</u>	<u>\$ 4,569,515</u>	<u>\$ 4,522,902</u>	<u>\$ 4,439,510</u>	<u>\$ 4,447,283</u>	<u>\$ 4,354,139</u>
Financing:							
State General Fund	\$ 4,042,732	\$ 4,028,674	\$ 4,019,794	\$ 3,994,998	\$ 3,913,313	\$ 4,033,056	\$ 3,941,396
All Other Funds	634,168	550,196	549,721	527,904	526,197	414,227	412,743
TOTAL	<u>\$ 4,676,900</u>	<u>\$ 4,578,870</u>	<u>\$ 4,569,515</u>	<u>\$ 4,522,902</u>	<u>\$ 4,439,510</u>	<u>\$ 4,447,283</u>	<u>\$ 4,354,139</u>
FTE Positions	60.1	60.1	60.1	60.1	60.1	60.1	60.1
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>60.1</u>	<u>60.1</u>	<u>60.1</u>	<u>60.1</u>	<u>60.1</u>	<u>60.1</u>	<u>60.1</u>

The **agency** requests \$4.6 million in all funds, including \$4.0 million from the State General Fund, for its FY 2017 budget request. This request is \$30,845 more in all funds than the FY 2017 approved amount and \$1,104 more than the State General Fund approved budget.

The **Governor** recommends a budget of \$4.6 million, including \$4.0 million from the State General Fund, for FY 2017. The difference from the agency request is \$21,490, or 0.5 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the 2016 amount.

The **agency** requests \$4.5 million in all funds, including \$4.0 million from the State General Fund, for FY 2018. This request includes enhancement requests for additional salaries and wages to comply with state law (described in the enhancement section of this report), and the all funds request is less than the FY 2017 request because the FY 2017 request includes a 27th pay period. According to agency officials, the other assistance category is declining because that category is used to reimburse educators in the state, those not employed by the School for the Blind, for training associated with teaching the visually impaired. Because many educators in the state have been trained, that reimbursement requirement is declining.

The **Governor** recommends an FY 2018 budget of \$4.4 million, including \$3.9 million from the State General Fund. The recommendation is a decrease of \$83,392, or 1.8 percent, below the agency's request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests \$4.4 million in all funds, including \$4.0 million from the State General Fund, for FY 2019. This request includes enhancement requests for additional salaries and wages to comply with state law (described in the enhancement section of this report). According to agency officials, the other

assistance category is declining because that category is used to reimburse educators in the state, those not employed by the School for the Blind, for training associated with teaching the visually impaired. Because many educators in the state have been trained, that reimbursement requirement is declining.

The **Governor** recommends an FY 2019 budget of \$4.4 million, including \$3.9 million from the State General Fund. The recommendations differ from the agency requests by \$193,144, or 2.1 percent, below the agency's FY 2019 request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 934,330	\$ 1,033,482	\$ 1,030,937	\$ 1,013,329	\$ 1,004,081	\$ 1,026,183	\$ 1,015,082
Contractual Services	321,290	329,098	329,098	331,697	331,697	332,357	332,357
Commodities	110,284	94,785	94,785	95,934	95,934	95,934	95,934
Capital Outlay	5,244	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,371,148</u>	<u>\$ 1,457,365</u>	<u>\$ 1,454,820</u>	<u>\$ 1,440,960</u>	<u>\$ 1,431,712</u>	<u>\$ 1,454,474</u>	<u>\$ 1,443,373</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 1,371,148</u>	<u>\$ 1,457,365</u>	<u>\$ 1,454,820</u>	<u>\$ 1,440,960</u>	<u>\$ 1,431,712</u>	<u>\$ 1,454,474</u>	<u>\$ 1,443,373</u>
Financing:							
State General Fund	\$ 1,083,370	\$ 1,188,937	\$ 1,186,392	\$ 1,180,465	\$ 1,171,217	\$ 1,191,379	\$ 1,180,278
All Other Funds	287,778	268,428	268,428	260,495	260,495	263,095	263,095
TOTAL	<u>\$ 1,371,148</u>	<u>\$ 1,457,365</u>	<u>\$ 1,454,820</u>	<u>\$ 1,440,960</u>	<u>\$ 1,431,712</u>	<u>\$ 1,454,474</u>	<u>\$ 1,443,373</u>
FTE Positions	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>

The **agency** requests \$1.5 million in all funds, including \$1.2 million from the State General Fund, for the FY 2017 budget request. The all funds request is \$6,234 less in all funds than

the approved amount, and \$11,432 more in the State General Fund request than the approved amount.

The **Governor** recommends a budget of \$1.5 million, including \$1.2 million from the State General Fund, for FY 2017. The difference from the agency request is \$2,545 from the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the 2016 amount.

The **agency** requests \$1.5 million in all funds, including \$1.2 million from the State General Fund, for FY 2018.

The **Governor** recommends an FY 2018 budget of \$1.4 million, including \$1.2 million from the State General Fund. The

recommendation is a decrease of \$9,248, or 0.6 percent, below the agency's request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests \$1.4 million in all funds, including \$1.2 million from the State General Fund, for FY 2019.

The **Governor** recommends an FY 2019 budget of \$1.4 million, including \$1.2 million from the State General Fund. The recommendations differ from the agency requests by \$11,101. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

C. Administration

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.

ADMINISTRATION							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 125,172	\$ 133,135	\$ 132,810	\$ 131,110	\$ 129,924	\$ 133,410	\$ 132,063
Contractual Services	64,511	62,775	62,775	62,775	62,775	62,775	62,775
Commodities	1,673	2,000	2,000	2,000	2,000	2,000	2,000
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 191,356</u>	<u>\$ 197,910</u>	<u>\$ 197,585</u>	<u>\$ 195,885</u>	<u>\$ 194,699</u>	<u>\$ 198,185</u>	<u>\$ 196,838</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 191,356</u>	<u>\$ 197,910</u>	<u>\$ 197,585</u>	<u>\$ 195,885</u>	<u>\$ 194,699</u>	<u>\$ 198,185</u>	<u>\$ 196,838</u>
Financing:							
State General Fund	\$ 171,901	\$ 182,910	\$ 182,585	\$ 180,885	\$ 179,699	\$ 183,185	\$ 181,838
All Other Funds	19,455	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL	<u>\$ 191,356</u>	<u>\$ 197,910</u>	<u>\$ 197,585</u>	<u>\$ 195,885</u>	<u>\$ 194,699</u>	<u>\$ 198,185</u>	<u>\$ 196,838</u>
FTE Positions	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>

The **agency** requests \$197,910 in its FY 2017 all funds budget, including \$182,910 from the State General Fund. The all funds request is \$2,466 more than the approved amount. The State General Fund request is \$12,534 less than the approved amount.

The **Governor** recommends a budget of \$197,585 for FY 2017. The difference from the agency request is \$325 from the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the 2016 amount.

The **agency** requests \$195,885 in all funds, including \$180,885 from the State General Fund.

The **Governor** recommends an FY 2018 budget of \$194,699, including \$15,000 from the State General Fund. The

recommendation is a decrease of \$1,186, or 0.6 percent, from the agency's request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests \$198,185 in all funds, including \$181,838 from the State General Fund for FY 2019.

The **Governor** recommends an FY 2019 budget of \$196,838, including \$15,000 from the State General Fund. The recommendations differ from the agency requests by \$2,300. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 289,247	\$ 289,247	\$ 250,000	\$ 250,000	\$ 265,000	\$ 265,000
Safety and Security System Upgrade	359,791	359,791	361,533	361,533	105,000	105,000
Campus Boilers and HVAC Upgrade	111,139	111,139	25,000	25,000	170,000	170,000
Debt Service Principal	40,459	40,459	42,408	42,408	0	0
TOTAL	\$ 800,636	\$ 800,636	\$ 678,941	\$ 678,941	\$ 540,000	\$ 540,000
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	800,636	800,636	678,941	678,941	540,000	540,000
TOTAL	\$ 800,636	\$ 800,636	\$ 678,941	\$ 678,941	\$ 540,000	\$ 540,000

Current Year Agency Estimate

FY 2017–Current Year. The agency estimates an all funds budget request of \$800,636 for FY 2017 with all funding from the State Institutions Building Fund. This request is \$150,360 above the approved amount because of the following reappropriations: \$49,247 from rehabilitation and repair projects; \$49,974 from safety and security system upgrades; and \$51,139 from the campus boiler and HVAC upgrade project.

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, drywall, and other such infrastructure elements.

The debt service principal is payment on an energy service performance contract with debt retirement in FY 2018. The operating budget includes \$3,467 in interest on this debt payment.

Safety and security upgrades include a multi-phase project 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, currently underway, includes the redesign and construction of secure entrances, tornado shelters, and back-up generator installation.

Current Year Governor Recommendation

The **Governor** concurs with the agency's FY 2017 revised estimate.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$678,941 from the State Institutions Building Fund. The FY 2018 request is lower than the FY 2017 request because of the absence of reappropriations.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's FY 2018 request.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$540,000 from the State Institutions Building Fund. The FY 2019 request is lower than the FY 2018 request because of the retirement of the debt, thus there is no debt service payment for FY 2019.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's FY 2019 request.

PERFORMANCE MEASURES

<u>Measure</u>	<u>Gov. Rec. for FY 2016</u>	<u>Actual FY 2016</u>	<u>Gov. Rec. FY 2017</u>	<u>Gov. Rec. FY 2018</u>	<u>Gov. Rec. FY 2019</u>
Percent of students achieving individualized education plans (IEP) goals and objectives	91.0%	91.0%	94.0%	90.0%	90.0%
Number of Program Participants	1,700	1,776	1,802	1,857	1,903
Number of Program Participants on campus	40	44	30	35	40

KANSAS STATE SCHOOL FOR THE DEAF

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 8,682,249	\$ 8,813,828	\$ 8,793,201	\$ 8,761,209	\$ 8,620,992	\$ 8,838,983	\$ 8,694,468
Other Funds	579,881	1,000,374	1,000,112	826,045	825,076	742,369	741,324
TOTAL	\$ 9,262,130	\$ 9,814,202	\$ 9,793,313	\$ 9,587,254	\$ 9,446,068	\$ 9,581,352	\$ 9,435,792
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	924,204	1,160,687	1,160,687	1,081,059	1,081,059	863,619	863,619
TOTAL	\$ 924,204	\$ 1,160,687	\$ 1,160,687	\$ 1,081,059	\$ 1,081,059	\$ 863,619	\$ 863,619
GRAND TOTAL	\$ 10,186,334	\$ 10,974,889	\$ 10,954,000	\$ 10,668,313	\$ 10,527,127	\$ 10,444,971	\$ 10,299,411
Percentage Change:							
Operating Expenditures							
State General Fund	(1.1) %	1.5 %	1.3 %	(0.6) %	(2.0) %	0.9 %	0.9 %
All Funds	(0.5)	6.0	5.7	(2.3)	(3.5)	(0.1)	(0.1)
FTE Positions	143.5	143.5	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	0.0	0.0
TOTAL	143.5	143.5	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 services, 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

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 State 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 the campuses not be co-

located and the School for the Blind and School for the Deaf maintain their 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.

The **2012 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.

Also during the **2012 Session**, HB 2777 was passed, which allowed the School for the Blind and the School for the Deaf to

receive payment from school districts for providing services to students at each of the schools.

The **2013 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.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** estimates nearly \$11.0 million from all funds, including \$8.8 million from the State General Fund, for FY 2017 (including capital improvement projects). The agency requests operating expenditures of \$9.6 million, including \$8.8 million from the State General Fund. The request is an all funds increase of \$44,344, or 0.5 percent, more than the approved

During the **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, primarily due to expenditures from the Local Services Reimbursement Fund. The State General Fund is the same amount as the approved budget. The request includes \$348,134 in reappropriated funds for capital improvements from the State Institutions Building Fund. These funds will be used for projects not completed in FY 2016.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 expenditures (including capital improvements) of \$11.0 million from all funds, including \$8.8 million from the State General Fund. The Governor recommends operating expenditures of \$9.8 million, including \$8.8 million from the State General Fund. The

recommendation is an all funds decrease of \$20,889, or 0.2 percent, and a State General Fund decrease of \$20,627, or 0.2 percent, below the agency's FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2018 Agency Request

The **agency** requests \$10.7 million in all funds, including \$8.8 million from the State General Fund, for its FY 2018 budget request (including capitol improvements). The agency requests operating expenditures of \$9.6 million, including \$8.4 million from the State General Fund. This all funds request is \$226,948, or 2.3 percent, less than the FY 2018 request, including

\$52,619, or 0.6 percent less from the State General Fund. The salary and wage request is \$125,019 less than the FY 2017 request, primarily because a 27th pay period was included in the FY 2017 request. The capital improvement request for this fiscal year is \$79,628 less than the request for FY 2017, due in part to the reappropriation of funds from FY 2016 to FY 2017.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 expenditures (including capital improvements) of \$10.5 million, including \$8.6 million from the State General Fund. The Governor recommends operating expenditures of \$9.4 million, including \$8.3 million from the State General Fund. The recommendation is an all funds decrease of \$141,186, or 1.5 percent, and a State General Fund decrease of \$140,217, or 1.6 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer

contributions at the FY 2016 amount, which results in an all funds reduction of \$62,625, including \$61,831 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$13,840, including \$13,665 from the State General Fund. In addition, the Governor's recommendation did not include funding for the enhancement request of \$64,721 from the State General Fund for educator salary increases.

FY 2019 Agency Request

The **agency** requests \$10.4 million in all funds, including \$8.8 million from the State General Fund, for FY 2019 (including capital improvements). The agency requests operating expenditures of \$9.6 million, including \$8.4 million from the State General Fund. This all funds request is \$5,092, or 0.1

percent, less than the FY 2018 request and a State General Fund increase of \$77,774, or 0.9 percent, more due to an increase in contractual services, funded in past years with various fee funds that are diminishing over time.

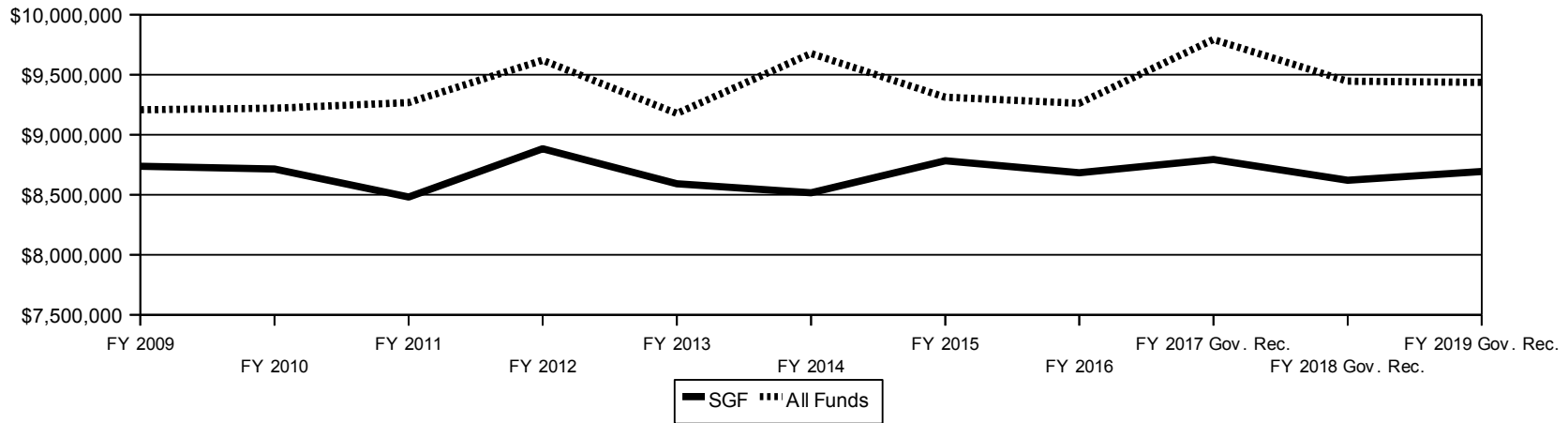
FY 2019 Governor Recommendation

The **Governor** recommends FY 2019 expenditures (including capital improvements) of \$10.3 million, including \$8.7 million from the State General Fund. The Governor recommends operating expenditures of \$9.4 million, including \$8.3 million from the State General Fund. The recommendation is an all funds decrease of \$145,560, or 1.5 percent, and a State General Fund decrease of \$144,515, or 1.6 percent, below the

agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$82,390, including \$81,345 from the State General Fund. In addition, the Governor's recommendation did not approve the agency's enhancement request of \$63,170 from the State General Fund for educator salary increases.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	8,682,249	(1.1)	9,262,130	(0.5)	143.5
2017 Gov. Rec.	8,793,201	1.3	9,793,313	5.7	143.5
2018 Gov. Rec.	8,620,992	(2.0)	9,446,068	(3.5)	143.5
2019 Gov. Rec.	8,694,468	0.9	9,435,792	(0.1)	143.5
Eleven-Year Change	\$ (43,622)	(0.5)%	\$ 227,711	2.5 %	(30.0)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 308,580	\$ 257,948	\$ 251,819	\$ (6,129)	(2.4) %	\$ 257,418	\$ 249,881	\$ (7,537)	(2.9)%
Instructional Services	6,885,099	7,378,462	7,214,969	(163,493)	(2.2)	7,361,594	7,088,467	(273,127)	(3.7)
Support Services	2,053,547	2,166,166	2,112,255	(53,911)	(2.5)	2,162,675	2,099,509	(63,166)	(2.9)
Debt Service	14,904	11,626	8,211	(3,415)	(29.4)	11,626	8,211	(3,415)	(29.4)
TOTAL	\$ 9,262,130	\$ 9,814,202	\$ 9,587,254	\$ (226,948)	(2.3) %	\$ 9,793,313	\$ 9,446,068	\$ (347,245)	(3.5)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 7,748,311	\$ 8,549,694	\$ 8,424,675	\$ (125,019)	(1.5) %	\$ 8,528,805	\$ 8,283,489	\$ (245,316)	(2.9)%
Contractual Services	820,872	848,184	813,627	(34,557)	(4.1)	848,184	813,627	(34,557)	(4.1)
Commodities	361,416	354,903	330,291	(24,612)	(6.9)	354,903	330,291	(24,612)	(6.9)
Capital Outlay	310,353	49,795	10,450	(39,345)	(79.0)	49,795	10,450	(39,345)	(79.0)
Debt Service	14,904	11,626	8,211	(3,415)	(29.4)	11,626	8,211	(3,415)	(29.4)
Subtotal - Operations	\$ 9,255,856	\$ 9,814,202	\$ 9,587,254	\$ (226,948)	(2.3) %	\$ 9,793,313	\$ 9,446,068	\$ (347,245)	(3.5)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	6,274	0	0	0	--	0	0	0	--
TOTAL	\$ 9,262,130	\$ 9,814,202	\$ 9,587,254	\$ (226,948)	(2.3) %	\$ 9,793,313	\$ 9,446,068	\$ (347,245)	(3.5)%
Financing:									
State General Fund	\$ 8,682,249	\$ 8,813,828	\$ 8,761,209	\$ (52,619)	(0.6) %	\$ 8,793,201	\$ 8,620,992	\$ (172,209)	(2.0)%
All Other Funds	579,881	1,000,374	826,045	(174,329)	(17.4)	1,000,112	825,076	(175,036)	(17.5)
TOTAL	\$ 9,262,130	\$ 9,814,202	\$ 9,587,254	\$ (226,948)	(2.3) %	\$ 9,793,313	\$ 9,446,068	\$ (347,245)	(3.5)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 251,819	\$ 253,944	\$ 2,125	0.8 %	\$ 249,881	\$ 251,856	\$ 1,975	0.8 %
Instructional Services	7,214,969	7,195,529	(19,440)	(0.3)	7,088,467	7,065,791	(22,676)	(0.3)
Support Services	2,112,255	2,127,226	14,971	0.7	2,099,509	2,113,492	13,983	0.7
Debt Service	8,211	4,653	(3,558)	(43.3)	8,211	4,653	(3,558)	(43.3)
TOTAL	\$ 9,587,254	\$ 9,581,352	\$ (5,902)	(0.1) %	\$ 9,446,068	\$ 9,435,792	\$ (10,276)	(0.1) %
By Major Object of Expenditure:								
Salaries and Wages	\$ 8,424,675	\$ 8,419,057	\$ (5,618)	(0.1) %	\$ 8,283,489	\$ 8,273,497	\$ (9,992)	(0.1) %
Contractual Services	813,627	814,056	429	0.1	813,627	814,056	429	0.1
Commodities	330,291	332,936	2,645	0.8	330,291	332,936	2,645	0.8
Capital Outlay	10,450	10,650	200	1.9	10,450	10,650	200	1.9
Debt Service	8,211	4,653	(3,558)	(43.3)	8,211	4,653	(3,558)	(43.3)
Subtotal - Operations	\$ 9,587,254	\$ 9,581,352	\$ (5,902)	(0.1) %	\$ 9,446,068	\$ 9,435,792	\$ (10,276)	(0.1) %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 9,587,254	\$ 9,581,352	\$ (5,902)	(0.1) %	\$ 9,446,068	\$ 9,435,792	\$ (10,276)	(0.1) %
Financing:								
State General Fund	\$ 8,761,209	\$ 8,838,983	\$ 77,774	0.9 %	\$ 8,620,992	\$ 8,694,468	\$ 73,476	0.9 %
All Other Funds	826,045	742,369	(83,676)	(10.1)	825,076	741,324	(83,752)	(10.2)
TOTAL	\$ 9,587,254	\$ 9,581,352	\$ (5,902)	(0.1) %	\$ 9,446,068	\$ 9,435,792	\$ (10,276)	(0.1) %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$8,813,828 for the School for the Deaf in FY 2017. No adjustments have been made subsequently 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	\$ 8,813,828	\$ 8,813,828	\$ 0	\$ 8,793,201	\$ (20,627)
All Other Funds	2,116,717	2,161,061	44,344	2,160,799	44,082
TOTAL	\$ 10,930,545	\$ 10,974,889	\$ 44,344	\$ 10,954,000	\$ 23,455
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** requests nearly \$11.0 million from all funds, including \$8.8 million from the State General Fund, for FY 2017 (including capital improvements). The State General Fund is the same amount as the approved budget. The agency requests operating expenditures of \$9.6 million, including \$8.8 million from the State General Fund. The request is an all funds increase of \$44,344, or 0.5 percent, more than the approved budget, primarily due to expenditures from the Local Services Reimbursement Fund. The request includes \$348,134 in reappropriated funds for capital improvements from the State

Institutions Building Fund. These funds will be used for projects not completed in FY 2016.

The **Governor** recommends a FY 2017 State General Fund budget of \$9.8 million, including \$8.8 million from the State General Fund. The recommendation is an all funds decrease of \$20,889, or 0.2 percent, and a State General Fund decrease of \$20,627, or 0.2 percent, below the agency's FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 9,587,254	\$ 9,446,068	\$ (141,186)
FTE Positions	143.5	143.5	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (52,619)	\$ (172,209)	
All Other Funds	(174,329)	(175,036)	
TOTAL	<u>\$ (226,948)</u>	<u>\$ (347,245)</u>	
<i>Percent Change:</i>			
State General Fund	(0.6) %	(2.0) %	
All Other Funds	(17.4)	(17.5)	
TOTAL	<u>(2.3) %</u>	<u>(3.5) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$9.6 million in all funds, including \$8.8 million from the State General Fund, for FY 2018 (excluding capital improvement funding). This all funds request is \$226,948, or 2.3 percent, less than the FY 2018 request, including \$52,619, or 0.6 percent, less from the State General Fund. The salary and wage request is \$125,019 less than the FY 2017 request, primarily because a 27th pay period was

included in the FY 2017 request. The State General Fund request for commodities is \$88,887 more in the FY 2018 request than the FY 2017 request.

The largest decline in the other funds request is \$134,326 from the general fee fund. Agency officials said this estimate,

based in part on reimbursement from school districts for the provision of paraprofessionals from the agency working with disabled students, fluctuates greatly based upon the number of students qualifying for additional assistance.

The **Governor** recommends an operating budget of \$9.4 million, including \$8.3 million from the State General Fund, for FY 2018. The recommendation is an all funds decrease of \$141,186, or 1.3 percent, and a State General Fund decrease of \$140,217, or 1.6 percent, below the agency's FY 2018 request.

The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$62,625, including \$61,831 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$13,840, including \$13,665 from the State General Fund. In addition, the Governor's recommendation did not include funding for the enhancement request of \$64,721 from the State General Fund for educator salary increases.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Increased Educator Pay	\$ 64,721	\$ 64,721	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$64,721 from the State General Fund to comply with Kansas statute (KSA 76-11a17) requiring compensation for teachers and licensed personnel at a rate not less than that paid by USD 233 in Olathe.

The **Governor** recommends no funding for this enhancement request.

FY 2018 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages	\$ (434,824)	\$ (434,824)	0.0	\$ 0	\$ 0	0.0

The **agency** estimates the 5.0 percent reduced resource proposal would reduce or eliminate the instructional program salary and wage budget by \$345,306; reduce extracurricular activities by \$9,465; and eliminate security and support positions by \$80,053. Agency officials also indicated a reduction in the agency's State General Fund budget would adversely

affect the state's ability of meet federal special education maintenance of effort requirements.

The **Governor** did not include this reduction in the budget recommendations for this agency.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 9,581,352	\$ 9,435,792	\$ (145,560)
FTE Positions	143.5	143.5	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 77,774	\$ 73,476	
All Other Funds	(83,676)	(83,752)	
TOTAL	<u>\$ (5,902)</u>	<u>\$ (10,276)</u>	
<i>Percent Change:</i>			
State General Fund	0.9 %	0.9 %	
All Other Funds	(10.1)	(10.2)	
TOTAL	<u>(0.1) %</u>	<u>(0.1) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$10.4 million in all funds, including \$8.8 million from the State General Fund, for FY 2019 (including capital improvements). The agency requests operating expenditures of \$9.6 million, including \$8.4 million from the State General Fund. This all funds request is a decrease of \$5,092, or 0.1 percent, below the FY 2018 request and a State General Fund increase of \$77,774, or 0.9 percent, due to an

increase in contractual services, funded in past years with various fee funds that are diminishing over time. The General Fee Fund—the major fee fund in the agency—will experience lowered reimbursement over time from E-rate funding as well as funding from school districts for paraprofessional services.

The **Governor** recommends a FY 2019 operating budget of \$9.4 million. The recommendation is an all funds decrease of \$145,560, or 1.4 percent, and a State General Fund decrease of \$144,515, or 1.7 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount,

which results in an all funds reduction of \$82,390, including \$81,345 from the State General Fund. In addition, the Governor's recommendation did not approve the agency's enhancement request of \$63,170 from the State General Fund for educator salary increases.

Enhancements Detail

FY 2019 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Increased Educator Pay	\$ 63,170	\$ 63,170	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$63,170 from the State General Fund to comply with Kansas statute (KSA 76-11a17) requiring compensation for teachers and licensed personnel at a rate not less than that paid by USD 233 in Olathe.

The **Governor** recommends no funding for this agency enhancement request.

FY 2019 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salary and Wages	\$ (438,063)	\$ (438,063)	0.0	\$ 0	\$ 0	0.0

The **agency** estimates the 5.0 percent reduced resource proposal would reduce or eliminate the instructional program salary and wage budget by \$348,453; reduce extracurricular activities by \$9,555; and eliminate security and support positions by \$80,781.

The **Governor** did not include this reduction in the budget recommendations for this agency.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$8,560, including \$8,438 from the State General Fund; FY 2018 longevity payments total \$10,200, including \$10,052 from the State General Fund; and FY 2019 longevity payments total \$10,200, including \$10,052 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$20,889, including \$20,627 from the State General Fund, in FY 2017; by \$62,625, including \$61,831 from the State General Fund, for FY 2018; and by \$82,390, including \$81,345 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$13,840, including \$13,665 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

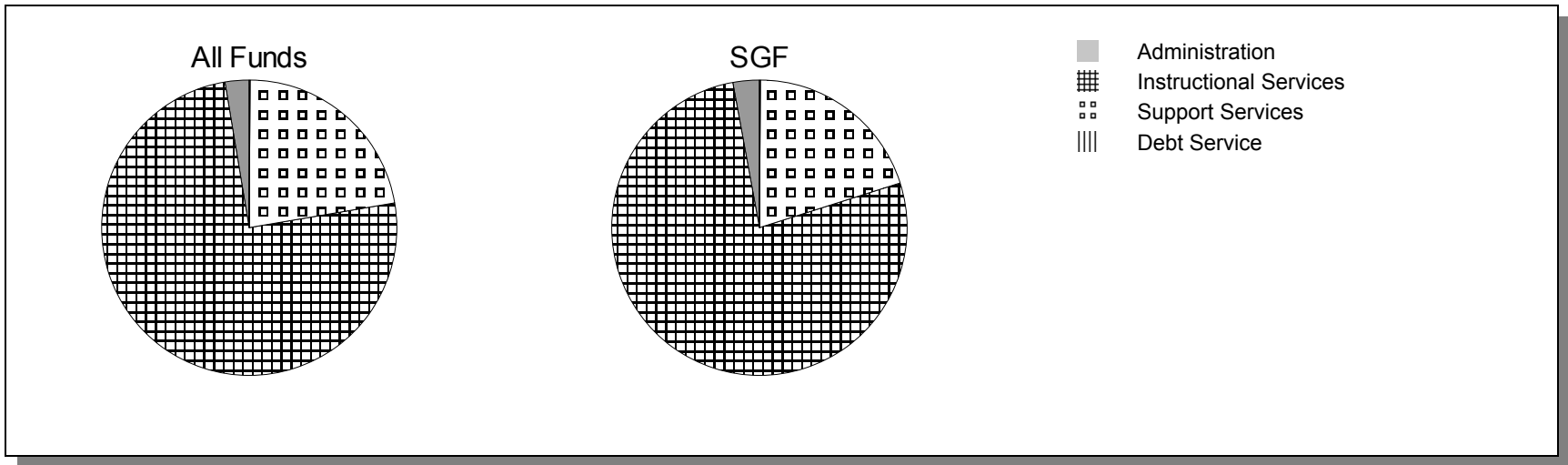
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	91.4 %	91.3 %	92.3 %	92.1 %
All Other Funding	8.6	8.7	7.7	7.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 249,881	2.6 %	\$ 249,881	2.9 %
Instructional Services	7,088,467	75.0	6,637,052	77.0
Support Services	2,099,509	22.2	1,725,848	20.0
Debt Service	8,211	0.1	8,211	0.1
TOTAL	\$ 9,446,068	100.0 %	\$ 8,620,992	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Instructional Services	106.5	106.5	106.5	106.5	106.5	106.5	106.5
Support Services	35.0	35.0	35.0	35.0	35.0	35.0	35.0
TOTAL	143.5	143.5	143.5	143.5	143.5	143.5	143.5

A. 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, which includes teachers and paraprofessionals;
- Related Services, which includes psychologists, audiologists, counselors, therapists, and health care professionals; and
- Residential Services, which includes dormitory teachers.

The program offers small classes for D/HH students, as required by special education regulations. To ensure adequate supervision, dormitory groups also are 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							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 6,322,406	\$ 6,968,455	\$ 6,951,587	\$ 6,883,635	\$ 6,757,133	\$ 6,863,126	\$ 6,733,388
Contractual Services	260,078	261,722	261,722	233,564	233,564	233,843	233,843
Commodities	101,391	98,490	98,490	87,320	87,320	87,910	87,910
Capital Outlay	201,224	49,795	49,795	10,450	10,450	10,650	10,650
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 6,885,099</u>	<u>\$ 7,378,462</u>	<u>\$ 7,361,594</u>	<u>\$ 7,214,969</u>	<u>\$ 7,088,467</u>	<u>\$ 7,195,529</u>	<u>\$ 7,065,791</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 6,885,099</u>	<u>\$ 7,378,462</u>	<u>\$ 7,361,594</u>	<u>\$ 7,214,969</u>	<u>\$ 7,088,467</u>	<u>\$ 7,195,529</u>	<u>\$ 7,065,791</u>
Financing:							
State General Fund	\$ 6,522,811	\$ 6,846,317	\$ 6,829,711	\$ 6,762,585	\$ 6,637,052	\$ 6,797,673	\$ 6,668,980
All Other Funds	362,288	532,145	531,883	452,384	451,415	397,856	396,811
TOTAL	<u>\$ 6,885,099</u>	<u>\$ 7,378,462</u>	<u>\$ 7,361,594</u>	<u>\$ 7,214,969</u>	<u>\$ 7,088,467</u>	<u>\$ 7,195,529</u>	<u>\$ 7,065,791</u>

FTE Positions	106.5	106.5	106.5	106.5	106.5	106.5	106.5
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	106.5	106.5	106.5	106.5	106.5	106.5	106.5

The **agency** requests \$7.4 million from all funds, including \$6.8 million from the State General Fund, for FY 2017. These estimates are \$15,826 less in all funds than the approved amount and \$5,996 more than the approved budget for the State General Fund. A grant from the Kansas Department of Education—the State Personnel Development Grant—resulted in more funding than originally anticipated, thus the all funds estimate is below the approved amount.

The **Governor** recommends expenditures for FY 2017 in the amount of \$7.4 million from all funds, including \$6.8 million from the State General Fund. This is a reduction of \$16,868 in salaries and wages due to the Governor’s recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests \$7.2 million from all funds for FY 2018, including \$6.8 million from the State General Fund. The all funds estimate is \$163,493 less than the FY 2017 budget. The salary and wage category decreased by \$84,820. This difference is primarily due to the 27th pay period included in the FY 2017 estimate. Also, the capital outlay budget decreased by \$39,345 because furnishing of the Roth West Wing dormitory rooms will be completed.

The **Governor** recommends expenditures for FY 2018 in the amount of \$7.1 million from all funds, including \$6.6 million from the State General Fund. The Governor’s recommendation is a reduction of \$126,502, a combination of the Governor’s recommendation to hold KPERS employer contributions at the FY 2016 amount, to provide a moratorium on employer contributions for death and disability for one quarter, and the lack of approval of the agency’s enhancement request for increased educator salaries.

The **agency** requests \$7.2 million from all funds, including \$6.8 million from the State General Fund, for FY 2019. The all funds estimate is \$19,440 less than the FY 2018 estimated budget. The State General Fund estimate is \$35,088 more than the estimated budget for FY 2018, primarily due to a change in contractual services estimates from fee funding to State General Funds.

The **Governor** recommends expenditures for FY 2019 of \$7.1 million from all funds, including \$6.7 million from the State General Fund. The Governor’s recommendation is a reduction of \$129,738 in salaries and wages due to a combination of lack of approval for the enhancement request for increased educator salaries and the Governor’s recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. 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 SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,184,643	\$ 1,381,036	\$ 1,377,545	\$ 1,345,206	\$ 1,332,460	\$ 1,357,477	\$ 1,343,743
Contractual Services	506,030	531,527	531,527	526,918	526,918	527,613	527,613
Commodities	254,812	253,603	253,603	240,131	240,131	242,136	242,136
Capital Outlay	108,062	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 2,053,547</u>	<u>\$ 2,166,166</u>	<u>\$ 2,162,675</u>	<u>\$ 2,112,255</u>	<u>\$ 2,099,509</u>	<u>\$ 2,127,226</u>	<u>\$ 2,113,492</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 2,053,547</u>	<u>\$ 2,166,166</u>	<u>\$ 2,162,675</u>	<u>\$ 2,112,255</u>	<u>\$ 2,099,509</u>	<u>\$ 2,127,226</u>	<u>\$ 2,113,492</u>
Financing:							
State General Fund	\$ 1,842,530	\$ 1,697,937	\$ 1,694,446	\$ 1,738,594	\$ 1,725,848	\$ 1,782,713	\$ 1,768,979
All Other Funds	211,017	468,229	468,229	373,661	373,661	344,513	344,513
TOTAL	<u>\$ 2,053,547</u>	<u>\$ 2,166,166</u>	<u>\$ 2,162,675</u>	<u>\$ 2,112,255</u>	<u>\$ 2,099,509</u>	<u>\$ 2,127,226</u>	<u>\$ 2,113,492</u>
FTE Positions	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>

The **agency** requests \$2.2 million in all funds, including \$1.7 million from the State General Fund, for its FY 2017 budget estimate. The all funds estimate is \$34,791 more than the

approved amount, and the State General Fund estimate is \$31,375 less than the approved amount. Salary and wage estimates decreased because the agency contracted for lawn

maintenance services rather than use unclassified temporary employees.

The **Governor** recommends expenditures for FY 2017 of \$2.2 million from all funds, including \$1.7 million from the State General Fund. This is a reduction of \$3,491 in salaries and wages due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests \$2.1 million in all funds, including \$1.7 million from the State General Fund, for FY 2018. The all funds request is \$53,911 less than the FY 2017 request.

The **Governor** recommends expenditures for FY 2018 of \$2.1 million from all funds, including \$1.7 million from the State General Fund. The Governor's recommendation is a reduction

of \$12,746, all from the State General Fund. This reduction is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests \$2.1 million in all funds, including \$1.8 million from the State General Fund, for the FY 2019 budget request. This request is \$14,971 more than the FY 2018 request.

The **Governor** recommends expenditures for FY 2019 of \$2.1 million from all funds, including \$1.8 million from the State General Fund. The Governor's recommendation is a reduction of \$13,724 in salaries and wages, all from the State General Fund, due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

C. Administration

The Administrative Services program coordinates overall management and operations of the Kansas State School for the Deaf, including instructional, residential, and support services. The program also is responsible for coordinating programs and

activities that impact the Kansas State Department of Education, AdvancED requirements, budget preparation, and implementation of the School Improvement Plan.

ADMINISTRATION							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 241,262	\$ 200,203	\$ 199,673	\$ 195,834	\$ 193,896	\$ 198,454	\$ 196,366
Contractual Services	54,764	54,935	54,935	53,145	53,145	52,600	52,600
Commodities	5,213	2,810	2,810	2,840	2,840	2,890	2,890
Capital Outlay	1,067	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 302,306</u>	<u>\$ 257,948</u>	<u>\$ 257,418</u>	<u>\$ 251,819</u>	<u>\$ 249,881</u>	<u>\$ 253,944</u>	<u>\$ 251,856</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	6,274	0	0	0	0	0	0
TOTAL	<u>\$ 308,580</u>	<u>\$ 257,948</u>	<u>\$ 257,418</u>	<u>\$ 251,819</u>	<u>\$ 249,881</u>	<u>\$ 253,944</u>	<u>\$ 251,856</u>
Financing:							
State General Fund	\$ 302,004	\$ 257,948	\$ 257,418	\$ 251,819	\$ 249,881	\$ 253,944	\$ 251,856
All Other Funds	6,576	0	0	0	0	0	0
TOTAL	<u>\$ 308,580</u>	<u>\$ 257,948</u>	<u>\$ 257,418</u>	<u>\$ 251,819</u>	<u>\$ 249,881</u>	<u>\$ 253,944</u>	<u>\$ 251,856</u>
FTE Positions	2.0	2.0	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	0.0	0.0
TOTAL	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>

The **agency** requests \$257,948, all from the State General Fund, for FY 2017. This request is \$25,379 more than the approved budget. This difference from the approved budget is in contractual services.

The **Governor** recommends expenditures for FY 2017 of \$257,418, all from the State General Fund. The Governor's recommendation is a decrease of \$530 from the agency's request due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The **agency** requests \$251,819 all from the State General Fund, for FY 2018. This request is \$6,129 less than the FY 2017 request.

The **Governor** recommends expenditures for FY 2018 of \$249,881, all from the State General Fund. This is a decrease of \$1,938, attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$253,944, all from the State General Fund, for FY 2019. This is \$2,125 more than the FY 2018 request.

The **Governor** recommends expenditures for FY 2019 of \$251,856, all from the State General Fund. This is a decrease of \$2,088 from the agency's budget request due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 363,255	\$ 363,255	\$ 295,000	\$ 295,000	\$ 295,000	\$ 295,000
Campus Life Safety and Security	573,638	573,638	520,998	520,998	390,000	390,000
Campus Boilers and HVAC Upgrades	142,148	142,148	180,000	180,000	90,000	90,000
Debt Service	81,646	81,646	85,061	85,061	88,619	88,619
TOTAL	<u>\$ 1,160,687</u>	<u>\$ 1,160,687</u>	<u>\$ 1,081,059</u>	<u>\$ 1,081,059</u>	<u>\$ 863,619</u>	<u>\$ 863,619</u>
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	1,160,687	1,160,687	1,081,059	1,081,059	863,619	863,619
TOTAL	<u>\$ 1,160,687</u>	<u>\$ 1,160,687</u>	<u>\$ 1,081,059</u>	<u>\$ 1,081,059</u>	<u>\$ 863,619</u>	<u>\$ 863,619</u>

Current Year Agency Estimate

FY 2017–Current Year. The agency estimates capital improvement expenditures of \$1.2 million for FY 2017, all from the State Institutions Building Fund. This revised estimate is the same as the approved amount, but includes \$348,134 of

reappropriations due to FY 2016 projects that were not completed in that fiscal year, including \$272,731 for campus life safety and security; \$73,255 for rehabilitation and repair projects; and \$2,148 in HVAC upgrades.

Current Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of \$1.2 million for FY 2017, the same as the agency's estimate.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$1.1 million, all from the State Institutions Building Fund. Agency officials estimate the fire and mass notification upgrade, part of safety, and security system work will be completed in FY 2018. The

replacement of old HVAC control systems will be completed in multiple education buildings. Rehabilitation and repair funds will continue to provide ongoing maintenance for the campus.

Budget Year Governor Recommendation

The **Governor** recommends \$1.1 million of capital improvement expenditures for FY 2018, the same as the agency's request.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$863,619, all from the State Institutions Building Fund. Debt service will be retired in FY 2020. Safety and security system work will include replacing the key access system and remodeling the gym and

student center entrance. HVAC work will begin on the Health Center Building (medical services building). Rehabilitation and repair work will continue to provide ongoing maintenance.

Budget Year Governor Recommendation

The **Governor** recommends \$863,619 of capital improvement expenditures for FY 2019, the same as the agency's request.

PERFORMANCE MEASURES					
<u>Measure</u>	<u>Gov. Rec. for FY 2016</u>	<u>Actual FY 2016</u>	<u>Gov. Rec. FY 2017</u>	<u>Gov. Rec. FY 2018</u>	<u>Gov. Rec. FY 2019</u>
Percent of students achieving individualized education plan goals	80	85	85	85	90
Number of students attending extended school year on campus	80	85	85	85	90

POSTSECONDARY EDUCATION SYSTEMWIDE

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 754,115,709	\$ 757,095,500	\$ 756,869,948	\$ 779,335,060	\$ 748,682,574	\$ 779,866,575	\$ 752,659,592
Other Funds	1,824,809,598	1,954,203,932	1,953,931,376	1,944,358,430	1,941,407,708	1,957,129,612	1,954,170,493
TOTAL	\$ 2,578,925,307	\$ 2,711,299,432	\$ 2,710,801,324	\$ 2,723,693,490	\$ 2,690,090,282	\$ 2,736,996,187	\$ 2,706,830,085
Capital Improvements:							
State General Fund	\$ 5,998,779	\$ 3,124,319	\$ 3,124,319	\$ 5,456,330	\$ 4,156,330	\$ 5,673,733	\$ 4,308,733
Other Funds	165,446,539	195,210,450	195,210,450	131,028,585	131,318,585	113,216,561	113,531,561
TOTAL	\$ 171,445,318	\$ 198,334,769	\$ 198,334,769	\$ 136,484,915	\$ 135,474,915	\$ 118,890,294	\$ 117,840,294
GRAND TOTAL	\$ 2,750,370,625	\$ 2,909,634,201	\$ 2,909,136,093	\$ 2,860,178,405	\$ 2,825,565,197	\$ 2,855,886,481	\$ 2,824,670,379
Percentage Change:							
Operating Expenditures							
State General Fund	(2.4) %	0.4 %	0.4 %	2.9 %	(1.1) %	0.1 %	0.5 %
All Funds	1.3	5.1	5.1	0.5	(0.8)	0.5	0.6
FTE Positions	18,513.7	18,804.8	18,804.8	18,804.8	18,804.8	18,804.8	18,804.8
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	18,513.7	18,804.8	18,804.8	18,804.8	18,804.8	18,804.8	18,804.8

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 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 that provided for the state universities to be funded through an operating or block grant rather than the multiple line-item appropriations 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 (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 following four projects:

- Constructing the Food Safety and Security Research Facility at Kansas State University;
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center;
- Expanding the Aviation Engineering Complex at Wichita State University; 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 a bill (SB 7) requiring technical colleges to replace its existing governing boards (typically the local school board) with an independent governing board. 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** also 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.

In addition, 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 purchasing 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 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** 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 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 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 Session. The 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.

In addition, the legislation consolidated the existing four teacher service scholarship programs into a single program called 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 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. Over a five-year period, \$100.0 million in bond funding was made available to Washburn University, the community colleges, and the technical colleges. 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 represents a five-year total state investment of \$62.5 million.

In addition, the **2007 Legislature** 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; 1 appointed by the President of the Senate; and 1 appointed by the Speaker of the House. There also are 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 12 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 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 5 pupils from each of the 4

congressional districts and 20 other pupils on a statewide 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 Kansas Academy for Math and Science (KAMS) for fiscal years 2009-2014, 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 simultaneously earn 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 2007. The appropriation of funding for the program is based on estimates provided by Fort Hays State University 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 State Board of Regents for a certificate of approval but would not have to obtain additional approval for a branch campus. The legislation requires institutions notify the State 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 are in effect for one year only, for FY 2011. 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.

In addition, 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 State Board of Regents using a credit hour cost calculation model. This model includes all of the following concepts:

- Arrange technical education programs into categories or tiers by 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 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 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 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, the University of Kansas Medical Center, and Kansas State University.

The bill requires 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** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZs), 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** also 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 Kansas State University. 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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, which 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 can 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.

In addition, 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, as well as salaries and wages all funds expenditures.

The **2014 Legislature** created the 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 a performance-based incentive 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 **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$895,434, and the February 2015 State General Fund allotment reduced approved expenditures by \$16.2 million in FY 2015.

The **Governor** vetoed the Performance Incentive Grant from House Sub. for SB 112 in 2015 and transferred \$1.9 million to the State General Fund in FY 2016.

The **Governor's** March State General Fund allotment reduced approved expenditures by \$17.3 million in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$30.7 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agencies** request a revised estimate of \$2.9 billion, including \$760.2 million from the State General Fund. This is an all funds increase of \$116.4 million, or 4.2 percent, above the approved amount. There is no change in the State General Fund from the approved amount. The increase includes \$84.9 million, or 3.2 percent, from the operating budget and \$30.7 million, or 18.3 percent, from the capital improvements budget. The increased capital improvement expenditures include the

Health Education Building at the University of Kansas Medical Center, the Earth, Energy and Environment Center at the University of Kansas, additional rehabilitation and repair projects at Pittsburg State University, and housing projects at Kansas State University. The operating increases include salaries and wages (\$22.8 million), contractual services (\$35.3 million), capital outlay (\$9.6 million), and other assistance (\$17.7 million).

FY 2017 Governor Recommendation

The **Governor** recommends \$2.9 billion, including \$760.0 million from the State General Fund. The recommendation is an all funds decrease of \$498,108, or less than 0.1 percent, and a State General Fund decrease of \$225,552, or less than 0.1 percent, below the agencies' requests. The decrease is

attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The Governor concurs with the agencies' capital improvement revised estimates in FY 2017.

FY 2018 Agency Request

The **agencies** request operating budgets of \$2.7 billion, including \$779.3 million from the State General Fund. This is an all funds increase of \$12.4 million, or 0.5 percent, and a State General Fund increase of \$22.2 million, or 2.9 percent, above the FY 2017 revised estimate. There are increases in contractual services (\$5.0 million), aid to local units of government (\$6.0 million), and other assistance (\$24.0 million), with offsetting decreases in salaries and wages (\$12.5 million) and capital outlay (\$8.5 million).

FY 2018 Governor Recommendation

The **Governor** recommends \$2.7 billion, including \$748.7 million from the State General Fund. The recommendation is an all funds decrease of \$33.6 million, or 1.2 percent, and \$30.7 million, or 3.9 percent, from the State General Fund below the FY 2018 request. The decrease is primarily attributable to the Governor not recommending the enhancement requests of \$30.7 million, all from the State General Fund.

The recommendation added \$1.0 million, all from the State General Fund, for a new 15K Pilot program, \$3.0 million, all from the State General Fund, for Teachers Scholarships to work in rural Kansas, and \$800,000, all from the State General Fund, for the planning of a new dental school at Kansas University Medical Center. The recommendation also deleted \$4.0 million, all from the State General Fund, for the Kansas State University Global Food System program.

The Governor's recommendation also includes holding KPERs employer contributions at the FY 2016 amount, which

The agencies request \$136.5 million, including \$5.5 million from the State General Fund, for capital improvements. This is an all funds decrease of \$61.8 million, or 31.2 percent, and a State General Fund increase of \$2.3 million, or 74.6 percent, from the FY 2017 revised estimate. The decrease is primarily due to the reduction in expenditures for the University of Kansas Medical Center's Health Education building and Kansas State University residence halls. The State General Fund increase is in debt service.

results in an all funds reduction of \$1.4 million, including \$646,595 from the State General Fund, and providing a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$1.7 million, including \$548,422 from the State General Fund.

The Governor recommends \$135.5 million, including \$4.2 million from the State General Fund for capital improvements for FY 2018. This is an all funds decrease of \$1.0 million, or 0.7 percent, and \$1.3 million, or 23.8 percent, from the State General Fund below the agencies' requests. The recommendation deleted the State General Fund debt service payment from Kansas State University; deleted the Educational Building Fund expenditure from Kansas State University as a technical correction; and added \$800,000 from the Educational Building Fund for the planning of the dental school at the University of Kansas Medical Center.

FY 2019 Agency Request

The **agencies** request operating budgets of \$2.7 billion, including \$780.0 million from the State General Fund. This is an all funds increase of \$13.3 million, or 0.5 percent, and a State General Fund increase of \$531,515, or 0.1 percent, above the FY 2018 request. The increase is primarily due to increases in salaries and wages (\$8.5 million) and contractual services (\$8.5 million), with offsetting decreases in commodities (\$2.1 million) and debt service (\$1.2 million).

FY 2019 Governor Recommendation

The **Governor** recommends \$2.7 billion, including \$752.7 million from the State General Fund. The recommendation is an all funds decrease of \$30.2 million, or 1.1 percent, and \$27.2 million, or 3.5 percent, decrease from the State General Fund below the FY 2019 request. The decrease is primarily attributable to the Governor not recommending the enhancement requests of \$30.7 million, all from the State General Fund.

The recommendation added \$1.0 million, all from the State General Fund, for a new 15K Pilot program, \$3.0 million, all from the State General Fund, for Teachers Scholarships to work in rural Kansas, and \$800,000, all from the State General Fund, for the planning of a new dental school at Kansas University Medical Center. The recommendation also deleted \$4.0 million, all from the State General Fund, for the Global Food System program from Kansas State University, and \$1.0 million, all from

The agencies request \$118.9 million, including \$5.7 million from the State General Fund, for capital improvements. This is an all funds decrease of \$17.6 million, or 12.9 percent, and a State General Fund increase of \$217,403, or 4.0 percent, from the FY 2018 request. The all funds decrease is due to an overall decrease in construction projects and the State General Fund increase is for debt service.

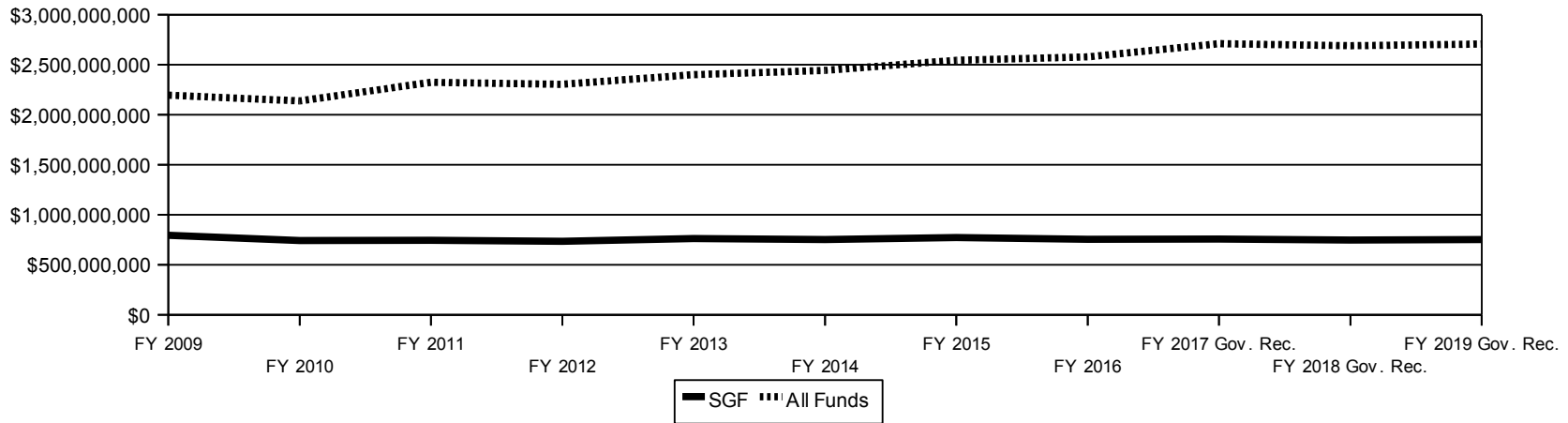
the State General Fund, for the Wichita State University Center of Innovation for Biomaterials in Orthopedic Research (CIBOR).

The Governor's recommendation also includes holding KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$2.0 million, including \$907,834 from the State General Fund.

The Governor recommends \$117.8 million, including \$4.3 million from the State General Fund, for capital improvements for FY 2019. This is an all funds decrease of \$1.1 million, or 0.9 percent, and \$1.4 million, or 24.1 percent, from the State General Fund below the agencies' requests. The recommendation deleted the State General Fund debt service payment from Kansas State University; deleted the Education Building Fund expenditures from Kansas State University as a technical correction; and added \$800,000 from the Educational Building Fund for the planning of the dental school at the University of Kansas Medical Center.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	754,115,709	(2.4)	2,578,925,307	1.3	18,513.7
2017 Gov. Rec.	756,869,948	0.4	2,710,801,324	5.1	18,804.8
2018 Gov. Rec.	748,682,574	(1.1)	2,690,090,282	(0.8)	18,804.8
2019 Gov. Rec.	752,659,592	0.5	2,706,830,085	0.6	18,804.8
Eleven-Year Change	\$ (42,156,550)	(5.3)%	\$ 511,179,147	23.3 %	1,151.7

2015 allotments = \$17.2 million; 2016 allotments = \$17.3 million; 2017 allotments = \$30.7 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Board of Regents	\$ 213,928,472	\$ 207,353,838	\$ 237,350,388	\$ 29,996,550	14.5 %	\$ 207,351,656	\$ 210,672,196	\$ 3,320,540	1.6 %
University of Kansas	723,371,493	723,190,745	733,630,895	10,440,150	1.4	723,088,943	732,815,506	9,726,563	1.3
KU Medical Center	325,903,090	368,804,572	350,990,642	(17,813,930)	(4.8)	368,784,686	350,594,977	(18,189,709)	(4.9)
Kansas State University	534,942,708	589,979,094	586,019,212	(3,959,882)	(0.7)	589,826,805	581,560,455	(8,266,350)	(1.4)
KSU-ESARP	137,882,780	145,461,757	143,836,114	(1,625,643)	(1.1)	145,434,247	143,626,187	(1,808,060)	(1.2)
KSU-VMC	47,854,322	50,704,247	50,872,885	168,638	0.3	50,684,428	50,757,997	73,569	0.1
Emporia State University	85,362,384	90,543,927	89,171,550	(1,372,377)	(1.5)	90,509,431	89,011,304	(1,498,127)	(1.7)
Fort Hays State University	118,508,958	120,466,724	121,424,982	958,258	0.8	120,427,131	121,209,403	782,272	0.6
Pittsburg State University	104,121,660	108,632,906	107,724,294	(908,612)	(0.8)	108,597,927	107,547,171	(1,050,756)	(1.0)
Wichita State University	287,049,440	306,161,622	302,672,528	(3,489,094)	(1.1)	306,096,070	302,295,086	(3,800,984)	(1.2)
TOTAL	\$ 2,578,925,307	\$ 2,711,299,432	\$ 2,723,693,490	\$ 12,394,058	0.5 %	\$ 2,710,801,324	\$ 2,690,090,282	\$ (20,711,042)	(0.8)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,548,343,053	\$ 1,626,872,360	\$ 1,614,391,570	\$ (12,480,790)	(0.8) %	\$ 1,626,374,252	\$ 1,610,962,648	\$ (15,411,604)	(0.9)%
Contractual Services	371,837,953	391,266,131	396,339,570	5,073,439	1.3	391,266,131	394,531,371	3,265,240	0.8
Commodities	92,156,803	100,100,510	99,397,936	(702,574)	(0.7)	100,100,510	99,397,936	(702,574)	(0.7)
Capital Outlay	76,484,148	83,176,286	74,631,253	(8,545,033)	(10.3)	83,176,286	74,631,253	(8,545,033)	(10.3)
Debt Service	30,998,282	36,904,596	35,987,481	(917,115)	(2.5)	36,904,596	34,102,237	(2,802,359)	(7.6)
Subtotal - Operations	\$ 2,119,820,239	\$ 2,238,319,883	\$ 2,220,747,810	\$ (17,572,073)	(0.8) %	\$ 2,237,821,775	\$ 2,213,625,445	\$ (24,196,330)	(1.1)%
Aid to Local Units	182,823,443	176,522,427	182,517,468	5,995,041	3.4	176,522,427	176,500,968	(21,459)	(0.0)
Other Assistance	276,281,625	296,457,122	320,428,212	23,971,090	8.1	296,457,122	299,963,869	3,506,747	1.2
TOTAL	\$ 2,578,925,307	\$ 2,711,299,432	\$ 2,723,693,490	\$ 12,394,058	0.5 %	\$ 2,710,801,324	\$ 2,690,090,282	\$ (20,711,042)	(0.8)%
Financing:									
State General Fund	\$ 754,115,709	\$ 757,095,500	\$ 779,335,060	\$ 22,239,560	2.9 %	\$ 756,869,948	\$ 748,682,574	\$ (8,187,374)	(1.1)%
General Fees Fund	731,168,702	786,339,133	783,170,306	(3,168,827)	(0.4)	786,216,645	782,164,057	(4,052,588)	(0.5)
Restricted Fees Fund	516,858,916	527,565,794	524,737,146	(2,828,648)	(0.5)	527,505,496	524,226,392	(3,279,104)	(0.6)
Economic Development Initiatives Fund	4,513,069	4,555,925	4,515,321	(40,604)	(0.9)	4,555,826	4,514,623	(41,203)	(0.9)
All Other Funds	572,268,911	635,743,080	631,935,657	(3,807,423)	(0.6)	635,653,409	630,502,636	(5,150,773)	(0.8)
TOTAL	\$ 2,578,925,307	\$ 2,711,299,432	\$ 2,723,693,490	\$ 12,394,058	0.5 %	\$ 2,710,801,324	\$ 2,690,090,282	\$ (20,711,042)	(0.8)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
Bv Program:								
Board of Regents	\$ 237,350,388	\$ 237,392,344	\$ 41,956	0.0 %	\$ 210,672,196	\$ 213,719,654	\$ 3,047,458	1.4 %
University of Kansas	733,630,895	747,270,539	13,639,644	1.9	732,815,506	746,868,418	14,052,912	1.9
KU Medical Center	350,990,642	352,878,064	1,887,422	0.5	350,594,977	352,791,179	2,196,202	0.6
Kansas State University	586,019,212	581,965,129	(4,054,083)	(0.7)	581,560,455	577,831,056	(3,729,399)	(0.6)
KSU-ESARP	143,836,114	144,049,335	213,221	0.1	143,626,187	143,930,069	303,882	0.2
KSU-VMC	50,872,885	50,935,138	62,253	0.1	50,757,997	50,850,173	92,176	0.2
Emporia State University	89,171,550	89,333,069	161,519	0.2	89,011,304	89,212,975	201,671	0.2
Fort Hays State University	121,424,982	122,850,658	1,425,676	1.2	121,209,403	122,700,687	1,491,284	1.2
Pittsburg State University	107,724,294	107,720,177	(4,117)	(0.0)	107,547,171	107,582,298	35,127	0.0
Wichita State University	302,672,528	302,601,734	(70,794)	(0.0)	302,295,086	301,343,576	(951,510)	(0.3)
TOTAL	\$ 2,723,693,490	\$ 2,736,996,187	\$ 13,302,697	0.5 %	\$ 2,690,090,282	\$ 2,706,830,085	\$ 16,739,803	0.6 %
Bv Major Object of Expenditure:								
Salaries and Wages	\$ 1,614,391,570	\$ 1,622,932,163	\$ 8,540,593	0.5 %	\$ 1,610,962,648	\$ 1,620,904,046	\$ 9,941,398	0.6 %
Contractual Services	396,339,570	404,864,748	8,525,178	2.2	394,531,371	402,656,650	8,125,279	2.1
Commodities	99,397,936	97,341,328	(2,056,608)	(2.1)	99,397,936	96,941,328	(2,456,608)	(2.5)
Capital Outlay	74,631,253	74,042,985	(588,268)	(0.8)	74,631,253	73,842,985	(788,268)	(1.1)
Debt Service	35,987,481	34,817,325	(1,170,156)	(3.3)	34,102,237	32,968,281	(1,133,956)	(3.3)
Subtotal - Operations	\$ 2,220,747,810	\$ 2,233,998,549	\$ 13,250,739	0.6 %	\$ 2,213,625,445	\$ 2,227,313,290	\$ 13,687,845	0.6 %
Aid to Local Units	182,517,468	182,545,468	28,000	0.0	176,500,968	176,528,968	28,000	0.0
Other Assistance	320,428,212	320,452,170	23,958	0.0	299,963,869	302,987,827	3,023,958	1.0
TOTAL	\$ 2,723,693,490	\$ 2,736,996,187	\$ 13,302,697	0.5 %	\$ 2,690,090,282	\$ 2,706,830,085	\$ 16,739,803	0.6 %
Financing:								
State General Fund	\$ 779,335,060	\$ 779,866,575	\$ 531,515	0.1 %	\$ 748,682,574	\$ 752,659,592	\$ 3,977,018	0.5 %
General Fees Fund	783,170,306	792,617,594	9,447,288	1.2	782,164,057	792,121,903	9,957,846	1.3
Restricted Fees Fund	524,737,146	525,889,063	1,151,917	0.2	524,226,392	525,640,330	1,413,938	0.3
Economic Development Initiatives Fund	4,515,321	4,515,321	0	0.0	4,514,623	4,514,883	260	0.0
All Other Funds	631,935,657	634,107,634	2,171,977	0.3	630,502,636	631,893,377	1,390,741	0.2
TOTAL	\$ 2,723,693,490	\$ 2,736,996,187	\$ 13,302,697	0.5 %	\$ 2,690,090,282	\$ 2,706,830,085	\$ 16,739,803	0.6 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$760,967,631 for Postsecondary Education Systemwide in FY 2017. Adjustments have been made subsequently to change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$805,076, based on the reappropriation of FY 2016 funding, which was not spent in FY 2016 and has shifted to FY 2017; and

- A reduction of \$1,552,888, as the result of the lapse of FY 2017 funding due to the refinancing of the School of Pharmacy bonds.

These adjustments change the FY 2017 approved State General Fund to \$760,219,819. 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	\$ 760,219,819	\$ 760,219,819	\$ 0	\$ 759,994,267	\$ (225,552)
All Other Funds	2,033,063,357	2,149,414,382	116,351,025	2,149,141,826	116,078,469
TOTAL	\$ 2,793,283,176	\$ 2,909,634,201	\$ 116,351,025	\$ 2,909,136,093	\$ 115,852,917
FTE Positions	18,272.6	18,804.8	532.2	18,804.8	532.2

The **agencies** request a revised estimate of \$2.9 billion, including \$760.2 million from the State General Fund, in FY

2017 including capital improvements. This is an all funds increase of \$116.4 million, or 4.2 percent, above the approved

amount. There is no change in the State General Fund from the approved amount. The increase includes \$84.9 million, or 3.2 percent, from the operating budget and \$30.7 million, or 18.3 percent, from the capital improvements budget. The increased capital improvement expenditures include the Health Education Building at the University of Kansas Medical Center, the Earth, Energy and Environment Center at the University of Kansas, additional rehabilitation and repair projects at Pittsburg State University, and housing projects at Kansas State University. The operating increases include salaries and wages (\$22.8 million),

contractual services (\$35.3 million), capital outlay (\$9.6 million), and other assistance (\$17.7 million).

The **Governor** recommends \$2.9 billion, including \$760.0 million from the State General Fund. The recommendation is an all funds decrease of \$498,108, or less than 0.1 percent, and a State General Fund decrease of \$225,552, or less than one percent, below the agencies' requests. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 2,723,693,490	\$ 2,690,090,282	\$ (33,603,208)
FTE Positions	18,804.8	18,804.8	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ 22,239,560	\$ (8,187,374)	
All Other Funds	(9,845,502)	(12,523,668)	
TOTAL	<u>\$ 12,394,058</u>	<u>\$ (20,711,042)</u>	
<i>Percent Change:</i>			
State General Fund	2.9 %	(1.1) %	
All Other Funds	(0.5)	(0.6)	
TOTAL	<u>0.5 %</u>	<u>(0.8) %</u>	
Change in FTE Positions	0.0	0.0	

The **agencies** request operating budgets of \$2.7 billion, including \$779.3 million from the State General Fund. This is an all funds increase of \$12.4 million, or 0.5 percent, and a State General Fund increase of \$22.2 million, or 2.9 percent, above the FY 2017 revised estimate. There are increases in contractual services (\$5.0 million), aid to local units of government (\$6.0 million), and other assistance (\$24.0 million), with offsetting decreases in salaries and wages (\$12.5 million) and capital outlay (\$8.5 million).

The **Governor** recommends \$2.7 billion, including \$748.7 million from the State General Fund. The recommendation is an all funds decrease of \$33.6 million, or 1.2 percent, and a decrease of \$30.7 million, or 3.9 percent, from the State General Fund below the FY 2018 request. The decrease is primarily attributable to the Governor not recommending the enhancement requests of \$30.7 million, all from the State General Fund.

The recommendation added \$1.0 million, all from the State General Fund, for a new 15K Pilot program, \$3.0 million, all from the State General Fund, for Teachers Scholarships to work in rural Kansas, and \$800,000, all from the State General Fund, for the planning of a new dental school at Kansas University Medical Center. The recommendation also deleted \$4.0 million, all from the State General Fund, for the Kansas State University Global Food System program.

The Governor's recommendation also includes holding KPERs employer contributions at the FY 2016 amount, which results in an all funds reduction of \$1.4 million, including \$646,595 from the State General Fund, and providing a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$1.7 million, including \$548,422 from the State General Fund.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emporia State University	\$ 855,204	\$ 855,204	0.0	\$ 0	\$ 0	0.0
Fort Hays State University	1,059,685	1,059,685	0.0	0	0	0.0
Pittsburg State University	1,020,815	1,020,815	0.0	0	0	0.0
Wichita State University	2,846,788	2,846,788	0.0	0	0	0.0
Kansas State University	5,219,623	5,219,623	0.0	0	0	0.0
KSU-ESARP	1,348,010	1,348,010	0.0	0	0	0.0
KSU-Veterinary Medical Center	509,103	509,103	0.0	0	0	0.0
University of Kansas	7,009,260	7,009,260	0.0	0	0	0.0
University of Kansas Medical Center	3,720,190	3,720,190	0.0	0	0	0.0
Kansas Board of Regents:						
Teachers Scholarship Program	450,000	450,000	0.0	0	0	0.0
Military Service Scholarship	10,000	10,000	0.0	0	0	0.0
Tuition Waivers	20,000	20,000	0.0	0	0	0.0
Nursing Student Scholarship	200,000	200,000	0.0	0	0	0.0
Nurse Educator Grant	70,000	70,000	0.0	0	0	0.0
State Scholarship Program	105,665	105,665	0.0	0	0	0.0
State Scholarship Distinguished School	10,000	10,000	0.0	0	0	0.0
ROTC Scholarship	10,000	10,000	0.0	0	0	0.0
Midwest Higher Education Commission	3,800	3,800	0.0	0	0	0.0
Vocational Education Capitol Outlay	2,863	2,863	0.0	0	0	0.0
Tech. Equip. at Comm and Tech Colleges	15,939	15,939	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	3,059,853	3,059,853	0.0	0	0	0.0
Postsecondary Tiered Technical Education	2,332,039	2,332,039	0.0	0	0	0.0
Adult Basic Education	58,281	58,281	0.0	0	0	0.0
Municipal University Operating Grant	476,037	476,037	0.0	0	0	0.0
Nursing Faculty and Supplies Grant	71,488	71,488	0.0	0	0	0.0
Board office operating expenditures	178,711	178,711	0.0	0	0	0.0
Postsec. Technical Education Authority	795	795	0.0	0	0	0.0
TOTAL	\$ 30,664,149	\$ 30,664,149	0.0	\$ 0	\$ 0	0.0

The **agencies** are requesting \$30.7 million, all from the State General Fund, for enhancements for FY 2018. The request would restore the reductions made to the State General Fund allocation to the Board of Regents' and state universities' budgets in the amount of the May 2016 allotment in FY 2017.

The **Governor** does not recommend any of the enhancement requests for FY 2018.

Higher Education Institution Performance Agreements

The 2002 Legislature amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The bill 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 2006, any new state funds will be based upon compliance with those measures. Allocations of additional state funding in FY 2015 will be based upon performance agreements in effect from January 1, 2012, through December 31, 2012.

The Board of Regents has established six systemwide goals:

- System Goal A: Increase system efficiency/effectiveness/seamlessness;

- System Goal B: Improve learner outcomes;
- System Goal C: Improve workforce development;
- System Goal D: Increase targeted participation/access;
- System Goal E: Increase external resources; and
- System Goal F: Improve community/civic engagement.

Each institution must address System Goal A and at least two of System Goals B through D. System Goals E and F are to be considered in future years. A summary of all of the performance agreements are available from the Kansas Legislative Research Department.

Other Items for Consideration

FY 2018 ADDITIONAL CONSIDERATIONS						
Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
ESU—Department of Nursing	\$ 500,000	\$ 500,000	0.0	\$ 0	\$ 0	0.0
FHSU—Increase Higher Education Attainment Among Kansans	2,189,000	2,189,000	0.0	0	0	0.0
PSU—School of Transportation Initiative	1,500,000	1,500,000	0.0	0	0	0.0
WSU—Department of Chemical Engineering	2,000,000	2,000,000	0.0	0	0	0.0
KSU—Restore Global Foods System Research support	5,000,000	5,000,000	0.0	1,000,000	1,000,000	0.0
KU—Jayhawk Success Academy	1,800,000	1,800,000	0.0	0	0	0.0
KUMC—Medical Education Building in Wichita	5,000,000	5,000,000	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	4,000,000	4,000,000	0.0	0	0	0.0
Postsecondary Tiered Technical Education	5,800,000	5,800,000	0.0	0	0	0.0
Dental School	43,000,000	43,000,000	0.0	0	0	0.0
TOTAL	\$ 70,789,000	\$ 70,789,000	0.0	\$ 1,000,000	\$ 1,000,000	0.0

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

Emporia State University Department of Nursing. The Board would like considered \$500,000, all from the State General Fund, for FY 2018 for Emporia State University's Department of Nursing. Newman Regional Health discontinued its \$500,000 support in 2014, and for the last two years, the Jones Trust has provided \$500,000 in support. ESU is asking the State to consider providing the \$500,000 to support the nursing program.

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

Fort Hays State University Increase Higher Education Attainment Among Kansans. The Board would like considered \$2.2 million, all from the State General Fund, for FY 2018. This

is a Foresight 2020 goal that FHSU would increase retention and graduation rates through: expansion of a Freshman Seminar model; expansion of Living and Learning Communities; a Freshman Advising Center; a focused approach on at-risk students; student employment and internship development; and expansion of a full-time virtual college instruction model.

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

Pittsburg State University School of Transportation Initiative. The Board would like considered \$1.5 million, all from the State General Fund, for FY 2018 to continue to develop transportation programs.

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

Wichita State University Establishment of a Department of Chemical Engineering. The Board would like considered \$2.0 million, all from the State General Fund, for FY 2018 to establish the Department of Chemical Engineering to enhance materials engineering workforce development and product innovation.

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

Kansas State University Global Foods System Research. The Board would like considered \$5.0 million, all from the State General Fund, for FY 2018 to continue research for the world's food and animal health.

The **Governor** recommends \$1.0 million, all from the State General Fund for this additional request.

University of Kansas Jayhawk Success Academy. The Board would like considered \$1.8 million, all from the State General Fund, for FY 2018 for the Jayhawk Success Academy that, according to the agency, is a bridge program that will build a sense of community, provide focused attention on academic skills, and promote understanding of the social aspects of college.

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

University of Kansas Medical Center Medical Education Building in Wichita. The Board would like considered \$5.0 million, all from the State General Fund, for FY 2018 to

construct or renovate a new medical education building at the KU School of Medicine campus in Wichita.

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

Non-Tiered Course Credit Hour Grant. The Board would like considered \$4.0 million, all from the State General Fund, for FY 2018 for additional funds for community and technical colleges.

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

Postsecondary Tiered Technical Education. The Board would like considered \$5.8 million, all from the State General Fund, for FY 2018 for additional funds for community and technical colleges.

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

Dental School at University of Kansas Medical Center. The Board would like considered \$43.0 million, all from the State General Fund, for FY 2018 for the University of Kansas Medical Center to develop a dental school. The start-up costs include \$32.0 million to remodel the Dykes library building; \$8.9 million for equipment and information technology costs; and \$2.1 million for faculty, administration, and accrediting processes.

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

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agencies' reduced resources budget submissions for the State General Fund and Economic Development Initiatives Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emporia State University	\$ (1,516,837)	\$ (1,519,895)	0.0	\$ 0	\$ 0	0.0
Fort Hays State University	(1,626,645)	(1,629,353)	0.0	0	0	0.0
Pittsburg State University	(1,691,104)	(1,691,104)	26.0	0	0	0.0
Wichita State University	(3,541,904)	(3,541,904)	0.0	0	0	0.0
Kansas State University	(4,985,062)	(4,985,062)	0.0	0	0	0.0
KSU-ESARP	(2,283,881)	(2,298,633)	0.0	0	0	0.0
KSU-Veterinary Medical Center	(720,037)	(720,037)	0.0	0	0	0.0
University of Kansas	(6,339,771)	(6,339,771)	0.0	0	0	0.0
University of Kansas Medical Center	(5,198,552)	(5,198,552)	0.0	0	0	0.0
Board of Regents	(9,526,295)	(9,526,295)	0.0	0	0	0.0
TOTAL	\$ (37,430,088)	\$ (37,450,606)	26.0	\$ 0	\$ 0	0.0

The **agencies** submitted the requested 5.0 percent reduced resources. This would be a reduction of \$37.4 million from the State General Fund and \$14,752 from the Economic Development Initiatives Fund for FY 2018.

The **Governor** does not recommend the reduced resources budgets.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 2,736,996,187	\$ 2,706,830,085	\$ (30,166,102)
FTE Positions	18,804.8	18,804.8	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 531,515	\$ 3,977,018	
All Other Funds	12,771,182	12,762,785	
TOTAL	<u>\$ 13,302,697</u>	<u>\$ 16,739,803</u>	
<i>Percent Change:</i>			
State General Fund	0.1 %	0.5 %	
All Other Funds	0.7	0.7	
TOTAL	<u>0.5 %</u>	<u>0.6 %</u>	
Change in FTE Positions	0.0	0.0	

The **agencies** request operating budgets of \$2.7 billion, including \$780.0 million from the State General Fund. This is an all funds increase of \$13.3 million, or 0.5 percent, and a State General Fund increase of \$531,515, or 0.1 percent, above the FY 2018 request. The increase is primarily due to increases in salaries and wages (\$8.5 million) and contractual services (\$8.5

million), with offsetting decreases in commodities (\$2.1 million) and debt service (\$1.2 million).

The **Governor** recommends \$2.7 billion, including \$752.7 million from the State General Fund. The recommendation is an all funds decrease of \$30.2 million, or 1.1 percent, and a

decrease of \$27.2 million, or 3.5 percent, from the State General Fund below the the agencies' FY 2019 requests. The decrease is primarily attributable to the Governor not recommending the enhancement requests of \$30.7 million, all from the State General Fund.

The recommendation added \$1.0 million, all from the State General Fund, for a new 15K Pilot program, \$3.0 million, all from the State General Fund, for Teachers Scholarships to work in rural Kansas, and \$800,000, all from the State General Fund, for the planning of a new dental school at Kansas University

Medical Center. The recommendation also deleted \$4.0 million, all from the State General Fund, for the Global Food System program from Kansas State University, and \$1.0 million, all from the State General Fund, for the Wichita State University Center of Innovation for Biomaterials in Orthopedic Research (CIBOR).

The Governor's recommendation also includes holding KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$2.0 million, including \$907,834 from the State General Fund.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emporia State University	\$ 855,204	\$ 855,204	0.0	\$ 0	\$ 0	0.0
Fort Hays State University	1,059,685	1,059,685	0.0	0	0	0.0
Pittsburg State University	1,020,815	1,020,815	0.0	0	0	0.0
Wichita State University	2,846,788	2,846,788	0.0	0	0	0.0
Kansas State University	5,219,623	5,219,623	0.0	0	0	0.0
KSU-ESARP	1,348,010	1,348,010	0.0	0	0	0.0
KSU-Veterinary Medical Center	509,103	509,103	0.0	0	0	0.0
University of Kansas	7,009,260	7,009,260	0.0	0	0	0.0
University of Kansas Medical Center	3,720,190	3,720,190	0.0	0	0	0.0
Kansas Board of Regents:						
Teachers Scholarship Program	450,000	450,000	0.0	0	0	0.0
Military Service Scholarship	10,000	10,000	0.0	0	0	0.0
Tuition Waivers	20,000	20,000	0.0	0	0	0.0
Nursing Student Scholarship	200,000	200,000	0.0	0	0	0.0
Nurse Educator Grant	70,000	70,000	0.0	0	0	0.0
State Scholarship Program	105,665	105,665	0.0	0	0	0.0
State Scholarship Distinguished School	10,000	10,000	0.0	0	0	0.0
ROTC Scholarship	10,000	10,000	0.0	0	0	0.0
Midwest Higher Education Commission	3,800	3,800	0.0	0	0	0.0
Vocational Education Capitol Outlay	2,863	2,863	0.0	0	0	0.0
Tech. Equip. at Comm and Tech Colleges	15,939	15,939	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	3,059,853	3,059,853	0.0	0	0	0.0
Postsecondary Tier Technical Education	2,332,039	2,332,039	0.0	0	0	0.0
Adult Basic Education	58,281	58,281	0.0	0	0	0.0
Municipal University Operating Grant	476,037	476,037	0.0	0	0	0.0
Nursing Faculty and Supplies Grant	71,488	71,488	0.0	0	0	0.0
Board office operating expenditures	178,711	178,711	0.0	0	0	0.0
Postsec. Technical Education Authority	795	795	0.0	0	0	0.0
TOTAL	\$ 30,664,149	\$ 30,664,149	0.0	\$ 0	\$ 0	0.0

The **agencies** are requesting \$30.7 million, all from the State General Fund, as enhancement requests for FY 2019. The request would restore the reductions made to the State General Fund allocation to the Board of Regents' and state

universities' budgets in the amount of the May 2016 allotment in FY 2017.

The **Governor** does not recommend the agencies' enhancement requests for FY 2019.

Items for Consideration

FY 2019 ADDITIONAL CONSIDERATIONS						
Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
ESU—Department of Nursing	500,000	500,000	0.0	\$ 0	\$ 0	0.0
FHSU—Increase Higher Education Attainment Among Kansans	2,189,000	2,189,000	0.0	0	0	0.0
PSU—School of Transportation Initiative	1,500,000	1,500,000	0.0	0	0	0.0
WSU—Department of Chemical Engineering	2,000,000	2,000,000	0.0	0	0	0.0
KSU—Restore Global Foods System Research support	5,000,000	5,000,000	0.0	1,000,000	1,000,000	0.0
KU—Jayhawk Success Academy	1,800,000	1,800,000	0.0	0	0	0.0
KUMC—Medical Education Building in Wichita	10,000,000	10,000,000	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	4,000,000	4,000,000	0.0	0	0	0.0
Postsecondary Tiered Technical Education	5,800,000	5,800,000	0.0	0	0	0.0
Dental School	6,500,000	6,500,000	0.0	0	0	0.0
TOTAL	\$ 39,289,000	\$ 39,289,000	0.0	\$ 1,000,000	\$ 1,000,000	0.0

Emporia State University Department of Nursing. The Board would like considered \$500,000, all from the State General Fund, for FY 2019 for Emporia State University's Department of Nursing. Newman Regional Health discontinued its \$500,000 support in 2014, and for the last two years, the Jones Trust has provided \$500,000 in support. ESU is asking the State to consider providing the \$500,000 to support the nursing program.

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

Fort Hays State University Increasing Higher Education Attainment Among Kansans. The Board would like considered \$2.2 million, all from the State General Fund, for FY 2019. This is a Foresight 2020 goal that FHSU would increase retention and graduation rates through: expansion of a Freshman Seminar model; expansion of Living and Learning Communities;

a Freshman Advising Center; a focused approach on at-risk students; student employment and internship development; and expansion of a full-time virtual college instruction model.

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

Pittsburg State University School of Transportation Initiative. The Board would like considered \$1.5 million, all from the State General Fund, for FY 2019 to continue to develop transportation programs.

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

Wichita State University Establishment of a Department of Chemical Engineering. The Board would like considered \$2.0 million, all from the State General Fund, for FY 2019 to establish the Department of Chemical Engineering to enhance materials engineering workforce development and product innovation.

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

Kansas State University Global Foods System Research. The Board would like considered \$5.0 million, all from the State General Fund, for FY 2019 to continue research for the world's food and animal health.

The **Governor** recommends \$1.0 million, all from the State General Fund for this additional request.

University of Kansas Jayhawk Success Academy. The Board would like considered \$1.8 million, all from the State General Fund, for FY 2019 for the Jayhawk Success Academy that, according to the agency, is a bridge program that will build

a sense of community, provide focused attention on academic skills, and promote understanding of the social aspects of college.

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

University of Kansas Medical Center Medical Education Building in Wichita. The Board would like considered \$10.0 million, all from the State General Fund, for FY 2019 to construct or renovate a new medical education building at the KU School of Medicine campus in Wichita.

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

Non-Tiered Course Credit Hour Grant. The Board would like considered \$4.0 million, all from the State General Fund, for FY 2019 for additional funds for community and technical colleges.

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

Postsecondary Tiered Technical Education. The Board would like considered \$5.8 million, all from the State General Fund, for FY 2019 for additional funds for community and technical colleges.

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

Dental School at University of Kansas Medical Center. The Board would like considered \$6.5 million, all from the State General Fund, for FY 2019 for the University of Kansas Medical Center to develop a dental school.

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

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agencies reduced resources budget submissions for the State General Fund and Economic Development Initiatives Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emporia State University	\$ (1,519,895)	\$ (1,519,895)	0.0	\$ 0	\$ 0	0.0
Fort Hays State University	(1,629,353)	(1,629,353)	0.0	0	0	0.0
Pittsburg State University	(1,694,025)	(1,694,025)	0.0	0	0	0.0
Wichita State University	(3,548,652)	(3,548,652)	0.0	0	0	0.0
Kansas State University	(4,995,061)	(4,995,061)	0.0	0	0	0.0
KSU–ESARP	(2,286,231)	(2,300,983)	0.0	0	0	0.0
KSU–Veterinary Medical Center	(721,074)	(721,074)	0.0	0	0	0.0
University of Kansas	(6,345,621)	(6,345,621)	0.0	0	0	0.0
University of Kansas Medical Center	(5,200,232)	(5,200,232)	0.0	0	0	0.0
Board of Regents	(9,526,586)	(9,526,586)	0.0	0	0	0.0
TOTAL	\$ (37,466,730)	\$ (37,481,482)	0.0	\$ 0	\$ 0	0.0

The **agencies** submitted the 5.0 percent reduced resources budget for FY 2019, which would result in a reduction of \$37.5 million from the State General Fund and \$14,752 from the Economic Development Initiatives Fund for FY 2019.

The **Governor** does not recommend the agencies' reduced resources budgets.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to

freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$498,108, including \$225,552 from the State General Fund, in FY 2017; by \$1.4 million, including \$646,595 from the State General Fund, for FY 2018; and by \$2.0 million, including \$907,834 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$1.7 million, including \$548,422 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	28.6 %	27.8 %	28.5 %	27.8 %
General Fees Fund	28.8	29.1	29.0	29.3
Restricted Fees Fund	19.3	19.5	19.2	19.4
Economic Development Initiatives Fund	0.2	0.2	0.2	0.2
All Other Funds	23.2	23.4	23.2	23.3
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

UNIFIED OPERATING GRANT

	Actual FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017	Agency Request FY 2018	Gov. Rec. FY 2018	Agency Request FY 2019	Gov. Rec. FY 2019
University of Kansas	\$ 131,946,948	\$ 131,848,578	\$ 131,799,226	\$ 130,280,517	\$ 129,994,967	\$ 130,400,330	\$ 130,206,062
University of Kansas Medical Center	104,300,352	108,473,031	108,462,725	105,377,412	105,241,888	105,424,293	105,379,405
Kansas State University	99,136,520	97,401,226	97,347,640	99,701,245	95,415,086	99,901,218	95,666,797
Kansas State University–ESARP	44,927,198	46,074,407	46,061,563	45,677,617	45,580,597	45,724,624	45,668,583
Kansas State University–Veterinary Medical Center	14,247,551	14,587,491	14,581,835	14,400,747	14,368,141	14,421,470	14,397,013
Emporia State University	29,810,819	30,770,432	30,750,258	30,336,743	30,247,999	30,397,902	30,325,925
Fort Hays State University	32,086,541	32,822,540	32,803,109	32,532,898	32,434,255	32,587,060	32,518,474
Pittsburg State University	34,196,658	35,386,387	35,370,128	34,456,070	34,373,195	34,514,493	34,451,975
Wichita State University	72,046,788	71,717,393	71,680,924	70,838,088	70,666,341	70,973,049	70,828,132
Subtotal	\$ 562,699,375	\$ 569,081,485	\$ 568,857,408	\$ 563,601,337	\$ 558,322,469	\$ 564,344,439	\$ 559,442,366
Technical Colleges	\$ 71,585	\$ 68,722	\$ 68,722	\$ 71,585	\$ 68,722	\$ 71,585	\$ 68,722
Washburn University	11,900,920	11,424,883	11,424,883	11,900,920	11,424,883	11,900,920	11,424,883
Non-Tiered Course Credit Hour Grant	76,496,329	73,436,476	73,436,476	76,496,329	73,436,476	76,496,329	73,436,476
Postsecondary Tiered Technical Education State Aid	58,300,961	55,968,922	55,968,922	58,300,961	55,968,922	58,300,961	55,968,922
Unified Operating Grant Increase	0	0	0	0	0	0	0
TOTAL	\$ 709,469,170	\$ 709,980,488	\$ 709,756,411	\$ 710,371,132	\$ 699,221,472	\$ 711,114,234	\$ 700,341,369

The **postsecondary educational institutions**, which include the state universities, community colleges, technical colleges, and Washburn University, request \$710.4 million from the State General Fund for Unified Operating Grants for FY 2018, an increase of \$390,644, or less than 0.1 percent, above the FY 2017 revised estimate. The increase is due to increased KPERS and benefit rates.

The **Governor** recommends \$699.2 million, all from the State General Fund, for the postsecondary educational institutions. This is a decrease of \$11.1 million, or 1.6 percent, below the FY 2018 agencies' requests. The reduction is

attributable to the Governor not recommending any of the operating enhancements the Board of Regents requested.

The **postsecondary educational institutions** request \$711.1 million from the State General Fund for Unified Operating Grants for FY 2019, an increase of \$743,102, or 0.1 percent, above the FY 2018 request. The increase is due to increases in KPERS and benefit rates.

The **Governor** recommends \$700.3 million, all from the State General Fund, for the postsecondary educational institutions. This is a decrease of \$10.8 million, or 1.5 percent, below the FY 2019 agencies' requests. The reduction is

attributable to the Governor not recommending any of the operating enhancements the Board of Regents requested.

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 2018 and FY 2019 for non-tiered course credit hour grants for general education and \$58.3 million for postsecondary tiered technical education state aid for technical education courses to support the 19 community colleges and 7 technical colleges in the state. The request is an increase of \$5.0 million, or 4.0 percent, above the revised request in FY 2017 due to an enhancement request to restore the allotment.

The **Governor** recommends \$73.4 million from the State General Fund for FY 2018 and FY 2019 for non-tiered course credit hour grants for general education and \$56.0 million for postsecondary tiered technical education state aid for technical education courses. The recommendation does not include the enhancement to restore the allotment reduction from FY 2017.

Municipal University Operating Grant. The **Board** requests \$11.9 million for each FY 2018 and FY 2019 for the Municipal University Operating Grant. SB 345 (1999) applies the

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 the Economic Development Initiatives Fund and the State Water Plan Fund for FY 2018 and FY 2019.

same funding formula for state support for Washburn University as is used for community colleges. The request is an increase of \$446,037, or 4.0 percent, from the State General Fund above the FY 2017 revised estimate due to the enhancement request to restore the 4.0 percent allotment in FY 2017.

The **Governor** recommends \$11.4 million for FY 2018 and FY 2019 and does not recommend the enhancement to restore the allotment deletion from FY 2017.

Adult Basic Education. The **Board** requests \$4.7 million, including \$1.5 million from the State General Fund, to support the 30 adult education centers in the state for each FY 2018 and FY 2019. The request is an increase of \$58,281, or 4.0 percent, from the State General Fund above the FY 2017 revised estimate due to the enhancement requesting the 4.0 percent allotment be restored.

The **Governor** recommends \$4.6 million, including \$1.4 million from the State General Fund, for FY 2018 and FY 2019.

Economic Development Initiatives Fund

- \$2.5 million for technical education capital outlay;
- \$179,284 for the Technology Innovation and Internship program;

- \$993,265 for the Experimental Program to Stimulate Competitive Research (EPSCoR);
- \$500,000 for community college comparative grants; and
- \$295,046 for research at Kansas State University–ESARP.

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 transfers will total \$688,776 in FY 2017, FY 2018, and FY 2019.

Tuition and General Fees. State university tuition and fees are set with the approval of the State Board of Regents. With the exception of certain designated fees credited to restricted

State Water Plan Fund

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

The **Governor** concurs with the agencies’ requests for FY 2018 and FY 2019.

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 2017, the Board of Regents set tuition rates after the adjournment of the 2016 Session and the same schedule is anticipated for FY 2018. The budgets submitted by the universities assume no increase in tuition rates in FY 2018. The following compares estimated General Fees Fund expenditures for the current year as presented to the 2016 Legislature, the revised current year estimate, and the current estimate for FY 2018.

STATE UNIVERSITY GENERAL FEE FUND EXPENDITURES

Institution	Original Estimate FY 2017	Revised Est. and Gov. Rec FY 2017	Difference	Gov. Rec. for FY 2018
University of Kansas	\$ 296,461,049	\$ 315,421,168	\$ 18,960,119	\$ 324,946,418
KU–Medical Center	44,711,253	53,074,349	8,363,096	43,989,491
Kansas State University	215,336,119	223,613,459	8,277,340	221,526,863
KSU–Veterinary Medical Center	17,585,089	18,797,898	1,212,809	18,158,215
KSU–ESARP	0	0	0	0
Emporia State University	27,961,230	29,506,367	1,545,137	26,367,950
Fort Hays State University	49,337,978	44,905,064	(4,432,914)	39,763,943
Pittsburg State University	37,376,602	38,920,000	1,543,398	35,854,841
Wichita State University	85,157,857	89,512,520	4,354,663	81,307,925
TOTAL	\$ 773,927,177	\$ 813,750,825	\$ 39,823,648	\$ 791,915,646

Student Financial Aid

Student Financial Aid. The **Board of Regents** administers a number of student financial aid programs as well as other special programs. The agency requests \$22.0 million, all from the State General Fund, to support state-sponsored student financial aid programs for FY 2018 and FY 2019. This is an increase of \$456,010, or 4.0 percent, from the State General Fund above the FY 2017 revised request due to the enhancement request to restore the 4.0 percent allotment.

The **Governor** recommends \$24.0 million for FY 2018 and \$27.0 million for FY 2019, all from the State General Fund. This is an increase of \$2.0 million for FY 2018 and \$5.0 million for FY 2019, all from the State General Fund. The Governor does not

recommend the enhancement request to restore the reduction but does add \$3.0 million for FY 2018 and \$6.0 million for FY 2019 to the Teachers Scholarships for teachers in rural areas.

Enrollment Trends. Student enrollment at the public universities, private colleges and universities, community colleges, technical colleges, and other institutions in the Fall of 2016 totaled 211,119, an increase of 38 students, or less than 0.1 percent, above the Fall 2015 enrollment. 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 2014, 2015, and 2016.

Headcount Students

Institution	Fall 2014	Fall 2015	Fall 2016	Change Fall 2014- Fall 2016	Percent
University of Kansas	24,612	24,708	24,892	280	1.1 %
University of Kansas Medical Center	3,371	3,383	3,509	138	4.1
Kansas State University	24,290	23,678	23,318	(972)	(4.0)
KSU–Veterinary Medical Center	476	468	461	(15)	(3.2)
Emporia State University	6,114	6,094	5,887	(227)	(3.7)
Fort Hays State University	13,825	14,210	14,658	833	6.0
Pittsburg State University	7,479	7,244	7,102	(377)	(5.0)
Wichita State University	15,003	14,495	14,474	(529)	(3.5)
Subtotal - Regents Institutions	95,170	94,280	94,301	(869)	(0.9) %
Washburn University	6,722	6,615	6,636	(86)	(1.3)
Community Colleges	74,931	72,786	72,694	(2,237)	(3.0)
Technical Colleges	6,859	7,333	7,724	865	12.6
Washburn Institute of Technology	1,217	1,330	1,335	118	9.8
Independent Colleges and Universities	26,182	25,378	24,920	(1,262)	(4.8)
TOTAL	115,911	113,442	113,309	(2,602)	(2.2)%
GRAND TOTAL	211,081	207,722	207,610	(3,471)	(1.6)%

Peer Comparisons. 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 (60.0 percent), enrollment levels (30.0 percent), and financial

expenditures (10.0 percent). Beginning in FY 2014, the universities now have revised peer institutions. Peer comparisons are used for a number of purposes at the institutional and system level, including local program review and comparative references related to graduation and retention rates, research expenditures, and faculty awards as well as salaries and degree production.

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 2016

RELATIVE FUNDING OF SALARY - BY INSTITUTION

Institution	Salaries FY 2012	Salaries FY 2015
KU	87.0 %	88.7 %
KSU	92.5	92.0
ESU	86.6	90.2
FHSU	91.2	102.0
PSU	92.1	86.4
WSU	86.2	81.2
Systemwide	85.7 %	90.1 %

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

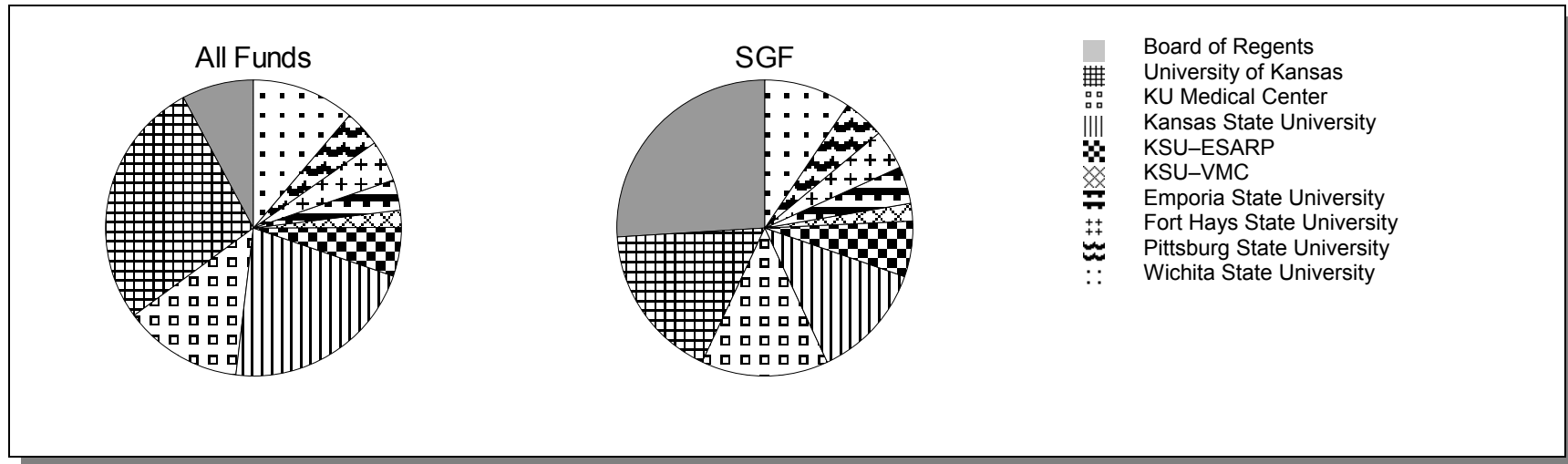
TUITION AND FEES RELATIVE TO PEER INSTITUTIONS

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, January 2016

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Board of Regents	\$ 210,672,196	7.8 %	\$ 194,516,435	26.0 %
University of Kansas	732,815,506	27.2	127,634,967	17.0
KU Medical Center	350,594,977	13.0	104,087,821	13.9
Kansas State University	581,560,455	21.6	95,415,086	12.7
KSU-ESARP	143,626,187	5.3	45,580,597	6.1
KSU-VMC	50,757,997	1.9	14,368,141	1.9
Emporia State University	89,011,304	3.3	30,247,999	4.0
Fort Hays State University	121,209,403	4.5	32,434,255	4.3
Pittsburg State University	107,547,171	4.0	33,830,932	4.5
Wichita State University	302,295,086	11.2	70,566,341	9.4
TOTAL	\$ 2,690,090,282	100.0 %	\$ 748,682,574	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Board of Regents	62.5	62.5	62.5	62.5	62.5	62.5	62.5
University of Kansas	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1
KU Medical Center	2,910.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5
Kansas State University	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5
KSU–ESARP	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0
KSU–VMC	361.1	361.1	361.1	361.1	361.1	361.1	361.1
Emporia State University	804.6	804.6	804.6	804.6	804.6	804.6	804.6
Fort Hays State University	932.3	932.3	932.3	932.3	932.3	932.3	932.3
Pittsburg State University	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9
Wichita State University	2,125.2	2,087.3	2,087.3	2,087.3	2,087.3	2,087.3	2,087.3
TOTAL	<u>18,513.7</u>	<u>18,804.8</u>	<u>18,804.8</u>	<u>18,804.8</u>	<u>18,804.8</u>	<u>18,804.8</u>	<u>18,804.8</u>

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Board of Regents	\$ 0	\$ 0	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000
University of Kansas	42,256,697	42,256,697	25,145,025	25,145,025	23,495,998	23,495,998
KU Medical Center	43,932,436	43,932,436	6,273,208	7,073,208	4,924,715	5,724,715
Kansas State University	41,877,058	41,877,058	21,399,435	19,589,435	20,848,179	18,998,179
KSU-ESARP	170,000	170,000	200,000	200,000	75,000	75,000
KSU-VMC	9,640,900	9,640,900	1,300,000	1,300,000	0	0
Emporia State University	7,531,260	7,531,260	24,832,000	24,832,000	14,882,000	14,882,000
Fort Hays State University	30,277,451	30,277,451	10,425,886	10,425,886	8,005,043	8,005,043
Pittsburg State University	8,914,632	8,914,632	4,723,063	4,723,063	4,560,693	4,560,693
Wichita State University	13,734,335	13,734,335	7,186,298	7,186,298	7,098,666	7,098,666
TOTAL	\$ 198,334,769	\$ 198,334,769	\$ 136,484,915	\$ 135,474,915	\$ 118,890,294	\$ 117,840,294
Financing:						
State General Fund	\$ 3,124,319	\$ 3,124,319	\$ 5,456,330	\$ 4,156,330	\$ 5,673,733	\$ 4,308,733
Education Building Fund	55,605,188	55,605,188	36,810,000	35,800,000	36,850,000	35,800,000
All Other Funds	139,605,262	139,605,262	94,218,585	95,518,585	76,366,561	77,731,561
TOTAL	\$ 198,334,769	\$ 198,334,769	\$ 136,484,915	\$ 135,474,915	\$ 118,890,294	\$ 117,840,294

Current Year Agency Estimate

FY 2017-Current Year. The agencies request a revised estimate of \$198.3 million, including \$3.1 million from the State General Fund. This is an all funds increase of \$30.7 million, or 18.3 percent, and a State General Fund decrease of \$725,534, or 18.8 percent, from the approved amount in FY 2017. The increase includes additional expenditures for the Health

Education Building at the University of Kansas Medical Center, four new projects at the Kansas State University Veterinary Medical Center that were not in the budget last year, housing projects at Kansas State University, and the Earth, Energy and Environment Center at the University of Kansas.

Current Year Governor Recommendation

The **Governor** concurs with the agencies' revised estimates in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agencies request \$136.5 million, including \$5.5 million from the State General Fund. This is an all funds decrease of \$61.8 million, or 31.2 percent, and a State General Fund increase of \$2.3 million, or 74.6 percent, from the FY 2017 revised estimate. The decrease is primarily

due to the reduction in expenditures for the University of Kansas Medical Center's Health Education building and Kansas State University residence halls. The State General Fund increase is in debt service.

Budget Year Governor Recommendation

The **Governor** recommends \$135.5 million, including \$4.2 million from the State General Fund. This is an all funds decrease of \$1.0 million, or 0.7 percent, and \$1.3 million, or 23.8 percent, from the State General Fund below the agencies' requests. The recommendation deleted the State General Fund

debt service payment from Kansas State University, deleted the Educational Building Fund expenditure from Kansas State University as a technical correction, and added \$800,000 from the Educational Building Fund for the planning of the dental school at the University of Kansas Medical Center.

Budget Year Agency Request

FY 2019–Budget Year. The agencies request \$118.9 million, including \$5.7 million from the State General Fund. This is an all funds decrease of \$17.6 million, or 12.9 percent, and a State General Fund increase of \$217,403, or 4.0 percent, from

the FY 2018 request. The all funds decrease is due to an overall decrease in construction projects and the State General Fund increase is for debt service.

Budget Year Governor Recommendation

The **Governor** recommends \$117.8 million, including \$4.3 million from the State General Fund. This is an all funds decrease of \$1.1 million, or 0.9 percent, and \$1.4 million, or 24.1 percent, from the State General Fund below the agencies' requests. The recommendation deleted the State General Fund

debt service payment from Kansas State University, deleted the Education Building Fund expenditures from Kansas State University as a technical correction, and added \$800,000 from the Educational Building Fund for the planning of the dental school at the University of Kansas Medical Center.

BOARD OF REGENTS

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 197,415,113	\$ 191,138,334	\$ 191,136,859	\$ 221,190,053	\$ 194,516,435	\$ 221,195,869	\$ 197,525,959
Other Funds	16,513,359	16,215,504	16,214,797	16,160,335	16,155,761	16,196,475	16,193,695
TOTAL	\$ 213,928,472	\$ 207,353,838	\$ 207,351,656	\$ 237,350,388	\$ 210,672,196	\$ 237,392,344	\$ 213,719,654
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	35,000,000	35,000,000	35,000,000	35,000,000
TOTAL	\$ 0	\$ 0	\$ 0	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000
GRAND TOTAL	\$ 213,928,472	\$ 207,353,838	\$ 207,351,656	\$ 272,350,388	\$ 245,672,196	\$ 272,392,344	\$ 248,719,654

Percentage Change:

Operating Expenditures							
State General Fund	0.0 %	(3.2) %	(3.2) %	15.7 %	1.8 %	0.0 %	1.5 %
All Funds	0.0	(3.1)	(3.1)	14.5	1.6	0.0	1.4
FTE Positions	62.5	62.5	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	0.0	0.0
TOTAL	62.5	62.5	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 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** 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 the four following specific projects:

- Constructing the Food Safety and Security Research Facility at Kansas State University;
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center;
- Expanding the Aviation Engineering Complex at Wichita State University; 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 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** also 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 also is 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** also 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 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 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 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 successfully completed, 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, which is composed of the following 12 members: 4 appointed by the Board of Regents, 3 appointed by the Governor, including the chairman, 1 appointed by the President of the Senate, and 1 appointed by the Speaker of the House. There are also 3 *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 12 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 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 5 pupils from each of the 4 congressional districts and 20 other pupils on a statewide 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 Kansas Academy for Math and Science (KAMS) for FY 2009 through FY 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 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, 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 technical education programs into categories or tiers by 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 also 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 (ROZs), 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** also 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 Kansas State University. 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 Washburn Institute of Technology. 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** 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.

In addition, 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 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** 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 **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$4,869 and the February 2015 State General Fund allotment reduced approved expenditures by \$4.5 million in FY 2015.

The **Governor** vetoed the Performance Incentive Grant from House Sub. for SB 112 in 2015 and transferred \$1.9 million to the State General Fund in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$7.1 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** is requesting a revised estimate of \$207.4 million, including \$191.1 million from the State General Fund. This is an all funds decrease of \$31.7 million, or 13.3 percent,

below the approved amount. The decrease is primarily due to the transfer of the \$32.0 million from the Educational Building Fund to the universities.

FY 2017 Governor Recommendation

The **Governor** recommends \$207.4 million, including \$191.1 million from the State General Fund. The recommendation is an all funds decrease of \$2,182, or less than 0.1 percent, and a State General Fund decrease of \$1,475, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement budget in FY 2017.

FY 2018 Agency Request

The **agency** requests an operating budget of \$237.4 million, including \$221.2 million from the State General Fund. This is an increase of \$30.0 million, or 14.5 percent, from all funds and \$30.1 million, or 15.7 percent, from the State General Fund above the FY 2017 revised estimate. The increase is due to the enhancement requests. The State General Fund allocations to the Board office and state universities were reduced by the

same amount as the FY 2017 allotments. The Board and universities are asking that this reduction of \$30.1 million be restored for FY 2018.

The agency requests \$35.0 million, all from the Educational Building Fund, for capital improvements for FY 2018.

FY 2018 Governor Recommendation

The **Governor** recommends \$210.7 million, including \$194.5 million from the State General Fund. The recommendation is an all funds decrease of \$26.7 million, or 11.2 percent, and a State General Fund decrease of \$26.7 million, or 12.1 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$6,529, including \$4,402 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$7,514,

FY 2019 Agency Request

The **agency** requests an operating budget of \$237.4 million, including \$221.2 million from the State General Fund. This is an all funds increase of \$41,956, or less than 0.1 percent, and an increase of \$5,816, or less than 0.1 percent, from the State General Fund above the FY 2018 request. The request includes an enhancement of \$30.1 million, all from the State General

FY 2019 Governor Recommendation

The **Governor** recommends operating expenditures of \$213.7 million, including \$197.5 million from the State General Fund. The recommendation is an all funds decrease of \$23.7 million, or 10.0 percent, and a State General Fund decrease of \$23.7 million, or 10.7 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$8,541, including \$5,761 from the State General Fund. The

including \$5,067 from the State General Fund. The recommendation also did not include the agency's enhancement requests of \$30.7 million, all from the State General Fund.

The Governor's recommendation added \$4.0 million, all from the State General Fund for two new programs: \$1.0 million for the 15K Degree Pilot and \$3.0 million for teacher scholarships for working in rural Kansas.

The Governor concurs with the agency's capital improvements budget for FY 2018.

Fund. The State General Fund allocations to the Board office and state universities was reduced by the same amount as the FY 2017 allotments. The Board and universities are asking that this reduction of \$30.1 million be restored for FY 2019.

The agency requests \$35.0 million, all from the Educational Building Fund, for capital improvements for FY 2019.

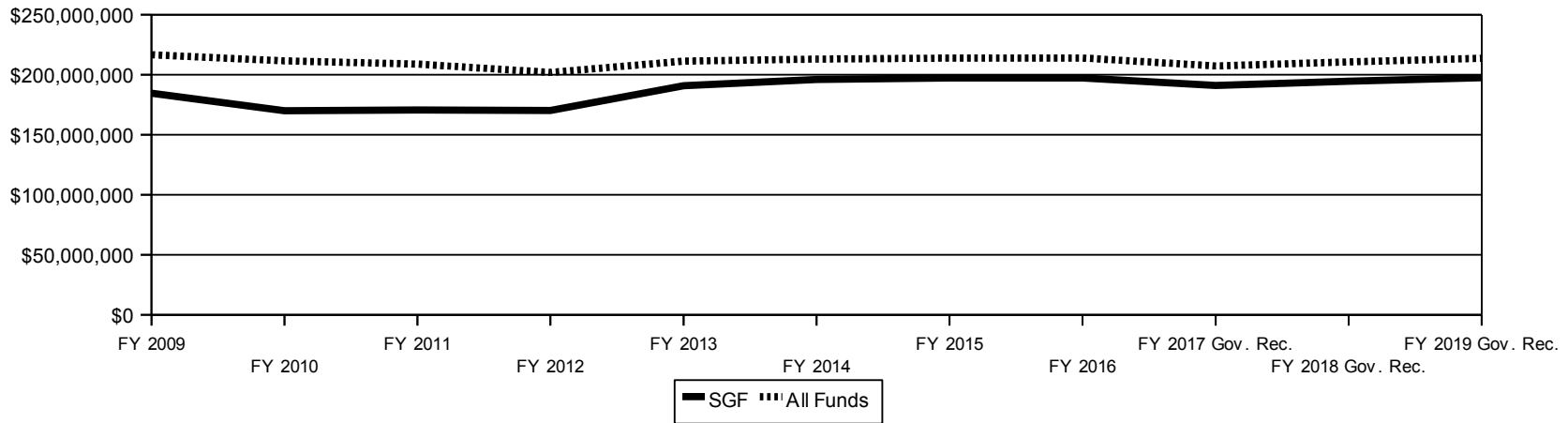
recommendation did not include the agency's enhancement requests of \$30.7 million, all from the State General Fund.

The Governor's recommendation added \$7.0 million, all from the State General Fund for two new programs: \$1.0 million for the 15K Degree Pilot and \$6.0 million for teacher scholarships for working in rural Kansas.

The Governor concurs with the agency's capital improvements budget for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	197,415,113	0.0	213,928,472	0.0	62.5
2017 Gov. Rec.	191,136,859	(3.2)	207,351,656	(3.1)	62.5
2018 Gov. Rec.	194,516,435	1.8	210,672,196	1.6	62.5
2019 Gov. Rec.	197,525,959	1.5	213,719,654	1.4	62.5
Eleven-Year Change	\$ 12,915,213	7.0 %	\$ (2,937,241)	(1.4)%	(1.0)

2014 allotments = \$72,193; 2015 allotments = \$4.5 million; 2016 transfer = \$1.9 million; 2017 May allotment = \$7.1 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 7,051,863	\$ 6,656,701	\$ 7,110,694	\$ 453,993	6.8 %	\$ 6,654,519	\$ 6,917,145	\$ 262,626	3.9 %
Postsecondary Education Institutions	185,133,394	178,689,567	208,277,086	29,587,519	16.6	178,689,567	179,668,108	978,541	0.5
KAN-ED Broadband Network	488,183	393,597	0	(393,597)	(100.0)	393,597	0	(393,597)	(100.0)
Student Financial Assistance	20,965,488	21,506,598	21,962,608	456,010	2.1	21,506,598	24,086,943	2,580,345	12.0
Debt Service	289,544	107,375	0	(107,375)	(100.0)	107,375	0	(107,375)	(100.0)
TOTAL	\$ 213,928,472	\$ 207,353,838	\$ 237,350,388	\$ 29,996,550	14.5 %	\$ 207,351,656	\$ 210,672,196	\$ 3,320,540	1.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 5,178,286	\$ 5,230,501	\$ 5,129,084	\$ (101,417)	(1.9) %	\$ 5,228,319	\$ 5,115,041	\$ (113,278)	(2.2) %
Contractual Services	2,257,754	1,774,129	1,941,372	167,243	9.4	1,774,129	1,758,066	(16,063)	(0.9)
Commodities	50,814	49,970	49,037	(933)	(1.9)	49,970	49,037	(933)	(1.9)
Capital Outlay	138,647	110,698	110,001	(697)	(0.6)	110,698	110,001	(697)	(0.6)
Debt Service	289,544	107,375	0	(107,375)	(100.0)	107,375	0	(107,375)	(100.0)
Subtotal - Operations	\$ 7,915,045	\$ 7,272,673	\$ 7,229,494	\$ (43,179)	(0.6) %	\$ 7,270,491	\$ 7,032,145	\$ (238,346)	(3.3) %
Aid to Local Units	181,984,753	176,313,463	182,308,504	5,995,041	3.4	176,313,463	176,292,004	(21,459)	(0.0)
Other Assistance	24,028,674	23,767,702	47,812,390	24,044,688	101.2	23,767,702	27,348,047	3,580,345	15.1
TOTAL	\$ 213,928,472	\$ 207,353,838	\$ 237,350,388	\$ 29,996,550	14.5 %	\$ 207,351,656	\$ 210,672,196	\$ 3,320,540	1.6 %
Financing:									
State General Fund	\$ 197,415,113	\$ 191,138,334	\$ 221,190,053	\$ 30,051,719	15.7 %	\$ 191,136,859	\$ 194,516,435	\$ 3,379,576	1.8 %
Economic Development Initiatives Fund	4,216,019	4,260,879	4,220,275	(40,604)	(1.0)	4,260,879	4,220,275	(40,604)	(1.0)
All Other Funds	12,297,340	11,954,625	11,940,060	(14,565)	(0.1)	11,953,918	11,935,486	(18,432)	(0.2)
TOTAL	\$ 213,928,472	\$ 207,353,838	\$ 237,350,388	\$ 29,996,550	14.5 %	\$ 207,351,656	\$ 210,672,196	\$ 3,320,540	1.6 %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 7,110,694	\$ 7,124,650	\$ 13,956	0.2 %	\$ 6,917,145	\$ 6,936,603	\$ 19,458	0.3 %
Postsecondary Education Institutions	208,277,086	208,305,086	28,000	0.0	179,668,108	179,696,108	28,000	0.0
KAN-ED Broadband Network	0	0	0	--	0	0	0	--
Student Financial Assistance	21,962,608	21,962,608	0	0.0	24,086,943	27,086,943	3,000,000	12.5
Debt Service	0	0	0	--	0	0	0	--
TOTAL	\$ 237,350,388	\$ 237,392,344	\$ 41,956	0.0 %	\$ 210,672,196	\$ 213,719,654	\$ 3,047,458	1.4 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 5,129,084	\$ 5,155,776	\$ 26,692	0.5 %	\$ 5,115,041	\$ 5,147,235	\$ 32,194	0.6 %
Contractual Services	1,941,372	1,929,810	(11,562)	(0.6)	1,758,066	1,746,504	(11,562)	(0.7)
Commodities	49,037	48,365	(672)	(1.4)	49,037	48,365	(672)	(1.4)
Capital Outlay	110,001	109,499	(502)	(0.5)	110,001	109,499	(502)	(0.5)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 7,229,494	\$ 7,243,450	\$ 13,956	0.2 %	\$ 7,032,145	\$ 7,051,603	\$ 19,458	0.3 %
Aid to Local Units	182,308,504	182,336,504	28,000	0.0	176,292,004	176,320,004	28,000	0.0
Other Assistance	47,812,390	47,812,390	0	0.0	27,348,047	30,348,047	3,000,000	11.0
TOTAL	\$ 237,350,388	\$ 237,392,344	\$ 41,956	0.0 %	\$ 210,672,196	\$ 213,719,654	\$ 3,047,458	1.4 %
Financing:								
State General Fund	\$ 221,190,053	\$ 221,195,869	\$ 5,816	0.0 %	\$ 194,516,435	\$ 197,525,959	\$ 3,009,524	1.5 %
Economic Development Initiatives Fund	4,220,275	4,220,275	0	0.0	4,220,275	4,220,275	0	0.0
All Other Funds	11,940,060	11,976,200	36,140	0.3	11,935,486	11,973,420	37,934	0.3
TOTAL	\$ 237,350,388	\$ 237,392,344	\$ 41,956	0.0 %	\$ 210,672,196	\$ 213,719,654	\$ 3,047,458	1.4 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$190,718,679 for the Board of Regents in FY 2017. One adjustment has been made subsequently 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 \$419,655, 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 \$191,138,334. 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	\$ 191,138,334	\$ 191,138,334	\$ 0	\$ 191,136,859	\$ (1,475)
All Other Funds	47,904,016	16,215,504	(31,688,512)	16,214,797	(31,689,219)
TOTAL	\$ 239,042,350	\$ 207,353,838	\$ (31,688,512)	\$ 207,351,656	\$ (31,690,694)
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency** is requesting a FY 2017 revised estimate of \$207.4 million, including \$191.1 million from the State General Fund, in FY 2017, including capital improvements. This is an all funds decrease of \$31.7 million, or 13.3 percent, below the approved amount. The decrease is primarily due to the transfer

of the \$32.0 million from the Educational Building Fund to the universities.

The **Governor** recommends \$207.4 million, including \$191.1 million from the State General Fund, for FY 2017. The

recommendation is an all funds decrease of \$2,182, or less than 0.1 percent, and a State General Fund decrease of \$1,475, or less than 0.1 percent, below the agency's revised FY 2017

estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 237,350,388	\$ 210,672,196	\$ (26,678,192)
FTE Positions	62.5	62.5	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ 30,051,719	\$ 3,379,576	
All Other Funds	(55,169)	(59,036)	
TOTAL	<u>\$ 29,996,550</u>	<u>\$ 3,320,540</u>	
<i>Percent Change:</i>			
State General Fund	15.7 %	1.8 %	
All Other Funds	(0.3)	(0.4)	
TOTAL	<u>14.5 %</u>	<u>1.6 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$237.4 million, including \$221.2 million from the State General Fund, for FY 2018. This is an increase of \$30.0 million, or 14.5 percent, from

all funds and \$30.1 million, or 15.7 percent, from the State General Fund above the FY 2017 revised estimate. The increase is due to the enhancement requests. The State

General Fund allocations to the Board office and state universities were reduced by the same amount as the FY 2017 allotments. The Board and universities are asking that this reduction of \$30.1 million be restored for FY 2018.

The **Governor** recommends \$210.7 million, including \$194.5 million from the State General Fund, for FY 2018. The recommendation is an all funds decrease of \$26.7 million, or 11.2 percent, and a State General Fund decrease of \$26.7 million, or 12.1 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$6,529, including \$4,402 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$7,514, including \$5,067 from the State General Fund. The recommendation also did not include the agency's

enhancement requests of \$30.7 million, all from the State General Fund.

The Governor's recommendation added \$4.0 million, all from the State General Fund for two new programs: \$1.0 million for the 15K Degree Pilot and \$3.0 million for teacher scholarships for working in rural Kansas.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emporia State University	\$ 855,204	\$ 855,204	0.0	\$ 0	\$ 0	0.0
Fort Hays State University	1,059,685	1,059,685	0.0	0	0	0.0
Pittsburg State University	1,020,815	1,020,815	0.0	0	0	0.0
Wichita State University	2,846,788	2,846,788	0.0	0	0	0.0
Kansas State University	5,219,623	5,219,623	0.0	0	0	0.0
KSU-ESARP	1,348,010	1,348,010	0.0	0	0	0.0
KSU-Veterinary Medical Center	509,103	509,103	0.0	0	0	0.0
University of Kansas	7,009,260	7,009,260	0.0	0	0	0.0
University of Kansas Medical Center	3,720,190	3,720,190	0.0	0	0	0.0
Kansas Board of Regents:						
Teachers Scholarship Program	450,000	450,000	0.0	0	0	0.0
Military Service Scholarship	10,000	10,000	0.0	0	0	0.0
Tuition Waivers	20,000	20,000	0.0	0	0	0.0
Nursing Student Scholarship	200,000	200,000	0.0	0	0	0.0
Nurse Educator Grant	70,000	70,000	0.0	0	0	0.0
State Scholarship Program	105,665	105,665	0.0	0	0	0.0
State Scholarship Distinguished School	10,000	10,000	0.0	0	0	0.0
ROTC Scholarship	10,000	10,000	0.0	0	0	0.0
Midwest Higher Education Commission	3,800	3,800	0.0	0	0	0.0
Vocational Education Capitol Outlay	2,863	2,863	0.0	0	0	0.0
Tech. Equip. at Comm and Tech Colleges	15,939	15,939	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	3,059,853	3,059,853	0.0	0	0	0.0
Postsecondary Tiered Technical Education	2,332,039	2,332,039	0.0	0	0	0.0
Adult Basic Education	58,281	58,281	0.0	0	0	0.0
Municipal University Operating Grant	476,037	476,037	0.0	0	0	0.0
Nursing Faculty and Supplies Grant	71,488	71,488	0.0	0	0	0.0
Board office operating expenditures	178,711	178,711	0.0	0	0	0.0
Postsec. Technical Education Authority	795	795	0.0	0	0	0.0
TOTAL	\$ 30,664,149	\$ 30,664,149	0.0	\$ 0	\$ 0	0.0

The **agency** is requesting \$30.7 million, all from the State General Fund, as an enhancement request for FY 2018. The request is to restore the reductions made to the State General Fund allocation to the Board of Regents' and state universities' budgets in the amount of the May 2016 allotment in FY 2017.

Higher Education Institution Performance Agreements

The 2002 Legislature amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The bill 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 2006, any new state funds will be based upon compliance with those measures. Allocations of additional state funding in FY 2015 will be based upon performance agreements in effect from January 1, 2012, through December 31, 2012.

The Board of Regents has established six systemwide goals:

- System Goal A: Increase system efficiency/effectiveness/seamlessness;

The **Governor** does not recommend any of the enhancement requests for FY 2018.

- System Goal B: Improve learner outcomes;
- System Goal C: Improve workforce development;
- System Goal D: Increase targeted participation/access;
- System Goal E: Increase external resources; and
- System Goal F: Improve community/civic engagement.

Each institution must address System Goal A and at least two of System Goals B through D. System Goals E and F are to be considered in future years. A summary of all of the performance agreements are available from the Kansas Legislative Research Department.

Other Items for Consideration

FY 2018 ADDITIONAL CONSIDERATIONS						
Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
ESU—Department of Nursing	500,000	500,000	0.0	\$ 0	\$ 0	0.0
FHSU—Increase Higher Education Attainment Among Kansans	2,189,000	2,189,000	0.0	0	0	0.0
PSU—School of Transportation Initiative	1,500,000	1,500,000	0.0	0	0	0.0
WSU—Department of Chemical Engineering	2,000,000	2,000,000	0.0	0	0	0.0
KSU—Restore Global Foods System Research support	5,000,000	5,000,000	0.0	1,000,000	1,000,000	0.0
KU—Jayhawk Success Academy	1,800,000	1,800,000	0.0	0	0	0.0
KUMC—Medical Education Building in Wichita	5,000,000	5,000,000	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	4,000,000	4,000,000	0.0	0	0	0.0
Postsecondary Tiered Technical Education	5,800,000	5,800,000	0.0	0	0	0.0
Dental School	43,000,000	43,000,000	0.0	0	0	0.0
TOTAL	\$ 70,789,000	\$ 70,789,000	0.0	\$ 1,000,000	\$ 1,000,000	0.0

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

Emporia State University Department of Nursing. The Board would like considered \$500,000, all from the State General Fund, for FY 2018 for Emporia State University's Department of Nursing. Newman Regional Health discontinued it's \$500,000 support in 2014 and for the last two years, the Jones Trust provided \$500,000 in support. ESU is asking the State to consider providing the \$500,000 to support the nursing program.

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

Fort Hays State University Increasing Higher Education Attainment Among Kansans. The Board would like considered

\$2.2 million, all from the State General Fund, for FY 2018. This is a Foresight 2020 goal that FHSU would increase retention and graduation rates through: expansion of a Freshman Seminar model; expansion of Living and Learning Communities; a Freshman Advising Center; a focused approach on at-risk students; student employment and internship development; and expansion of a full-time virtual college instruction model.

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

Pittsburg State University School of Transportation Initiative. The Board would like considered \$1.5 million, all from the State General Fund, for FY 2018 to continue to develop transportation programs.

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

Wichita State University Establishment of a Department of Chemical Engineering. The Board would like considered \$2.0 million, all from the State General Fund, for FY 2018 to establish the Department of Chemical Engineering to enhance materials engineering workforce development and product innovation.

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

Kansas State University Global Foods System Research. The Board would like considered \$5.0 million, all from the State General Fund, for FY 2018 to continue research for the world's food and animal health.

The **Governor** recommends \$1.0 million, all from the State General Fund.

University of Kansas Jayhawk Success Academy. The Board would like considered \$1.8 million, all from the State General Fund, for FY 2018 for the Jayhawk Success Academy that, according to the agency, is a bridge program that will build a sense of community, provide focused attention on academic skills, and promote understanding of the social aspects of college.

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

University of Kansas Medical Center Medical Education Building in Wichita. The Board would like considered \$5.0 million, all from the State General Fund, for FY 2018 to

construct or renovate a new medical education building at the KU School of Medicine campus in Wichita.

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

Non-Tiered Course Credit Hour Grant. The Board would like considered \$4.0 million, all from the State General Fund, for FY 2018 for additional funds for community and technical colleges.

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

Postsecondary Tiered Technical Education. The Board would like considered \$5.8 million, all from the State General Fund, for FY 2018 for additional funds for community and technical colleges.

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

Dental School at University of Kansas Medical Center. The Board would like considered \$43.0 million, all from the State General Fund, for FY 2018 for the University of Kansas Medical Center to develop a dental school. The start-up costs include: \$32.0 million to remodel the Dykes library building; \$8.9 million for equipment and information technology costs; and \$2.1 million for faculty, administration, and accrediting processes.

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

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ (210,183)	\$ (210,183)	0.0	\$ 0	\$ 0	0.0
Postsecondary Technical Education Authority	(954)	(954)	0.0	0	0	0.0
Midwest Higher Education Commission Dues	(4,560)	(4,560)	0.0	0	0	0.0
Adult Basic Education	(69,938)	(69,938)	0.0	0	0	0.0
Municipal University Operating Grant	(571,244)	(571,244)	0.0	0	0	0.0
Postsecondary Tiered Technical State Aid	(2,798,446)	(2,798,446)	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	(3,671,824)	(3,671,824)	0.0	0	0	0.0
Technology Equipment at Community Coll. And Washburn	(19,127)	(19,127)	0.0	0	0	0.0
Vocational Education Capital Outlay	(3,436)	(3,436)	0.0	0	0	0.0
Nursing Faculty and Supplies Grant	(85,785)	(85,785)	0.0	0	0	0.0
Incentive for Technical Education	(2,500)	(2,500)	0.0	0	0	0.0
Tuition for Technical Education	(1,037,500)	(1,037,500)	0.0	0	0	0.0
State Scholarship	(47,513)	(47,513)	0.0	0	0	0.0
Comprehensive Grant	(787,917)	(787,917)	0.0	0	0	0.0
Ethnic Minority	(14,825)	(14,825)	0.0	0	0	0.0
Kansas Work-Study	(24,841)	(24,841)	0.0	0	0	0.0
ROTC Scholarship	(8,267)	(8,267)	0.0	0	0	0.0
Military Service Scholarship	(23,016)	(23,016)	0.0	0	0	0.0
Teachers Scholarship	(69,816)	(69,816)	0.0	0	0	0.0
National Guard Educational Assistance	(43,543)	(43,543)	0.0	0	0	0.0
Career Technical Workforce Grant	(5,704)	(5,704)	0.0	0	0	0.0
Nursing Student Scholarship	(10,863)	(10,863)	0.0	0	0	0.0
Optometry Education	(5,354)	(5,354)	0.0	0	0	0.0
Tuition Waivers	(3,233)	(3,233)	0.0	0	0	0.0
Nurse Educator Grant	(5,906)	(5,906)	0.0	0	0	0.0
TOTAL	\$ (9,526,295)	\$ (9,526,295)	0.0	\$ 0	\$ 0	0.0

The **agency** is submitting the requested 5.0 percent reduced resources. This would be a reduction of \$9.5 million, all from the State General Fund, for FY 2018.

The **Governor** does not recommend the agency’s reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor’s Recommendation	Difference
Total Request/Recommendation	\$ 237,392,344	\$ 213,719,654	\$ (23,672,690)
FTE Positions	62.5	62.5	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 5,816	\$ 3,009,524	
All Other Funds	36,140	37,934	
TOTAL	<u>\$ 41,956</u>	<u>\$ 3,047,458</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	1.5 %	
All Other Funds	0.2	0.2	
TOTAL	<u>0.0 %</u>	<u>1.4 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$237.4 million, including \$221.2 million from the State General Fund, for FY

2019. This is an increase of \$41,956, or less than 0.1 percent, from all funds and \$5,816, or less than 0.1 percent, from the

State General Fund above the FY 2018 request. The request includes an enhancement of \$30.1 million, all from the State General Fund. The State General Fund allocations to the Board office and state universities were reduced by the same amount as the FY 2017 allotments. The Board and universities are asking this reduction of \$30.1 million be restored for FY 2019.

The **Governor** recommends operating expenditures of \$213.7 million, including \$197.5 million from the State General Fund, for FY 2019. The recommendation is an all funds decrease of \$23.7 million, or 10.0 percent, and a State General Fund decrease of \$23.7 million, or 10.7 percent, below the

agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$8,541, including \$5,761 from the State General Fund. The recommendation did not include the agency's enhancement requests of \$30.7 million, all from the State General Fund.

The recommendation added \$7.0 million, all from the State General Fund, for two new programs: \$1.0 million for the 15K Degree Pilot and \$6.0 million for teacher scholarships for working in rural Kansas.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emporia State University	\$ 855,204	\$ 855,204	0.0	\$ 0	\$ 0	0.0
Fort Hays State University	1,059,685	1,059,685	0.0	0	0	0.0
Pittsburg State University	1,020,815	1,020,815	0.0	0	0	0.0
Wichita State University	2,846,788	2,846,788	0.0	0	0	0.0
Kansas State University	5,219,623	5,219,623	0.0	0	0	0.0
KSU-ESARP	1,348,010	1,348,010	0.0	0	0	0.0
KSU-Veterinary Medical Center	509,103	509,103	0.0	0	0	0.0
University of Kansas	7,009,260	7,009,260	0.0	0	0	0.0
University of Kansas Medical Center	3,720,190	3,720,190	0.0	0	0	0.0
Kansas Board of Regents:						
Teachers Scholarship Program	450,000	450,000	0.0	0	0	0.0
Military Service Scholarship	10,000	10,000	0.0	0	0	0.0
Tuition Waivers	20,000	20,000	0.0	0	0	0.0
Nursing Student Scholarship	200,000	200,000	0.0	0	0	0.0
Nurse Educator Grant	70,000	70,000	0.0	0	0	0.0
State Scholarship Program	105,665	105,665	0.0	0	0	0.0
State Scholarship Distinguished School	10,000	10,000	0.0	0	0	0.0
ROTC Scholarship	10,000	10,000	0.0	0	0	0.0
Midwest Higher Education Commission	3,800	3,800	0.0	0	0	0.0
Vocational Education Capitol Outlay	2,863	2,863	0.0	0	0	0.0
Tech. Equip. at Comm and Tech Colleges	15,939	15,939	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	3,059,853	3,059,853	0.0	0	0	0.0
Postsecondary Tier Technical Education	2,332,039	2,332,039	0.0	0	0	0.0
Adult Basic Education	58,281	58,281	0.0	0	0	0.0
Municipal University Operating Grant	476,037	476,037	0.0	0	0	0.0
Nursing Faculty and Supplies Grant	71,488	71,488	0.0	0	0	0.0
Board office operating expenditures	178,711	178,711	0.0	0	0	0.0
Postsec. Technical Education Authority	795	795	0.0	0	0	0.0
TOTAL	\$ 30,664,149	\$ 30,664,149	0.0	\$ 0	\$ 0	0.0

The **agency** is requesting \$30.1 million, all from the State General Fund, as an enhancement request for FY 2019. The request is to restore the reductions made to the State General Fund allocation to the Board of Regents' and state universities' budgets in the amount of the May 2016 allotment in FY 2017.

The **Governor** does not recommend any of the agency's enhancement requests.

FY 2019 ADDITIONAL CONSIDERATIONS						
Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
ESU–Department of Nursing	500,000	500,000	0.0	\$ 0	\$ 0	0.0
FHSU–Increase Higher Education Attainment Among Kansans	2,189,000	2,189,000	0.0	0	0	0.0
PSU–School of Transportation Initiative	1,500,000	1,500,000	0.0	0	0	0.0
WSU–Department of Chemical Engineering	2,000,000	2,000,000	0.0	0	0	0.0
KSU–Restore Global Foods System Research support	5,000,000	5,000,000	0.0	1,000,000	1,000,000	0.0
KU–Jayhawk Success Academy	1,800,000	1,800,000	0.0	0	0	0.0
KUMC–Medical Education Building in Wichita	10,000,000	10,000,000	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	4,000,000	4,000,000	0.0	0	0	0.0
Postsecondary Tiered Technical Education	5,800,000	5,800,000	0.0	0	0	0.0
Dental School	6,500,000	6,500,000	0.0	0	0	0.0
TOTAL	\$ 39,289,000	\$ 39,289,000	0.0	\$ 1,000,000	\$ 1,000,000	0.0

Items for Consideration

Emporia State University Department of Nursing. The Board would like considered \$500,000, all from the State General Fund, for FY 2019 for Emporia State University's Department of Nursing. Newman Regional Health discontinued it's \$500,000 support in 2014 and for the last two years, the Jones Trust provided \$500,000 in support. ESU is asking the State to consider providing the \$500,000 to support the nursing program.

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

Fort Hays State University Increasing Higher Education Attainment Among Kansans. The Board would like considered \$2.2 million, all from the State General Fund, for FY 2019. This is a Foresight 2020 goal that FHSU would increase retention and graduation rates through: expansion of a Freshman Seminar model; expansion of Living and Learning Communities; a Freshman Advising Center; a focused approach on at-risk students; student employment and internship development; and expansion of a full-time virtual college instruction model..

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

Pittsburg State University School of Transportation Initiative. The Board would like considered \$1.5 million, all from the State General Fund, for FY 2019 to continue to develop transportation programs.

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

Wichita State University Establishment of a Department of Chemical Engineering. The Board would like considered \$2.0 million, all from the State General Fund, for FY 2019 to establish the Department of Chemical Engineering to enhance materials engineering workforce development and product innovation.

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

Kansas State University Global Foods System Research. The Board would like considered \$5.0 million, all from the State General Fund, for FY 2019 to continue research for the world's food and animal health.

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

University of Kansas Jayhawk Success Academy. The Board would like considered \$1.8 million, all from the State General Fund, for FY 2019 for the Jayhawk Success Academy that, according to the agency, is a bridge program that will build a sense of community, provide focused attention on academic skills, and promote understanding of the social aspects of college.

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

University of Kansas Medical Center Medical Education building in Wichita. The Board would like considered \$10.0 million, all from the State General Fund, for FY 2019 to construct or renovate a new medical education building at the KU School of Medicine campus in Wichita.

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

Non-Tiered Course Credit Hour Grant. The Board would like considered \$4.0 million, all from the State General Fund, for FY 2019 for additional funds for community and technical colleges.

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

Postsecondary Tiered Technical Education. The Board would like considered \$5.8 million, all from the State General Fund, for FY 2019 for additional funds for community and technical colleges.

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

Dental School at University of Kansas Medical Center. The Board would like considered \$6.5 million, all from the State General Fund, for FY 2019 for the University of Kansas Medical Center to continue development of a dental school.

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

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ (210,474)	\$ (210,474)	0.0	\$ 0	\$ 0	0.0
Postsecondary Technical Education Authority	(954)	(954)	0.0	0	0	0.0
Midwest Higher Education Commission Dues	(4,560)	(4,560)	0.0	0	0	0.0
Adult Basic Education	(69,938)	(69,938)	0.0	0	0	0.0
Municipal University Operating Grant	(571,244)	(571,244)	0.0	0	0	0.0
Postsecondary Tiered Technical State Aid	(2,798,446)	(2,798,446)	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	(3,671,824)	(3,671,824)	0.0	0	0	0.0
Technology Equipment at Comm. Coll. and Washburn	(19,127)	(19,127)	0.0	0	0	0.0
Vocational Education Capital Outlay	(3,436)	(3,436)	0.0	0	0	0.0
Nursing Faculty and Supplies Grant	(85,785)	(85,785)	0.0	0	0	0.0
Incentive for Technical Education	(2,500)	(2,500)	0.0	0	0	0.0
Tuition for Technical Education	(1,037,500)	(1,037,500)	0.0	0	0	0.0
State Scholarship	(47,513)	(47,513)	0.0	0	0	0.0
Comprehensive Grant	(787,917)	(787,917)	0.0	0	0	0.0
Ethnic Minority	(14,825)	(14,825)	0.0	0	0	0.0
Kansas Work-Study	(24,841)	(24,841)	0.0	0	0	0.0
ROTC Scholarship	(8,267)	(8,267)	0.0	0	0	0.0
Military Service Scholarship	(23,016)	(23,016)	0.0	0	0	0.0
Teachers Scholarship	(69,816)	(69,816)	0.0	0	0	0.0
National Guard Educational Assistance	(43,543)	(43,543)	0.0	0	0	0.0
Career Technical Workforce Grant	(5,704)	(5,704)	0.0	0	0	0.0
Nursing Student Scholarship	(10,863)	(10,863)	0.0	0	0	0.0
Optometry Education	(5,354)	(5,354)	0.0	0	0	0.0
Tuition Waivers	(3,233)	(3,233)	0.0	0	0	0.0
Nurse Educator Grant	(5,906)	(5,906)	0.0	0	0	0.0
TOTAL	\$ (9,526,586)	\$ (9,526,586)	0.0	\$ 0	\$ 0	0.0

The **agency** is submitting the requested 5.0 percent reduced resources budget for FY 2019. This would be a reduction of \$9.5 million, all from the State General Fund, for FY 2019.

The **Governor** does not recommend the agency's reduced resource budget for FY 2019.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to

freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$2,182, including \$1,475 from the State General Fund, in FY 2017; by \$6,529, including \$4,402 from the State General Fund, for FY 2018; and by \$8,541, including \$5,761 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$7,514, including \$5,067 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

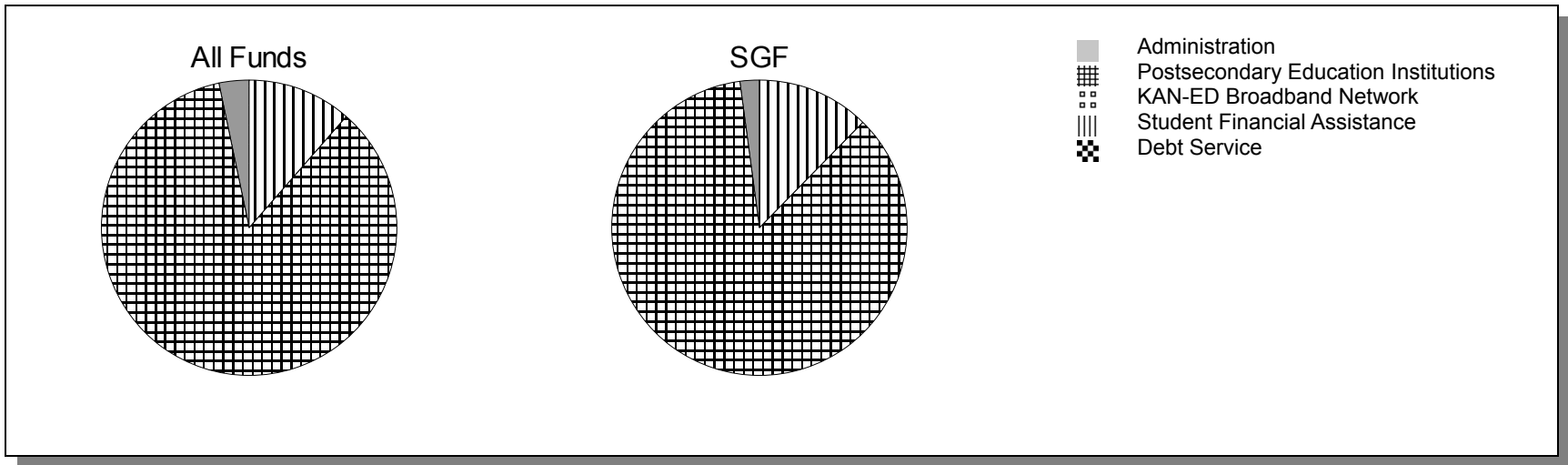
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	93.1 %	92.3 %	93.2 %	92.4 %
Economic Development Initiatives Fund	1.8	2.0	1.8	2.0
All Other Funds	5.1	5.7	5.0	5.6
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 6,917,145	3.3 %	\$ 4,145,459	2.1 %
Postsecondary Education Institutions	179,668,108	85.3	166,355,033	85.5
KAN-ED Broadband Network	0	0.0	0	0.0
Student Financial Assistance	24,086,943	11.4	24,015,943	12.3
Debt Service	0	0.0	0	0.0
TOTAL	\$ 210,672,196	100.0 %	\$ 194,516,435	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Administration	61.3	62.3	62.3	62.5	62.5	62.5	62.5
Postsecondary Education Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KAN-ED Broadband Network	1.2	0.2	0.2	0.0	0.0	0.0	0.0
Student Financial Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	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 6 universities, Washburn University, 19 community colleges, and 6 technical colleges.

The **agency** requests FY 2018 operating expenditures of \$7.1 million, including \$4.3 million from the State General Fund. The request is an increase of \$453,993, or 6.8 percent, from all funds and \$94,106, or 2.2 percent, from State General Fund above the FY 2017 revised estimate amount. The increase is due to increased expenditures in contractual services.

The **Governor** recommends FY 2018 operating expenditures of \$6.9 million, including \$4.1 million from the State General Fund. The recommendation is a decrease of \$193,549, or 2.7 percent, from all funds and \$188,975, or 4.4

percent, from the State General Fund below the agency’s request. The decrease is due to the Governor’s recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$7.1 million, including \$4.3 million from the State General Fund. The request is an increase of \$13,956, or 0.2 percent, from all funds and \$5,816, or 0.1 percent, from the State General Fund above the FY 2018 requested amount. The increase is primarily in salaries and wages (\$26,692) with an offsetting decrease in contractual services (\$11,562).

The **Governor** recommends FY 2019 operating expenditures of \$6.9 million, including \$4.2 million from the State General Fund. The recommendation is a decrease of

\$188,147, or 2.6 percent, from all funds and \$185,267, or 4.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

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 FY 2018 operating expenditures of \$208.3 million, including \$195.0 million from the State General Fund. The request is an increase of \$29.6 million, or 16.6 percent, from all funds and \$29.6 million, or 17.9 percent, from the State General Fund above the FY 2017 revised amount. The increase is due to enhancement requests for the Board of Regents and Regents Universities for FY 2018.

The **Governor** recommends FY 2018 operating expenditures of \$179.7 million, including \$166.4 million from the State General Fund. The recommendation is a decrease of \$28.6 million, or 14.7 percent, from the State General Fund below the agency's request. The decrease is due to the Governor not recommending any of the agency's enhancement requests and the recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

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.

recommendation to hold KPERS employer contributions at the FY 2016 amount.

moratorium on employer contributions for death and disability for one quarter.

The recommendation added \$1.0 million, all from the State General Fund, for the 15K Degree Pilot Program.

The **agency** requests FY 2019 operating expenditures of \$208.3 million, including \$195.0 million from the State General Fund. The request is an increase of \$28,000, or less than 0.1 percent, from all funds above the FY 2018 requested amount. The increase is due to the faculty of distinction program.

The **Governor** recommends FY 2019 operating expenditures of \$179.7 million, including \$166.4 million from the State General Fund. The recommendation is a decrease of \$28.6 million, or 14.7 percent, from the State General Fund below the agency's request. The reduction is due to the Governor not recommending any of the agency's enhancement requests for FY 2019. The decrease also is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The recommendation added \$1.0 million, all from the State General Fund, for the 15K Degree Pilot Program.

The **agency** has no expenditure requests for FY 2018.

The **Governor** concurs with the agency's request for FY 2018.

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 FY 2018 operating expenditures of \$22.0 million, including \$21.9 million from the State General Fund. The request is an increase of \$456,010, or 2.1 percent, all from the State General Fund. The increase is due to the enhancement request to restore reductions to the scholarship funds due to the reduced allocation.

The **Governor** recommends \$24.1 million, including \$24.0 million from the State General Fund. This is an increase of \$2.1

The **agency** has no expenditure requests for FY 2019.

The **Governor** concurs with the agency's request for FY 2019.

million from the State General Fund for teachers scholarships to work in rural Kansas.

The **agency** requests FY 2019 operating expenditures of \$22.0 million, including \$21.9 million from the State General Fund. The request is the same amount requested for FY 2018.

The **Governor** recommends \$27.1 million, including \$27.1 million from the State General Fund. This is an increase of \$5.1 million from the State General Fund for teachers scholarships to work in rural Kansas.

The following information outlines the student financial assistance programs administered by the Board of Regents as well as the FY 2018 and FY 2019 funding levels.

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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 15,758,338	\$ 15,758,338	8,100	\$ 15,758,338	\$ 15,758,338	8,100
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 15,758,338	\$ 15,758,338	8,100	\$ 15,758,338	\$ 15,758,338	8,100

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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,065,919	\$ 1,065,919	1,000	\$ 1,065,919	\$ 1,065,919	1,000
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,065,919	\$ 1,065,919	1,000	\$ 1,065,919	\$ 1,065,919	1,000

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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 296,498	\$ 296,498	280	\$ 296,498	\$ 296,498	280
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 296,498	\$ 296,498	280	\$ 296,498	\$ 296,498	280

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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 496,813	\$ 496,813	360	\$ 496,813	\$ 496,813	360
Agency Request FY 2019			Governor's Recommendation FY 2019		
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). HB 2072 (2005) 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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 84,657	\$ 84,657	20	\$ 84,657	\$ 84,657	20
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 84,657	\$ 84,657	20	\$ 84,657	\$ 84,657	20

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 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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 188,126	\$ 188,126	60	\$ 188,126	\$ 188,126	60
Agency Request FY 2019			Governor's Recommendation FY 2019		
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 where there is 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 a 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 \$5,100 annually, with an average award of \$4,000 annually.

Agency Request FY 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,846,320	\$ 1,846,320	325	\$ 4,396,320	\$ 4,396,320	1,099
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,846,320	\$ 1,846,320	325	\$ 7,396,320	\$ 7,396,320	1,849

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 also must have a sponsor (a medical facility, a state agency that employs nurses, or a psychiatric hospital) that provides financial

assistance to the student. Urban families 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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 417,255	\$ 488,255	105	\$ 417,255	\$ 488,255	105
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 417,255	\$ 488,255	105	\$ 417,255	\$ 488,255	105

Career Technical Workforce Grant (KSA 72-4460). The Career Technical Workforce Grant 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 associate and certificate degrees. The Differential Aptitude Test will no longer be given to determine eligibility.

Agency Request FY 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 114,075	\$ 114,075	114	\$ 114,075	\$ 114,075	114
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 114,075	\$ 114,075	114	\$ 114,075	\$ 114,075	114

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 with 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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 0	\$ 15,000	1	\$ 0	\$ 15,000	1
Agency Request FY 2019			Governor's Recommendation FY 2019		
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 be required to practice optometry in

Kansas one year for each year of financial assistance or repay the assistance at the interest rate under the federal Parent Loan for Undergraduate Students (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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 125,589	20	\$ 107,089	\$ 125,589	20
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 125,589	20	\$ 107,089	\$ 125,589	20

Reserve Officers' Training Corps (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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 175,335	\$ 175,335	28	\$ 175,335	\$ 175,335	28
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 175,335	\$ 175,335	28	\$ 175,335	\$ 175,335	28

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, or 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 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 870,869	\$ 870,869	256	\$ 870,869	\$ 870,869	256
Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 870,869	\$ 870,869	256	\$ 870,869	\$ 870,869	256

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 including technical schools, community colleges, the municipal university, and state universities.

Agency Request FY 2018			Governor's Recommendation FY 2018		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 470,314	\$ 470,314	156	\$ 470,314	\$ 470,314	156
Agency Request FY 2019			Governor's Recommendation FY 2019		
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 (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 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 and 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** has no expenditure request for FY 2018.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** has no expenditure request for FY 2019.

The **Governor** concurs with the agency's request for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 0	\$ 0	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000
	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	35,000,000	35,000,000	35,000,000	35,000,000
TOTAL	\$ 0	\$ 0	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000

Current Year Agency Estimate

FY 2017–Current Year. The agency transferred the Education Building Fund to the state universities and therefore has a revised estimate of zero expenditures in FY 2017.

Current Year Governor Recommendation

The **Governor** concurs with the agency’s revised estimate in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$35.0 million, all from the Educational Building Fund, for FY 2018.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's request for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$35.0 million, all from the Educational Building Fund, for FY 2019.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's request for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Percent of goals met in the development of the postsecondary database	100%	100%	100%	100%	100%
Number of awards made	12,000	10,627	10,795	10,795	10,795
Certificates and degrees awarded	44,401	44,401	46,551	48,702	50,852

EMPORIA STATE UNIVERSITY

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 29,810,819	\$ 30,770,432	\$ 30,750,258	\$ 30,336,743	\$ 30,247,999	\$ 30,397,902	\$ 30,325,925
Other Funds	55,551,565	59,773,495	59,759,173	58,834,807	58,763,305	58,935,167	58,887,050
TOTAL	\$ 85,362,384	\$ 90,543,927	\$ 90,509,431	\$ 89,171,550	\$ 89,011,304	\$ 89,333,069	\$ 89,212,975
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,744,996	7,531,260	7,531,260	24,832,000	24,832,000	14,882,000	14,882,000
TOTAL	\$ 4,744,996	\$ 7,531,260	\$ 7,531,260	\$ 24,832,000	\$ 24,832,000	\$ 14,882,000	\$ 14,882,000
GRAND TOTAL	\$ 90,107,380	\$ 98,075,187	\$ 98,040,691	\$ 114,003,550	\$ 113,843,304	\$ 104,215,069	\$ 104,094,975

Percentage Change:

Operating Expenditures							
State General Fund	(3.6) %	3.2 %	3.2 %	(1.4) %	(1.6) %	0.2 %	0.3 %
All Funds	2.1	6.1	6.0	(1.5)	(1.7)	0.2	0.2
FTE Positions	804.7	804.7	804.7	804.7	804.7	804.7	804.7
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	804.7	804.7	804.7	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 5,887 students attended Emporia State University during the Fall 2016 semester. This is a decrease of 207 students, or 3.4 percent, below the Fall 2015 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 (ROZs), 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 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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 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** also 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.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$98.1 million, including \$30.8 million from the State General Fund. This is an all funds decrease of \$14.1 million, or 12.6 percent, below the approved amount. The decrease is primarily due to a housing construction project that was budgeted in FY 2017 and is now budgeted for FY 2018. There is no change in the State General Fund approved amount.

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.

The **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$70,065 and the February 2015 State General Fund allotment reduced approved expenditures by \$632,469 in FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$921,984 in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$855,204 in FY 2017.

The agency's revised estimate for capital improvements in FY 2017 is \$7.5 million, all from special revenue funds. This is a decrease of \$15.9 million, or 67.9 percent, below the approved amount. The decrease is due to the budgeted residential life project being moved out to FY 2018 and FY 2019.

FY 2017 Governor Recommendation

The **Governor** recommends \$98.0 million, including \$30.8 million from the State General Fund in FY 2017. This is a decrease of \$34,496, or less than 0.1 percent, from all funds and \$20,174, or 0.1 percent, from the State General Fund below the agency's revised estimate. The decrease is attributable to

the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's capital improvements revised estimate in FY 2017.

FY 2018 Agency Request

The **agency** requests an operating budget of \$89.2 million, including \$30.3 million from the State General Fund. This is an all funds decrease of \$1.3 million, or 1.5 percent, and a State General Fund decrease of \$433,689, or 1.4 percent, below the FY 2017 estimated amount. The decrease is primarily in salaries and wages (\$487,313) due to the 27th pay period in FY 2017 and a decrease in capital outlay (\$691,870).

The agency requests \$24.8 million, all from special revenue funds, for FY 2018 capital improvements. This is an increase of \$17.3 million, or 229.7 percent, above the revised FY 2017 amount. The increase is primarily due to a new residential life facility being constructed.

FY 2018 Governor Recommendation

The **Governor** recommends an operating budget of \$89.0 million, including \$30.2 from the State General Fund. The recommendation is an all funds decrease of \$1.5 million, or 1.7 percent, and State General Fund decrease of \$502,259, or 1.6 percent, below the FY 2017 estimated amount.

The recommendation is a decrease of \$160,246, or 0.2 percent, from all funds and \$88,744, or 0.3 percent, from the State General Fund below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to

hold KPERS employer contributions at the FY 2016 amount, which results in an all funds decrease of \$84,934, including \$50,945 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds decrease of \$75,312, including \$37,799 from the State General Fund.

The **Governor** concurs with the agency's request for capital improvements for FY 2018.

FY 2019 Agency Request

The **agency** requests an operating budget of \$89.3 million, including \$30.4 million from the State General Fund. This is an all funds increase of \$161,519, or 0.2 percent, and a State General Fund increase of \$61,159, or 0.2 percent, above the FY 2018 requested amount. The agency shifted State General Fund expenditures from contractual services to salaries and wages in FY 2019. The all funds increase is in salaries and

wages (\$361,416) for benefits. There is a decrease of contractual services (\$151,275) and debt service (\$49,650).

The agency requests \$14.9 million, all from special revenue funds, for FY 2019 capital improvements. This is a decrease of \$10.0 million, or 40.1 percent, below the FY 2018 request. The decrease is primarily due to a decrease in expenditures for the new residential life facility.

FY 2019 Governor Recommendation

The **Governor** recommends an operating budget of \$89.2 million, including \$30.3 million from the State General Fund. This is an all funds decrease of \$300,588, or 0.2 percent, and a State General Fund increase of \$201,671, or 0.2 percent, above the FY 2018 recommendation.

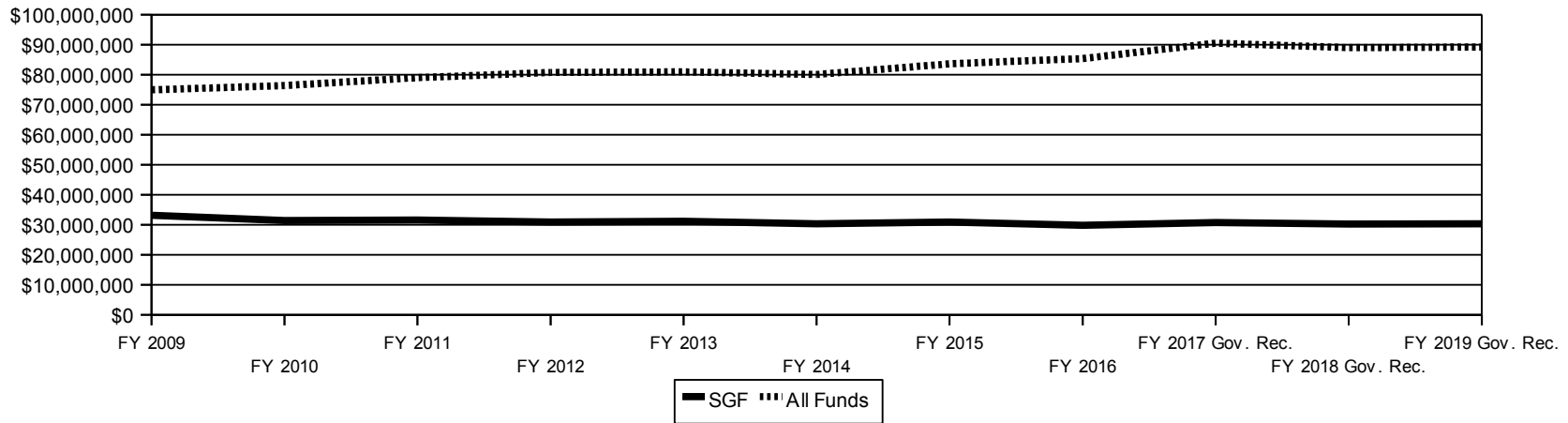
The recommendation is a decrease \$120,094, or 0.1 percent, from all funds and \$71,977, or 0.2 percent, from the State

General Fund below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency request for capital improvements for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	29,810,819	(3.6)	85,362,384	2.1	804.7
2017 Gov. Rec.	30,750,258	3.2	90,509,431	6.0	804.7
2018 Gov. Rec.	30,247,999	(1.6)	89,011,304	(1.7)	804.7
2019 Gov. Rec.	30,325,925	0.3	89,212,975	0.2	804.7
Eleven-Year Change	\$ (2,812,840)	(8.5)%	\$ 14,263,381	19.0 %	(28.0)

2015 allotments = \$702,534; 2016 March allotment = \$921,984; 2017 May allotment = \$855,204.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Institutional Support	\$ 8,275,220	\$ 10,022,296	\$ 9,839,525	\$ (182,771)	(1.8) %	\$ 10,019,158	\$ 9,822,439	\$ (196,719)	(2.0)%
Instructional Services	30,341,320	31,924,807	31,286,273	(638,534)	(2.0)	31,918,775	31,242,229	(676,546)	(2.1)
Academic Support	11,776,633	11,989,297	11,811,176	(178,121)	(1.5)	11,985,630	11,791,505	(194,125)	(1.6)
Student Services	8,756,400	9,627,202	9,492,595	(134,607)	(1.4)	9,624,955	9,478,962	(145,993)	(1.5)
Research	413,254	257,062	257,053	(9)	(0.0)	257,062	256,991	(71)	(0.0)
Public Service	2,148,323	2,547,387	2,498,603	(48,784)	(1.9)	2,546,123	2,495,570	(50,553)	(2.0)
Student Aid	10,552,352	9,683,339	9,683,339	0	0.0	9,683,339	9,683,339	0	--
Auxiliary	4,144,873	4,832,317	4,781,262	(51,055)	(1.1)	4,827,686	4,763,995	(63,691)	(1.3)
Physical Plant/Central Services	8,179,953	8,928,710	8,837,339	(91,371)	(1.0)	8,915,193	8,791,889	(123,304)	(1.4)
Debt Service	774,056	731,510	684,385	(47,125)	(6.4)	731,510	684,385	(47,125)	(6.4)
TOTAL	\$ 85,362,384	\$ 90,543,927	\$ 89,171,550	\$ (1,372,377)	(1.5) %	\$ 90,509,431	\$ 89,011,304	\$ (1,498,127)	(1.7)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 56,784,390	\$ 61,355,181	\$ 60,867,868	\$ (487,313)	(0.8) %	\$ 61,320,685	\$ 60,707,622	\$ (613,063)	(1.0)%
Contractual Services	11,949,398	11,672,040	11,526,221	(145,819)	(1.2)	11,672,040	11,526,221	(145,819)	(1.2)
Commodities	2,317,554	2,802,217	2,801,967	(250)	(0.0)	2,802,217	2,801,967	(250)	(0.0)
Capital Outlay	2,423,730	4,036,355	3,344,485	(691,870)	(17.1)	4,036,355	3,344,485	(691,870)	(17.1)
Debt Service	774,056	731,510	684,385	(47,125)	(6.4)	731,510	684,385	(47,125)	(6.4)
Subtotal - Operations	\$ 74,249,128	\$ 80,597,303	\$ 79,224,926	\$ (1,372,377)	(1.7) %	\$ 80,562,807	\$ 79,064,680	\$ (1,498,127)	(1.9)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	11,113,256	9,946,624	9,946,624	0	0.0	9,946,624	9,946,624	0	--
TOTAL	\$ 85,362,384	\$ 90,543,927	\$ 89,171,550	\$ (1,372,377)	(1.5) %	\$ 90,509,431	\$ 89,011,304	\$ (1,498,127)	(1.7)%
Financing:									
State General Fund	\$ 29,810,819	\$ 30,770,432	\$ 30,336,743	\$ (433,689)	(1.4) %	\$ 30,750,258	\$ 30,247,999	\$ (502,259)	(1.6)%
General Fees Fund	27,761,900	29,236,497	28,558,490	(678,007)	(2.3)	29,230,384	28,522,445	(707,939)	(2.4)
Restricted Fees Fund	15,277,317	18,411,062	18,238,038	(173,024)	(0.9)	18,406,289	18,215,151	(191,138)	(1.0)
All Other Funds	12,512,348	12,125,936	12,038,279	(87,657)	(0.7)	12,122,500	12,025,709	(96,791)	(0.8)
TOTAL	\$ 85,362,384	\$ 90,543,927	\$ 89,171,550	\$ (1,372,377)	(1.5) %	\$ 90,509,431	\$ 89,011,304	\$ (1,498,127)	(1.7)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Institutional Support	\$ 9,839,525	\$ 9,882,535	\$ 43,010	0.4 %	\$ 9,822,439	\$ 9,870,169	\$ 47,730	0.5 %
Instructional Services	31,286,273	31,251,852	(34,421)	(0.1)	31,242,229	31,238,657	(3,572)	(0.0)
Academic Support	11,811,176	11,858,656	47,480	0.4	11,791,505	11,844,372	52,867	0.4
Student Services	9,492,595	9,530,086	37,491	0.4	9,478,962	9,521,278	42,316	0.4
Research	257,053	257,075	22	0.0	256,991	257,075	84	0.0
Public Service	2,498,603	2,507,683	9,080	0.4	2,495,570	2,506,123	10,553	0.4
Student Aid	9,683,339	9,683,339	0	--	9,683,339	9,683,339	0	--
Auxiliary	4,781,262	4,814,727	33,465	0.7	4,763,995	4,796,552	32,557	0.7
Physical Plant/Central Services	8,837,339	8,912,381	75,042	0.8	8,791,889	8,860,675	68,786	0.8
Debt Service	684,385	634,735	(49,650)	(7.3)	684,385	634,735	(49,650)	(7.3)
TOTAL	\$ 89,171,550	\$ 89,333,069	\$ 161,519	0.2 %	\$ 89,011,304	\$ 89,212,975	\$ 201,671	0.2 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 60,867,868	\$ 61,229,284	\$ 361,416	0.6 %	\$ 60,707,622	\$ 61,109,190	\$ 401,568	0.7 %
Contractual Services	11,526,221	11,374,946	(151,275)	(1.3)	11,526,221	11,374,946	(151,275)	(1.3)
Commodities	2,801,967	2,801,481	(486)	(0.0)	2,801,967	2,801,481	(486)	(0.0)
Capital Outlay	3,344,485	3,345,999	1,514	0.0	3,344,485	3,345,999	1,514	0.0
Debt Service	684,385	634,735	(49,650)	(7.3)	684,385	634,735	(49,650)	(7.3)
Subtotal - Operations	\$ 79,224,926	\$ 79,386,445	\$ 161,519	0.2 %	\$ 79,064,680	\$ 79,266,351	\$ 201,671	0.3 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	9,946,624	9,946,624	0	--	9,946,624	9,946,624	0	--
TOTAL	\$ 89,171,550	\$ 89,333,069	\$ 161,519	0.2 %	\$ 89,011,304	\$ 89,212,975	\$ 201,671	0.2 %
Financing:								
State General Fund	\$ 30,336,743	\$ 30,397,902	\$ 61,159	0.2 %	\$ 30,247,999	\$ 30,325,925	\$ 77,926	0.3 %
General Fees Fund	28,558,490	28,634,070	75,580	0.3	28,522,445	28,615,251	92,806	0.3
Restricted Fees Fund	18,238,038	18,279,315	41,277	0.2	18,215,151	18,262,245	47,094	0.3
All Other Funds	12,038,279	12,021,782	(16,497)	(0.1)	12,025,709	12,009,554	(16,155)	(0.1)
TOTAL	\$ 89,171,550	\$ 89,333,069	\$ 161,519	0.2 %	\$ 89,011,304	\$ 89,212,975	\$ 201,671	0.2 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$30,770,432 for Emporia State University in FY 2017. No adjustments have been made subsequently 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	\$ 30,770,432	\$ 30,770,432	\$ 0	\$ 30,750,258	\$ (20,174)
All Other Funds	81,411,711	67,304,755	(14,106,956)	67,290,433	(14,121,278)
TOTAL	\$ 112,182,143	\$ 98,075,187	\$ (14,106,956)	\$ 98,040,691	\$ (14,141,452)
FTE Positions	804.7	804.7	(0.1)	804.7	(0.1)

The **agency** requests a revised estimate of \$98.1 million, including \$30.8 million from the State General Fund, in FY 2017, including capital improvements. This is an all funds decrease of \$14.1 million, or 12.6 percent, below the approved amount. The decrease is primarily due to a housing construction project that was budgeted in FY 2017 and is now budgeted for FY 2018. There is no change in the State General Fund approved amount.

The **Governor** recommends \$98.0 million, including \$30.8 million from the State General Fund in FY 2017. This is a decrease of \$34,496, or less than 0.1 percent, from all funds and \$20,174, or 0.1 percent, from the State General Fund below the agency's revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 89,171,550	\$ 89,011,304	\$ (160,246)
FTE Positions	804.7	804.7	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (433,689)	\$ (502,259)	
All Other Funds	(938,688)	(995,868)	
TOTAL	<u>\$ (1,372,377)</u>	<u>\$ (1,498,127)</u>	
<i>Percent Change:</i>			
State General Fund	(1.4) %	(1.6) %	
All Other Funds	(1.6)	(1.7)	
TOTAL	<u>(1.5) %</u>	<u>(1.7) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$89.2 million, including \$30.3 million from the State General Fund. This is an all funds decrease of \$1.4 million, or 1.5 percent, and a State General Fund decrease of \$433,689, or 1.4 percent, below the FY 2017 estimated amount. The decrease is primarily in salaries and wages (\$487,313) due to the 27th pay period in FY 2017 and a decrease in capital outlay (\$691,870).

The **Governor** recommends an operating budget of \$89.0 million, including \$30.2 from the State General Fund. The recommendation is an all funds decrease of \$1.5 million, or 1.7 percent, and a State General Fund decrease of \$502,259, or 1.6 percent, below the FY 2017 estimated amount.

The recommendation is a decrease of \$160,246, or 0.2 percent, from all funds and \$88,744, or 0.3 percent, from the

State General Fund below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds decrease of \$84,934, including

\$50,945 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in a decrease of \$75,312 from all funds, including \$37,799 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
5.0 percent reduction	(1,516,837)	(1,516,837)	0.0	0	0	0.0

The **agency** did not provide a dollar amount in its budget narrative for the reduced resource request from the Division of the Budget. The Division of the Budget's allocation for appropriated funds includes a reduced resource target of \$1.5 million, all from the State General Fund, for FY 2018. The agency stated in its budget narrative that a 5.0 percent reduction in State General Fund would remove another \$1.5 million from the base budget. This reduction would erode the University's programs, academic quality, service, and other benefits to students, diminishing attractiveness to prospective and current students. Additional employee positions would need

to be eliminated and vacant positions would not be filled as compensation is the University's largest expenditure. Shrinking funding would not only jeopardize recruiting and retention efforts, but also would cause cutbacks to other operational expenses such as equipment purchases, travel, professional development, and departments' operations. Significant diminished funding negatively impacts quality and level of services to faculty, staff, and most importantly, students.

The **Governor** does not recommend the reduced resources.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 89,333,069	\$ 89,212,975	\$ (120,094)
FTE Positions	804.7	804.7	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 61,159	\$ 77,926	
All Other Funds	100,360	123,745	
TOTAL	<u>\$ 161,519</u>	<u>\$ 201,671</u>	
<i>Percent Change:</i>			
State General Fund	0.2 %	0.3 %	
All Other Funds	0.2	0.2	
TOTAL	<u>0.2 %</u>	<u>0.2 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$89.3 million, including \$30.4 million from the State General Fund. This is an all funds increase of \$161,519, or 0.2 percent, and a State General Fund increase of \$61,159, or 0.2 percent, above the FY 2018 requested amount. The agency shifted State General Fund expenditures from contractual services to salaries and wages in FY 2019.

The all funds increase is in salaries and wages (\$361,416) for benefits. There is a decrease of contractual services (\$151,275) and debt service (\$49,650).

The **Governor** recommends an operating budget of \$89.2 million, including \$30.3 million from the State General Fund.

This is an all funds decrease of \$201,671, or 0.2 percent, and a State General Fund increase of \$77,926, or 0.3 percent, above the FY 2018 recommendation.

State General Fund below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The recommendation is a decrease of \$120,094, or 0.1 percent, from all funds and \$71,977, or 0.2 percent, from the

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
5.0 percent reduced resources	(1,519,895)	(1,519,895)	0.0	0	0	0.0

The **agency** did not provide a dollar amount in its budget narrative for the reduced resource request from the Division of the Budget. The Division of the Budget's allocation for appropriated funds includes a reduced resource target of \$1.5 million, all from the State General Fund, for FY 2019. The agency stated in its budget narrative that a 5.0 percent reduction in State General Fund would remove another \$1.5 million from the base budget. This reduction would erode the University's programs, academic quality, service, and other benefits to students, diminishing attractiveness to prospective and current students. Additional employee positions would need

to be eliminated and vacant positions would not be filled as compensation is the University's largest expenditure. Shrinking funding would not only jeopardize recruiting and retention efforts, but also would cause cutbacks to other operational expenses such as equipment purchases, travel, professional development, and departments' operations. Significant diminished funding negatively impacts quality and level of services to faculty, staff, and most importantly, students.

The **Governor** does not recommend the reduced resources.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERs) Adjustments.

KPERs Employer Contributions. The employer retirement contribution rate for KPERs State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERs employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERs would reduce expenditures by \$34,496, including \$20,174 from the State General Fund, in FY 2017; by \$84,934, including \$50,945 from the State General Fund, for FY 2018; and by \$120,094, including \$71,977 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$75,312, including \$37,799 from the State General Fund, for FY 2018.**

KPERs Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERs State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERs State and the KPERs School group. The KPERs State group has a considerably lower UAL than the KPERs School group and the actuarial recommended contribution rate for the KPERs State group is consistently below the combined KPERs State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	34.0 %	34.0 %	34.0 %	34.0 %
General Fees Fund	32.0	32.0	32.1	32.1
Restricted Fees Fund	20.5	20.5	20.5	20.5
All Other Funds	13.5	13.5	13.4	13.4
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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 session has concluded each year.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 4,073,801	\$ 4,160,565	\$ 4,160,565	\$ 3,219,965	\$ 3,226,078	\$ 3,220,451	\$ 3,262,609
Revenue	27,955,590	28,604,754	28,604,754	28,604,754	28,604,754	28,604,754	28,604,754
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 32,029,391	\$ 32,765,319	\$ 32,765,319	\$ 31,824,719	\$ 31,830,832	\$ 31,825,205	\$ 31,867,363
Less: Expenditures	27,822,437	29,499,576	29,493,463	28,558,490	28,522,445	28,634,070	28,615,251
Transfers Out	26,889	38,987	38,987	38,987	38,987	38,987	38,987
Off Budget Expenditures	19,500	6,791	6,791	6,791	6,791	6,791	6,791
Ending Balance	<u>\$ 4,160,565</u>	<u>\$ 3,219,965</u>	<u>\$ 3,226,078</u>	<u>\$ 3,220,451</u>	<u>\$ 3,262,609</u>	<u>\$ 3,145,357</u>	<u>\$ 3,206,334</u>
Ending Balance as Percent of Expenditures	15.0%	10.9%	10.9%	11.3%	11.4%	11.0%	11.2%
Month Highest Ending Balance	January \$ 11,779,643	January \$ 12,000,000	January \$ 12,000,000	January \$ 12,000,000	January \$ 12,000,000	January \$ 12,000,000	January \$ 12,000,000
Month Lowest Ending Balance	July \$ 1,922,788	July \$ 2,099,987	July \$ 2,099,987	July \$ 2,100,000	July \$ 2,100,000	July \$ 2,100,000	July \$ 2,100,000

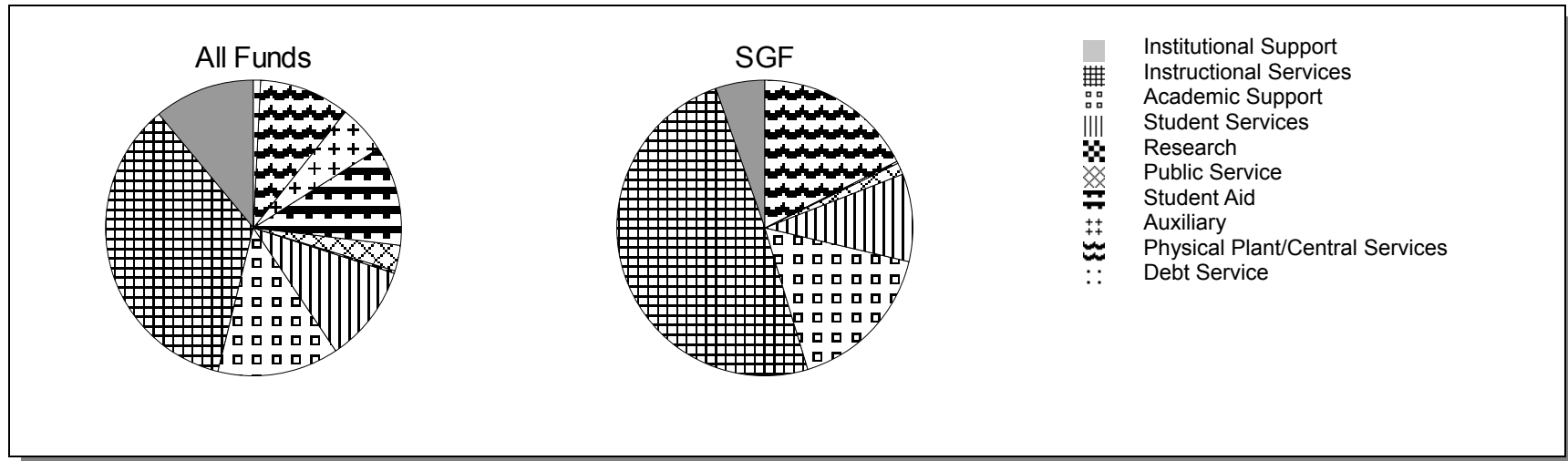
Enrollment Trends

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 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2011 to Fall 2016
Headcount	5,976	5,867	6,033	6,114	6,094	5,887	
Change	(286)	(109)	166	81	(20)	(207)	(89)
%Change	(4.6)%	(1.8)%	2.8 %	1.3 %	(0.3)%	(3.4)	(1.5)%
FTE Students	4,908	4,744	4,917	4,963	5,139	4,951	
Change	281	(164)	173	46	176	(188)	43
%Change	6.1 %	(3.3)%	3.6 %	0.9 %	3.5 %	(3.7)%	0.9 %
Student Credit Hours	69,425	63,471	65,570	66,296	68,335	65,881	
Change	(1,019)	(5,954)	2,099	726	2,039	(2,454)	(3,544)
%Change	(1.4)%	(8.6)%	3.3 %	1.1 %	3.1 %	(3.6)%	(5)%

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Institutional Support	\$ 9,822,439	11.0 %	\$ 1,626,654	5.4 %
Instructional Services	31,242,229	35.1	14,918,952	49.3
Academic Support	11,791,505	13.2	5,030,536	16.6
Student Services	9,478,962	10.6	2,900,666	9.6
Research	256,991	0.3	0	0.0
Public Service	2,495,570	2.8	388,294	1.3
Student Aid	9,683,339	10.9	75,000	0.2
Auxiliary	4,763,995	5.4	138	0.0
Physical Plant/Central Services	8,791,889	9.9	5,307,759	17.5
Debt Service	684,385	0.8	0	0.0
TOTAL	\$ 89,011,304	100.0 %	\$ 30,247,999	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Institutional Support	100.5	99.9	99.9	99.9	99.9	99.9	99.9
Instructional Services	326.0	326.0	326.0	326.0	326.0	326.0	326.0
Academic Support	96.4	96.4	96.4	96.4	96.4	96.4	96.4
Student Services	91.0	92.3	92.3	92.3	92.3	92.3	92.3
Research	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Service	21.7	22.0	22.0	22.0	22.0	22.0	22.0
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	61.5	60.5	60.5	60.5	60.5	60.5	60.5
Physical Plant/Central Services	107.6	107.6	107.6	107.6	107.6	107.6	107.6
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>804.7</u>	<u>804.7</u>	<u>804.7</u>	<u>804.7</u>	<u>804.7</u>	<u>804.7</u>	<u>804.7</u>

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 FY 2018 operating expenditures of \$9.8 million, including \$1.6 million from the State General Fund. The request is an overall decrease of \$182,771, or 1.8 percent, from all funds and \$120,115, or 6.9 percent, from the State General Fund below the FY 2017 revised estimate. The overall decrease is mainly in salaries and wages (\$168,180).

The **Governor** recommends FY 2018 operating expenditures of \$9.8 million, including \$1.6 million from the State General Fund. The recommendation is a decrease of \$17,086, or 0.2 percent, from all funds and \$4,792, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

B. Instructional Services

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

The **agency** requests FY 2018 operating expenditures of \$31.3 million, including \$14.9 million from the State General Fund. The request is a decrease of \$638,534, or 2.0 percent, from all funds and an increase of \$18,413, or 0.1 percent, from the State General Fund from the FY 2017 revised estimate. The decrease is primarily due to decreases in capital outlay (\$677,529) and contractual services (\$145,869) with an offsetting increase in salaries and wages (\$184,864).

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$9.9 million, including \$1.6 million from the State General Fund. The request is an overall increase of \$43,010, or 0.4 percent, from all funds and \$14,855, or 0.9 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages primarily for increased expenditures for fringe benefits.

The **Governor** recommends FY 2019 operating expenditures of \$9.9 million, including \$1.6 million from the State General Fund. The recommendation is a decrease of \$12,366, or 0.1 percent, from all funds and \$3,476, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** recommends FY 2018 operating expenditures of \$31.2 million, including \$14.9 million from the State General Fund. The recommendation is a decrease of \$44,044 or 0.1 percent, from all funds and \$22,422, or 0.2 percent, from the State General Fund below the agency request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$31.3 million, including \$14.9 million from the State General

Fund. The request is an overall decrease of \$34,421, or 0.1 percent, from all funds and \$79,836 or 0.5 percent, from the State General Fund below the FY 2018 request. The request includes a decrease in contractual services (\$150,651) with an offsetting increase in salaries and wages (\$114,716).

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 FY 2018 operating expenditures of \$11.8 million, including \$5.0 million from the State General Fund. The request is an overall decrease of \$178,121, or 1.5 percent, from all funds and \$115,055, or 2.2 percent, from the State General Fund below the revised estimate in FY 2017. The request is a decrease in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$11.8 million, including \$5.0 million from the State General Fund. The recommendation is a decrease of \$19,671, or 0.2 percent, from all funds and \$12,541, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

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

The **Governor** recommends FY 2019 operating expenditures of \$32.0 million, including \$14.0 million from the State General Fund. The recommendation is a decrease of \$13,195, or less than 0.1 percent, from all funds and \$6,723, or less than 0.1 percent, from the State General Fund below the agency request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$11.9 million, including \$5.1 million from the State General Fund. The request is an overall increase of \$47,480, or 0.4 percent, from all funds and \$35,188, or 0.7 percent, from the State General Fund above the FY 2018 request. The request is an increase in salaries and wages for benefits.

The **Governor** recommends FY 2019 operating expenditures of \$11.8 million, including \$5.1 million from the State General Fund. The recommendation is a decrease of \$14,284, or 0.1 percent, from all funds and \$9,116, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests FY 2018 operating expenditures of \$9.5 million, including \$2.9 million from the State General Fund. The request is a decrease of \$134,607, or 1.4 percent, from all funds and \$116,896, or 3.9 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$9.5 million, including \$2.9 million from the State General Fund. The recommendation is a decrease of \$13,633, or 0.1 percent, from all funds and \$5,811, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

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 FY 2018 operating expenditures of \$257,053, all from special revenue funds. This is a decrease of \$9, or less than 0.1 percent, below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$257,075. The recommendation is a decrease of \$62, or less than 0.1 percent, from all funds below the

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that

The **agency** requests FY 2019 operating expenditures of \$9.5 million, including \$2.9 million from the State General Fund. The request is an overall increase of \$37,491, or 0.4 percent, from all funds and \$19,817, or 0.7 percent, from the State General Fund above the FY 2018 request. The request is an increase in salaries and wages for benefits.

The **Governor** recommends FY 2019 operating expenditures of \$9.5 million, including \$2.9 million from the State General Fund. The recommendation is a decrease of \$8,808, or 0.1 percent, from all funds and \$3,759 or 0.1 percent, from the State General Fund below the agency request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$257,075, all from special revenue funds. This is an increase of \$22, or less than 0.1 percent. The increase is in salaries and wages.

The **Governor** concurs with the agency's request for FY 2019.

are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2018 operating expenditures of \$2.5 million, including \$388,636 from the State General Fund. This is a decrease of \$48,784, or 1.9 percent, from all funds and \$11,313, or 2.8 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is mainly in salaries and wages (\$48,834).

The **Governor** recommends FY 2018 operating expenditures of \$2.5 million, including \$388,294 from the State General Fund. The recommendation is a decrease of \$3,033, or 0.1 percent, from all funds and \$342, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

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 FY 2018 operating expenditures of \$9.7 million, including \$75,000 from the State General Fund. This is the same amount as the FY 2017 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 2019 operating expenditures of \$2.5 million, including \$389,398 from the State General Fund. This is an increase of \$9,080, or 0.4 percent, from all funds and \$762, or 0.2 percent, from the State General Fund above the FY 2018 request. The increase is primarily in salaries and wages (\$9,704).

The **Governor** recommends FY 2019 operating expenditures of \$2.5 million, including \$389,222 from the State General Fund. The recommendation is a decrease of \$1,560, or 0.1 percent, from all funds and \$176, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$9.7 million, including \$75,000 from the State General Fund. This is the same amount as the FY 2018 request.

The **Governor** concurs with the agency's request for FY 2019.

The **agency** requests FY 2018 operating expenditures of \$4.8 million, including \$138 from the State General Fund. This is a decrease of \$51,053, or 1.1 percent, from all funds and \$2, or 1.4 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$4.8 million, including \$138 from the State General Fund. The recommendation is an all funds decrease of \$17,267, or 0.4 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$4.8 million, including \$138 from the State General Fund. This is

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 2018 operating expenditures of \$8.8 million, including \$5.4 million from the State General Fund. This is a decrease of \$91,371, or 1.0 percent, from all funds and \$88,721, or 1.6 percent, from the State General Fund below the FY 2017 revised amount. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$8.8 million, including \$5.3 million from the State General Fund. The recommendation is a decrease of \$45,450, or 0.5 percent, from all funds and \$42,836, or 0.8 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

an increase of \$33,465, or 0.7 percent, from all funds above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$4.8 million, all from special revenue funds. The recommendation is an all funds decrease of \$18,175, or 0.4 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$8.9 million, including \$5.4 million from the State General Fund. This is an increase of \$75,042, or 0.8 percent, from all funds and \$70,373, or 1.3 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$8.9 million, including \$5.4 million from the State General Fund. The recommendation is a decrease of \$51,706, or 0.6 percent, from all funds and \$48,727, or 0.9 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** requests FY 2018 operating expenditures of \$684,385, all from special revenue funds. This is a decrease of \$47,125, or 6.4 percent, below the FY 2017 revised estimate. The bonds are for the student recreation center, Twin Towers housing, and the Memorial Union renovation.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$634,735, all from special revenue funds. This is a decrease of \$49,650, or 7.3 percent, below the FY 2018 request. The bonds are for the student recreation center, Twin Towers housing, and the Memorial Union renovation.

The **Governor** concurs with the agency's request for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 5,070,792	\$ 5,070,792	\$ 0	\$ 0	\$ 0	\$ 0
General Maintenance	560,853	560,853	1,857,000	1,857,000	57,000	57,000
New Residential Life Facility	569,615	569,615	21,600,000	21,600,000	13,400,000	13,400,000
Parking	50,000	50,000	50,000	50,000	50,000	50,000
Debt Service – Principal	1,280,000	1,280,000	1,325,000	1,325,000	1,375,000	1,375,000
TOTAL	\$ 7,531,260	\$ 7,531,260	\$ 24,832,000	\$ 24,832,000	\$ 14,882,000	\$ 14,882,000
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	5,070,792	5,070,792	0	0	0	0
All Other Funds	2,460,468	2,460,468	24,832,000	24,832,000	14,882,000	14,882,000
TOTAL	\$ 7,531,260	\$ 7,531,260	\$ 24,832,000	\$ 24,832,000	\$ 14,882,000	\$ 14,882,000

Current Year Agency Estimate

FY 2017–Current Year. The agency’s revised estimate in FY 2017 is \$7.5 million, all from special revenue funds. This is a decrease of \$15.9 million, or 67.9 percent, below the approved

amount. The decrease is due to the budgeted residential life project being moved out to FY 2018 and FY 2019.

Current Year Governor Recommendation

The **Governor** concurs with the agency’s revised estimate in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$24.8 million, all from special revenue funds, for FY 2018. This is an increase of \$17.3 million, or 229.7 percent, above the revised FY 2017

amount. The increase is primarily due to a new residential life facility being constructed.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$14.9 million, all from special revenue funds, for FY 2019. This is a decrease of \$10.0 million, or 40.1 percent, below the FY 2018 request.

The decrease is primarily due to a decrease in expenditures for the new residential life facility.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
New grant funding (in millions)	\$2.2	\$1.6	\$2.5	\$2.5	\$2.5
Student to faculty ratio	19:1	18:1	18:1	18:1	18:1
Student credit hours generated through on-line courses	35,000	35,676	36,000	36,000	36,500

FORT HAYS STATE UNIVERSITY

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 32,086,541	\$ 32,822,540	\$ 32,803,109	\$ 32,532,898	\$ 32,434,255	\$ 32,587,060	\$ 32,518,474
Other Funds	86,422,417	87,644,184	87,624,022	88,892,084	88,775,148	90,263,598	90,182,213
TOTAL	\$ 118,508,958	\$ 120,466,724	\$ 120,427,131	\$ 121,424,982	\$ 121,209,403	\$ 122,850,658	\$ 122,700,687
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	10,315,249	30,277,451	30,277,451	10,425,886	10,425,886	8,005,043	8,005,043
TOTAL	\$ 10,315,249	\$ 30,277,451	\$ 30,277,451	\$ 10,425,886	\$ 10,425,886	\$ 8,005,043	\$ 8,005,043
GRAND TOTAL	\$ 128,824,207	\$ 150,744,175	\$ 150,704,582	\$ 131,850,868	\$ 131,635,289	\$ 130,855,701	\$ 130,705,730
Percentage Change:							
Operating Expenditures							
State General Fund	(3.7) %	2.3 %	2.2 %	(0.9) %	(1.1) %	0.2 %	0.3 %
All Funds	2.7	1.7	1.6	0.8	0.6	1.2	1.2
FTE Positions	932.3	932.3	932.3	932.3	932.3	932.3	932.3
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	932.3	932.3	932.3	932.3	932.3	932.3	932.3

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 the abandoned Fort Hays Military Reservation to the State of Kansas 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 generally found in liberal and applied arts universities. Liberal arts degrees are offered in most basic disciplines on the bachelor's and master's levels. 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 also are available. **A total of 14,658 students attended Fort Hays State University during the Fall 2016 semester, an increase of 448 students, or 3.2 percent, above the Fall 2015 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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 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 statewide 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 Kansas Academy for Math and Science (KAMS) for FY 2009 through FY 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 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 (ROZs), 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 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** also 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** 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 **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent in both FY 2014 and FY 2015. There also was 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 in FY 2015.

The **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$48,579 and the February 2015 State General Fund allotment reduced approved expenditures by \$679,762 in FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$992,367 in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$1.1 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$150.7 million, including \$32.8 million from the State General Fund. This is an all funds increase of \$6.6 million, or 4.6 percent, above the approved amount in FY 2017. The increase includes \$4.4 million in capital improvements, which includes the transferred Educational Building Fund money from the Board of Regents. There also is an increase of \$860,800 in debt service for the Wiest Hall replacement project, \$2.1 million in capital outlay in the Academic Support program, and \$1.8 million in

commodities, with an offsetting decrease of \$2.6 million in contractual services.

The agency's revised estimate includes \$30.3 million, all from special revenue funds, for capital improvements. This is an increase of \$4.4 million, or 17.1 percent, above the FY 2017 approved amount. The increase is primarily due to the transfer of the Educational Building Fund from the Board of Regents.

FY 2017 Governor Recommendation

The **Governor** recommends a revised budget of \$150.7 million, including \$32.8 million from the State General Fund. This is an all funds decrease of \$39,593, or less than 0.1 percent, and a State General Fund decrease of \$19,431, or 0.1 percent, below the agency's revised estimate. The decrease is

attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The Governor concurs with the agency's revised capital improvement budget in FY 2017.

FY 2018 Agency Request

The **agency** requests an operating budget of \$121.4 million, including \$32.5 million from the State General Fund. This is an all funds increase of \$958,258, or 0.8 percent, and a State

General Fund decrease of \$289,642, or 0.9 percent, from the revised estimate in FY 2017. The increase is primarily in salaries and wages (\$876,907) and contractual services

(\$126,402), with an offsetting decrease in debt service expenditures (\$45,051).

The agency requests \$10.4 million, all from special revenue funds, for capital improvements. This is a decrease of \$19.9

FY 2018 Governor Recommendation

The **Governor** recommends an operating budget of \$121.2 million, including \$32.4 million from the State General Fund. This is an all funds increase of \$782,272, or 0.6 percent, and a State General Fund decrease of \$368,854, or 1.1 percent, from the FY 2017 recommendation.

The recommendation is an all funds decrease of \$215,579, or 0.2 percent, and a State General Fund decrease of \$98,643, or 0.3 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to

FY 2019 Agency Request

The **agency** requests an operating budget of \$122.9 million, including \$32.6 million from the State General Fund. This is an all funds increase of \$1.4 million, or 1.2 percent, including a State General Fund increase of \$54,162, or 0.2 percent, above the FY 2018 request. The increase is in salaries and wages.

FY 2019 Governor Recommendation

The **Governor** recommends an operating budget of \$122.7 million, including \$32.5 million from the State General Fund. This is an all funds increase of \$1.5 million, or 1.2 percent, and a State General Fund increase of \$84,219, or 0.3 percent, above the FY 2018 recommendation.

The recommendation is an all funds decrease of \$149,971, or 0.1 percent, and a State General Fund decrease of \$68,586,

million, or 65.6 percent, below the FY 2017 revised estimate. The decrease is primarily due to the completion of the Wiest Hall project; however, there is an increase of debt service payments due to bond payments for this project. There are no expenditures from the Educational Building Fund for FY 2018.

hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$108,172, including \$50,808 from the State General Fund, and to provide a moratorium on agency death and disability employer contribution payments for one quarter, which results in an all funds reduction of \$107,407, including \$47,835 from the State General Fund.

The Governor concurs with the agency's capital improvements budget for FY 2018.

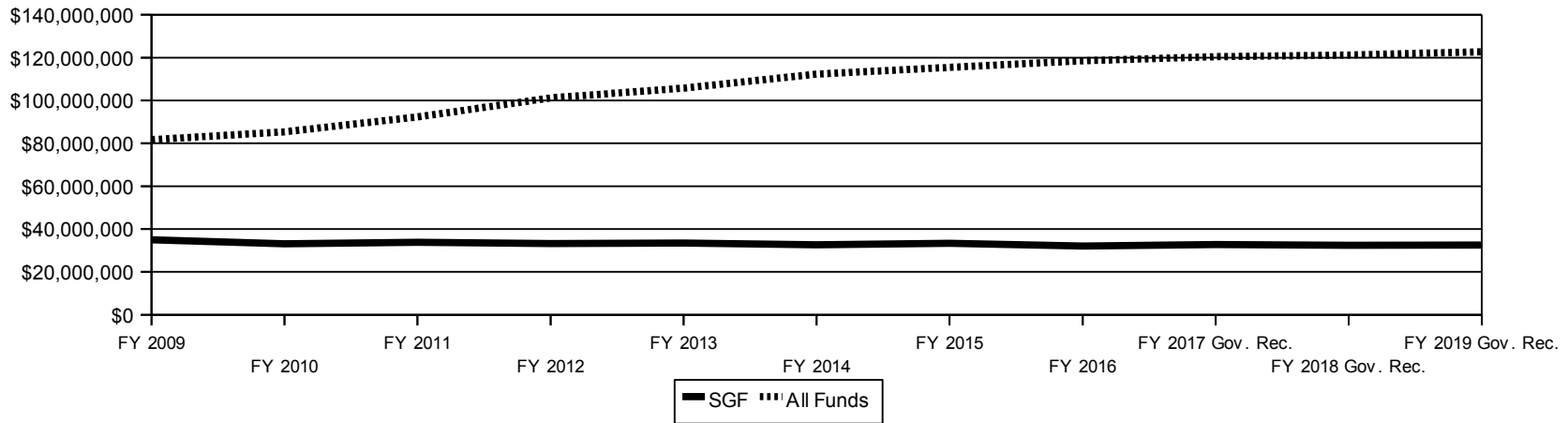
The agency requests capital improvements expenditures totaling \$8.0 million, all from special revenue funds, for FY 2019. This is a decrease of \$2.4 million, or 23.2 percent, below the FY 2018 request. The reduction in expenditures is primarily due to the completion of projects.

or 0.3 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements budget for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	32,086,541	(3.7)	118,508,958	2.7	932.3
2017 Gov. Rec.	32,803,109	2.2	120,427,131	1.6	932.3
2018 Gov. Rec.	32,434,255	(1.1)	121,209,403	0.6	932.3
2019 Gov. Rec.	32,518,474	0.3	122,700,687	1.2	932.3
Eleven-Year Change	\$ (2,458,756)	(7.0)%	\$ 41,017,596	50.2 %	148.0

2015 allotment = \$728,341; 2016 allotment = \$992,367; 2017 allotment = \$1.1 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Institutional Support	\$ 8,040,969	\$ 7,355,362	\$ 7,382,875	\$ 27,513	0.4 %	\$ 7,351,599	\$ 7,365,207	\$ 13,608	0.2 %
Instructional Services	42,707,076	47,917,237	48,634,057	716,820	1.5	47,911,628	48,553,468	641,840	1.3
Academic Support	17,118,720	17,091,217	17,313,397	222,180	1.3	17,085,279	17,284,348	199,069	1.2
Student Services	9,153,972	8,344,955	8,400,702	55,747	0.7	8,340,751	8,381,271	40,520	0.5
Research	633,291	505,776	506,199	423	0.1	505,776	506,193	417	0.1
Public Service	4,402,230	2,071,906	2,108,924	37,018	1.8	2,071,835	2,106,905	35,070	1.7
Student Aid	19,966,192	19,878,973	19,878,973	0	0.0	19,878,973	19,878,973	0	0.0
Auxiliary	9,268,307	8,806,223	8,892,280	86,057	1.0	8,801,789	8,875,349	73,560	0.8
Physical Plant/Central Services	7,004,576	7,339,750	7,197,301	(142,449)	(1.9)	7,324,176	7,147,415	(176,761)	(2.4)
Debt Service	213,625	1,155,325	1,110,274	(45,051)	(3.9)	1,155,325	1,110,274	(45,051)	(3.9)
TOTAL	\$ 118,508,958	\$ 120,466,724	\$ 121,424,982	\$ 958,258	0.8 %	\$ 120,427,131	\$ 121,209,403	\$ 782,272	0.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 70,180,392	\$ 71,713,506	\$ 72,590,413	\$ 876,907	1.2 %	\$ 71,673,913	\$ 72,374,834	\$ 700,921	1.0 %
Contractual Services	15,065,945	15,366,209	15,492,611	126,402	0.8	15,366,209	15,492,611	126,402	0.8
Commodities	4,943,211	4,938,390	4,938,390	0	0.0	4,938,390	4,938,390	0	0.0
Capital Outlay	6,148,946	6,024,435	6,024,435	0	0.0	6,024,435	6,024,435	0	0.0
Debt Service	213,625	1,155,325	1,110,274	(45,051)	(3.9)	1,155,325	1,110,274	(45,051)	(3.9)
Subtotal - Operations	\$ 96,552,119	\$ 99,197,865	\$ 100,156,123	\$ 958,258	1.0 %	\$ 99,158,272	\$ 99,940,544	\$ 782,272	0.8 %
Aid to Local Units	638,821	0	0	0	--	0	0	0	--
Other Assistance	21,318,018	21,268,859	21,268,859	0	0.0	21,268,859	21,268,859	0	0.0
TOTAL	\$ 118,508,958	\$ 120,466,724	\$ 121,424,982	\$ 958,258	0.8 %	\$ 120,427,131	\$ 121,209,403	\$ 782,272	0.6 %
Financing:									
State General Fund	\$ 32,086,541	\$ 32,822,540	\$ 32,532,898	\$ (289,642)	(0.9) %	\$ 32,803,109	\$ 32,434,255	\$ (368,854)	(1.1) %
General Fees Fund	32,793,907	34,752,202	35,533,064	780,862	2.2	34,738,599	35,459,520	720,921	2.1
Restricted Fees Fund	26,384,512	27,226,285	27,638,062	411,777	1.5	27,224,304	27,612,610	388,306	1.4
All Other Funds	27,243,998	25,665,697	25,720,958	55,261	0.2	25,661,119	25,703,018	41,899	0.2
TOTAL	\$ 118,508,958	\$ 120,466,724	\$ 121,424,982	\$ 958,258	0.8 %	\$ 120,427,131	\$ 121,209,403	\$ 782,272	0.6 %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Institutional Support	\$ 7,382,875	\$ 7,485,768	\$ 102,893	1.4 %	\$ 7,365,207	\$ 7,471,426	\$ 106,219	1.4 %
Instructional Services	48,634,057	49,490,272	856,215	1.8	48,553,468	49,463,358	909,890	1.9
Academic Support	17,313,397	17,502,262	188,865	1.1	17,284,348	17,479,340	194,992	1.1
Student Services	8,400,702	8,530,117	129,415	1.5	8,381,271	8,514,134	132,863	1.6
Research	506,199	506,635	436	0.1	506,193	506,625	432	0.1
Public Service	2,108,924	2,138,944	30,020	1.4	2,106,905	2,138,365	31,460	1.5
Student Aid	19,878,973	19,878,973	0	0.0	19,878,973	19,878,973	0	0.0
Auxiliary	8,892,280	8,953,968	61,688	0.7	8,875,349	8,937,225	61,876	0.7
Physical Plant/Central Services	7,197,301	7,319,854	122,553	1.7	7,147,415	7,267,376	119,961	1.7
Debt Service	1,110,274	1,043,865	(66,409)	(6.0)	1,110,274	1,043,865	(66,409)	(6.0)
TOTAL	\$ 121,424,982	\$ 122,850,658	\$ 1,425,676	1.2 %	\$ 121,209,403	\$ 122,700,687	\$ 1,491,284	1.2 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 72,590,413	\$ 74,082,498	\$ 1,492,085	2.1 %	\$ 72,374,834	\$ 73,932,527	\$ 1,557,693	2.2 %
Contractual Services	15,492,611	15,492,611	0	0.0	15,492,611	15,492,611	0	0.0
Commodities	4,938,390	4,938,390	0	0.0	4,938,390	4,938,390	0	0.0
Capital Outlay	6,024,435	6,024,435	0	0.0	6,024,435	6,024,435	0	0.0
Debt Service	1,110,274	1,043,865	(66,409)	(6.0)	1,110,274	1,043,865	(66,409)	(6.0)
Subtotal - Operations	\$ 100,156,123	\$ 101,581,799	\$ 1,425,676	1.4 %	\$ 99,940,544	\$ 101,431,828	\$ 1,491,284	1.5 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	21,268,859	21,268,859	0	0.0	21,268,859	21,268,859	0	0.0
TOTAL	\$ 121,424,982	\$ 122,850,658	\$ 1,425,676	1.2 %	\$ 121,209,403	\$ 122,700,687	\$ 1,491,284	1.2 %
Financing:								
State General Fund	\$ 32,532,898	\$ 32,587,060	\$ 54,162	0.2 %	\$ 32,434,255	\$ 32,518,474	\$ 84,219	0.3 %
General Fees Fund	35,533,064	36,579,241	1,046,177	2.9	35,459,520	36,524,615	1,065,095	3.0
Restricted Fees Fund	27,638,062	27,952,911	314,849	1.1	27,612,610	27,943,475	330,865	1.2
All Other Funds	25,720,958	25,731,446	10,488	0.0	25,703,018	25,714,123	11,105	0.0
TOTAL	\$ 121,424,982	\$ 122,850,658	\$ 1,425,676	1.2 %	\$ 121,209,403	\$ 122,700,687	\$ 1,491,284	1.2 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$32,822,540 for Fort Hays State University in FY 2017. No adjustments have been made subsequently 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	\$ 32,822,540	\$ 32,822,540	\$ 0	\$ 32,803,109	\$ (19,431)
All Other Funds	111,324,243	117,921,635	6,597,392	117,901,473	6,577,230
TOTAL	\$ 144,146,783	\$ 150,744,175	\$ 6,597,392	\$ 150,704,582	\$ 6,557,799
FTE Positions	889.5	932.3	42.8	932.3	42.8

The **agency** requests a FY 2017 revised estimate of \$150.7 million, including \$32.8 million from the State General Fund in FY 2017 including capital improvements. This is an all funds increase of \$6.6 million, or 4.6 percent, above the approved amount in FY 2017. The increase includes \$4.4 million in capital improvements, which includes the transferred Educational Building Fund money from the Board of Regents. There also are increases of \$860,800 in debt service for the Wiest Hall replacement project, \$2.1 million in capital outlay in the Academic Support program for new information technology

software, and \$1.8 million in commodities, with an offsetting decrease of \$2.6 million in contractual services.

The **Governor** recommends a revised budget of \$150.7 million, including \$32.8 million from the State General Fund. This is an all funds decrease of \$39,593, or less than 0.1 percent, and a State General Fund decrease of \$19,431, or 0.1 percent, below the agency's revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 121,424,982	\$ 121,209,403	\$ (215,579)
FTE Positions	932.3	932.3	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ (289,642)	\$ (368,854)	
All Other Funds	1,247,900	1,151,126	
TOTAL	<u>\$ 958,258</u>	<u>\$ 782,272</u>	
<i>Percent Change:</i>			
State General Fund	(0.9) %	(1.1) %	
All Other Funds	1.4	1.3	
TOTAL	<u>0.8 %</u>	<u>0.6 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2018 operating expenditures of \$121.4 million, including \$32.5 million from the State General Fund. This is an all funds increase of \$958,258, or 0.8 percent, and a State General Fund decrease of \$289,642, or 0.9 percent, from the revised estimate in FY 2017. The increase is primarily in salaries and wages (\$876,907) and contractual services (\$126,402), with an offsetting decrease in debt service (\$45,051).

The **Governor** recommends an operating budget of \$121.2 million, including \$32.4 million from the State General Fund. This is an all funds increase of \$782,272, or 0.6 percent, and a State General Fund decrease of \$368,854, or 1.1 percent, from the FY 2017 recommendation.

The recommendation is an all funds decrease of \$215,579, or 0.2 percent, and a State General Fund decrease of \$98,643,

or 0.3 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$108,172, including \$50,808 from the State General Fund, and to provide a

moratorium on agency death and disability employer contribution payments for one quarter, which results in an all funds reduction of \$107,407, including \$47,835 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
5.0 percent Reduced Resources	\$ (1,626,645)	\$ (1,626,645)	0.0	\$ 0	\$ 0	0.0

The **agency** did not provide a dollar amount in its budget narrative for the reduced resource request from the Division of the Budget. The Division of the Budget's allocation for appropriated funds includes a reduced resource target of \$1.6 million, all from the State General Fund, for FY 2018. The agency provided a summary narrative for the proposed 5.0 percent State General Fund reduction. According to the agency, the reduction would affect people and programs which would have a negative effect on enrollments, would lead to larger classes having a negative effect on the education process, could result in enrollment limitations having a negative effect on accessibility, and make it increasingly difficult to hire and retain

qualified faculty and staff. The agency may implement a hiring freeze and only essential employees would be replaced upon the resignation or retirement of existing faculty and staff. Reductions in office hours and other services may be implemented to eliminate the need to pay overtime. The agency may implement reductions in allocations to colleges and departments for other operating expenses or move to a four day work week to reduce the expense of utilities and other maintenance expenditures.

The **Governor** does not recommend the agency's reduced resources.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 122,850,658	\$ 122,700,687	\$ (149,971)
FTE Positions	932.3	932.3	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 54,162	\$ 84,219	
All Other Funds	1,371,514	1,407,065	
TOTAL	<u>\$ 1,425,676</u>	<u>\$ 1,491,284</u>	
<i>Percent Change:</i>			
State General Fund	0.2 %	0.3 %	
All Other Funds	1.5	1.6	
TOTAL	<u>1.2 %</u>	<u>1.2 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2019 operating expenditures of \$122.9 million, including \$32.6 million from the State General Fund. This is an increase of \$1.4 million, or 1.2 percent, from all funds and \$54,162, or 0.2 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends an operating budget of \$122.7 million, including \$32.5 million from the State General Fund.

This is an all funds increase of \$1.5 million, or 1.2 percent, and a State General Fund increase of \$84,219, or 0.3 percent, above the FY 2018 recommendation.

The recommendation is an all funds decrease of \$149,971, or 0.1 percent and a State General Fund decrease of \$68,586, or 0.3 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
5.0 percent reduced resources	(1,629,353)	(1,629,353)	0.0	0	0	0.0

The **agency** did not provide a dollar amount in its budget narrative for the reduced resource request from the Division of the Budget. The Division of the Budget's allocation for appropriated funds includes a reduced resource target of \$1.6 million, all from the State General Fund, for FY 2019. The agency provided a summary narrative for the proposed 5.0 percent State General Fund reduction. According to the agency, the reduction would affect people and programs which would have a negative effect on enrollments, would lead to larger classes having a negative effect on the education process, could result in enrollment limitations having a negative effect on accessibility, and make it increasingly difficult to hire and retain

qualified faculty and staff. The agency may implement a hiring freeze and only essential employees would be replaced upon the resignation or retirement of existing faculty and staff. Reductions in office hours and other services may be implemented to eliminate the need to pay overtime. The agency may implement reductions in allocations to colleges and departments for other operating expenses or move to a four day work week to reduce the expense of utilities and other maintenance expenditures.

The **Governor** does not recommend the agency's reduced resources.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$39,593, including \$19,431 from the State General Fund, in FY 2017; by \$108,172, including \$50,808 from the State General Fund, for FY 2018; and by \$149,971, including \$68,586 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$76,444, including \$36,839 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	26.8 %	26.8 %	26.5 %	26.5 %
General Fees Fund	29.3	29.3	29.8	29.8
Restricted Fees Fund	22.8	22.8	22.8	22.8
All Other Funds	21.1	21.1	20.9	20.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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 deposited in the restricted fees fund. Tuition is set by the Board of Regents after Session has concluded each year.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 17,070,818	\$ 19,134,828	\$ 19,134,828	\$ 15,085,858	\$ 15,099,461	\$ 15,986,476	\$ 16,073,623
Revenue	39,192,026	41,486,990	41,486,990	44,436,208	44,436,208	47,594,821	47,594,821
Transfers in	160,621	0	0	0	0	0	0
Total Funds Available	\$ 56,423,465	\$ 60,621,818	\$ 60,621,818	\$ 59,522,066	\$ 59,535,669	\$ 63,581,297	\$ 63,668,444
Less: Expenditures	36,649,844	44,905,064	44,891,461	42,898,950	42,825,406	42,989,284	42,934,658
Transfers Out	621,153	630,896	630,896	636,640	636,640	642,791	642,791
Off Budget Expenditures	17,640	0	0	0	0	0	0
Ending Balance	<u>\$ 19,134,828</u>	<u>\$ 15,085,858</u>	<u>\$ 15,099,461</u>	<u>\$ 15,986,476</u>	<u>\$ 16,073,623</u>	<u>\$ 19,949,222</u>	<u>\$ 20,090,995</u>
Ending Balance as Percent of Expenditures	52.2%	33.6%	33.6%	37.3%	37.5%	46.4%	46.8%
Month Highest Ending Balance	January \$ 30,115,892	January \$ 20,238,846	January \$ 20,238,846	January \$ 18,605,675	January \$ 18,605,675	January \$ 18,514,830	January \$ 18,514,830
Month Lowest Ending Balance	July \$ 12,708,961	July \$ 7,407,956	July \$ 7,407,956	July \$ 5,707,956	July \$ 5,707,956	July \$ 4,074,785	July \$ 4,074,785

Enrollment Trends

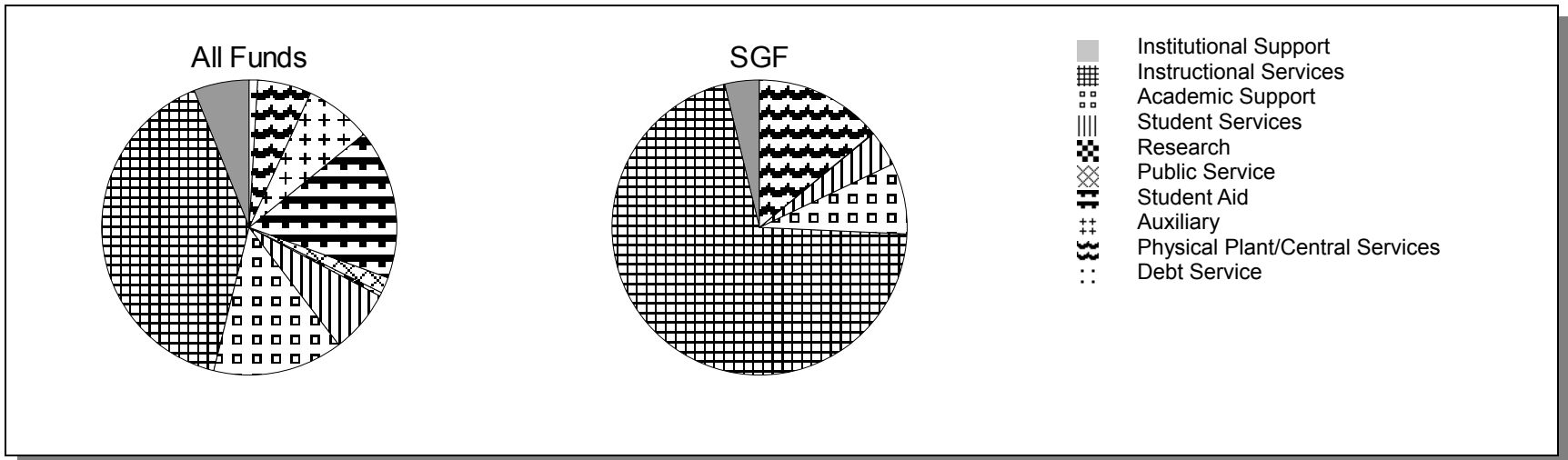
The following table summarizes recent enrollment trends at the Fort Hays State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent

converts those students to full-time based on the number of credit hours that the students are enrolled.

	<u>Fall 2011</u>	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2011 to Fall 2016</u>
Headcount	12,802	13,310	13,441	13,825	14,210	14,658	
Change	919	508	131	384	385	448	1,856
%Change	7.7 %	4.0 %	1.0 %	2.9 %	2.8 %	3.2 %	14.5 %
FTE Students	8,198	8,498	8,704	9,018	9,211	9,594	
Change	672	300	206	314	193	383	1,396
%Change	8.9 %	3.7 %	2.4 %	3.6 %	2.1 %	4.2 %	17.0 %
Student Credit Hours	116,149	119,820	122,275	126,373	128,565	133,288	
Change	9,184	3,671	2,455	4,098	2,192	4,723	17,139
%Change	8.6 %	3.2 %	2.0 %	3.4 %	1.7 %	3.7 %	14.8 %

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Institutional Support	\$ 7,365,207	6.1 %	\$ 1,241,031	3.8 %
Instructional Services	48,553,468	40.1	22,856,291	70.5
Academic Support	17,284,348	14.3	2,525,918	7.8
Student Services	8,381,271	6.9	1,257,582	3.9
Research	506,193	0.4	0	0.0
Public Service	2,106,905	1.7	25,582	0.1
Student Aid	19,878,973	16.4	0	0.0
Auxiliary	8,875,349	7.3	0	0.0
Physical Plant/Central Services	7,147,415	5.9	4,527,851	14.0
Debt Service	1,110,274	0.9	0	0.0
TOTAL	\$ 121,209,403	100.0 %	\$ 32,434,255	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Institutional Support	66.8	66.8	66.8	66.8	66.8	66.8	66.8
Instructional Services	456.7	456.7	456.7	456.7	456.7	456.7	456.7
Academic Support	108.7	108.7	108.7	108.7	108.7	108.7	108.7
Student Services	98.1	98.1	98.1	98.1	98.1	98.1	98.1
Research	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Service	29.6	29.6	29.6	29.6	29.6	29.6	29.6
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	58.9	58.9	58.9	58.9	58.9	58.9	58.9
Physical Plant/Central Services	113.5	113.5	113.5	113.5	113.5	113.5	113.5
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	932.3	932.3	932.3	932.3	932.3	932.3	932.3

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 FY 2018 operating expenditures of \$7.4 million, including \$1.2 million from the State General Fund. This is an increase of \$27,513, or 0.4 percent, from all funds, including a State General Fund decrease of \$73,243, or 5.6 percent, below the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$7.4 million, including \$1.2 million from the State General Fund. The recommendation is a decrease of \$17,668, or 0.2 percent, from all funds and \$4,499, or 0.4 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$7.5 million, including \$1.2 million from the State General Fund,

an all funds increase of \$102,893, or 1.4 percent, above the FY 2018 requested amount. The increase is in salaries and wages for benefits.

The **Governor** recommends FY 2019 operating expenditures of \$7.5 million, including \$1.2 million from the

B. Instructional Services

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

The **agency** requests FY 2018 operating expenditures of \$48.6 million, including \$22.9 million from the State General Fund, an increase of \$716,820, or 1.5 percent, from all funds, including a decrease of \$231,725, or 1.0 percent, from the State General Fund from the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$48.6 million, including \$22.9 million from the State General Fund. The recommendation is a decrease of \$80,589, or 0.2 percent, from all funds and \$42,188, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

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.

State General Fund. The recommendation is a decrease of \$37,226, or 0.5 percent, from all funds and \$3,577, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$49.5 million, including \$22.9 million from the State General Fund. This is an increase of \$856,215, or 1.8 percent, from all funds above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$49.5 million, including \$22.9 million from the State General Fund. The recommendation is a decrease of \$26,914, or 0.1 percent, from all funds and \$13,819, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 operating expenditures of \$17.3 million, including \$2.5 million from the State General Fund. This is an increase of \$222,180, or 1.3 percent, from all funds, including \$252,398, or 11.1 percent, from the State General Fund, above the FY 2017 revised estimate. The increase is in salaries and wages (\$95,777) and contractual services (\$126,403).

The **Governor** recommends FY 2018 operating expenditures of \$17.3 million, including \$2.5 million from the State General Fund. The recommendation is a decrease of \$29,049, or 0.2 percent, from all funds and \$6,291, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$17.5 million, including \$2.5 million from the State General Fund. This is an increase of \$188,865, or 1.1 percent, from all

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 FY 2018 operating expenditures of \$8.4 million, including \$1.3 million from the State General Fund. This is an increase of \$55,747, or 0.7 percent, from all funds, including a decrease of \$73,900, or 5.5 percent, from the State General Fund, from the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$8.4 million, including \$1.3 million from the State General Fund. The recommendation is a decrease of \$19,431, or 0.2 percent, from all funds and \$4,236, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

funds, including \$13,697, or 0.5 percent, from the State General Fund, above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$17.5 million, including \$2.5 million from the State General Fund. The recommendation is a decrease of \$22,922, or 0.1 percent, from all funds and \$4,859, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$8.5 million, including \$1.3 million from the State General Fund. This is an increase of \$129,415, or 1.5 percent, from all funds, including an increase of \$7, or less than 0.1 percent, from the State General Fund, above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$8.5 million, including \$1.3 million from the State General Fund. The recommendation is a decrease of \$15,983, or 0.2 percent, from all funds and \$3,409, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$506,199, all from special revenue funds, which is an increase of \$423, or 0.1 percent, above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$506,193, all from special revenue funds. The recommendation is a decrease of \$6, or 0.1 percent, from all funds below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

F. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$2.1 million, including \$25,621 from the State General Fund. This is an increase of \$37,018, or 1.8 percent, from all funds above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$2.1 million, including \$25,582 from the State General Fund. The recommendation is a decrease of \$2,019, or 0.1 percent, from all funds and \$39, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$506,635, all from special revenue funds, an increase of \$436, or 0.1 percent, above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$506,625, all from special revenue funds. The recommendation is a decrease of \$10, or less than 0.1 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$2.1 million, including \$25,621 from the State General Fund. This is an increase of \$30,020, or 1.4 percent, from all funds above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$2.1 million, including \$25,610 from the State General Fund. The recommendation is a decrease of \$579, or less than 0.1 percent, from all funds and \$11, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$19.9 million, all from special revenue funds. This is the same as the revised estimate in FY 2017.

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 FY 2018 operating expenditures of \$8.9 million, all from special revenue funds. This is an increase of \$86,057, or 1.0 percent, above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$8.9 million, all from special revenue funds. The recommendation is a decrease of \$16,931, or 0.2 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

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 **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$19.9 million, all from special revenue funds. This is the same as the request for FY 2018.

The **Governor** concurs with the agency's request for FY 2019.

moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$9.0 million, all from special revenue funds. This is an increase of \$61,688, or 0.7 percent, above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$8.9 million, all from special revenue funds. The recommendation is a decrease of \$16,743, or 0.2 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 operating expenditures of \$7.2 million, including \$4.6 million from the State General Fund. This is an all funds decrease of \$142,449, or 1.9 percent, including a State General Fund decrease of \$163,173, or 3.4 percent, below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$7.1 million, including \$4.5 million from the State General Fund. The recommendation is a decrease of \$49,886, or 0.7 percent, from all funds and \$41,390, or 0.9 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability employer contribution payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$7.3 million, including \$4.6 million from the State General Fund. This is an increase of \$122,553, or 1.7 percent, from all funds

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** requests FY 2018 operating expenditures of \$1.1 million, all from special revenue funds. This is a decrease of \$45,051, or 3.9 percent, below the FY 2017 revised estimate. The bonds were for the Lewis Field Stadium renovation, Memorial Union renovations, Wiest Hall replacement, and Energy Conservation.

and \$40,458, or 0.9 percent, from the State General Fund above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$7.3 million, including \$4.6 million from the State General Fund. The recommendation is a decrease of \$52,478, or 0.7 percent, from all funds and \$42,911, or 0.9 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$1.0 million, all from special revenue funds. This is a decrease of \$66,409, or 6.0 percent, below the FY 2018 requested amount. The bonds were for the Lewis Field Stadium renovation, Memorial Union renovations, Wiest Hall replacement, and Energy Conservation.

The **Governor** concurs with the agency's request for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 3,897,032	\$ 3,897,032	\$ 0	\$ 0	\$ 0	\$ 0
General Maintenance	107,557	107,557	0	0	0	0
Applied Technology Building	8,000,000	8,000,000	0	0	0	0
Wiest Hall Replacement	15,000,000	15,000,000	0	0	0	0
Art Building	830,000	830,000	7,000,000	7,000,000	6,020,000	6,020,000
New Track and Field	980,000	980,000	0	0	0	0
Raze Wiest Hall	200,000	200,000	1,380,000	1,380,000	0	0
Parking	400,000	400,000	400,000	400,000	400,000	400,000
Debt Service Principal	862,862	862,862	1,645,886	1,645,886	1,585,043	1,585,043
TOTAL	\$ 30,277,451	\$ 30,277,451	\$ 10,425,886	\$ 10,425,886	\$ 8,005,043	\$ 8,005,043
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	3,897,032	3,897,032	0	0	0	0
All Other Funds	26,380,419	26,380,419	10,425,886	10,425,886	8,005,043	8,005,043
TOTAL	\$ 30,277,451	\$ 30,277,451	\$ 10,425,886	\$ 10,425,886	\$ 8,005,043	\$ 8,005,043

Current Year Agency Estimate

FY 2017–Current Year. The agency estimates \$30.3 million, all from special revenue funds, for capital improvements. This is an increase of \$4.4 million, or 17.1 percent, above the FY 2017

approved amount. The increase is primarily due to the transfer of the Educational Building Fund from the Board of Regents.

Current Year Governor Recommendation

The **Governor** concurs with the agency’s revised estimate in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$10.4 million, all from special revenue funds, for capital improvements. This is a decrease of \$19.9 million, or 65.6 percent, below the FY 2017 revised estimate. The decrease is primarily due to the

completion of the Wiest Hall project; however, there is an increase in the debt service for the payment of bonds for this project. There are no Educational Building Fund expenditures in the budget for FY 2018.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$8.0 million, all from special revenue funds, for capital improvements. This is a decrease of \$2.4 million, or 23.2 percent, below the FY 2018

request. The reduction in expenditures is primarily due to the completion of projects.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Six-year graduation rate	44.0%	43.0%	43.0%	44.0%	45.0%
Student to faculty ratio	17.5:1	16:1	17:1	17:1	17:1

KANSAS STATE UNIVERSITY

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 98,051,520	\$ 97,401,226	\$ 97,347,640	\$ 98,401,245	\$ 95,415,086	\$ 98,536,218	\$ 95,666,797
Other Funds	436,891,188	492,577,868	492,479,165	487,617,967	486,145,369	483,428,911	482,164,259
TOTAL	\$ 534,942,708	\$ 589,979,094	\$ 589,826,805	\$ 586,019,212	\$ 581,560,455	\$ 581,965,129	\$ 577,831,056
Capital Improvements:							
State General Fund	\$ 1,085,000	\$ 0	\$ 0	\$ 1,300,000	\$ 0	\$ 1,365,000	\$ 0
Other Funds	75,517,040	41,877,058	41,877,058	20,099,435	19,589,435	19,483,179	18,998,179
TOTAL	\$ 76,602,040	\$ 41,877,058	\$ 41,877,058	\$ 21,399,435	\$ 19,589,435	\$ 20,848,179	\$ 18,998,179
GRAND TOTAL	\$ 611,544,748	\$ 631,856,152	\$ 631,703,863	\$ 607,418,647	\$ 601,149,890	\$ 602,813,308	\$ 596,829,235
Percentage Change:							
Operating Expenditures							
State General Fund	(4.4) %	(0.7) %	(0.7) %	1.0 %	(2.0) %	0.1 %	0.3 %
All Funds	(0.4)	10.3	10.3	(0.7)	(1.4)	(0.7)	(0.6)
FTE Positions	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5

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 complement 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 23,318 students attended the University during the Fall 2016 semester, a decrease of 360 students, or 1.5 percent, from the Fall 2015 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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 **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 (ROZs), 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 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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 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** 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.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$631.9 million, including \$97.4 million from the State General Fund. This is an all funds increase of \$48.8 million, or 10.0 percent, above the amount approved by the 2016 Legislature. There is no change in the State General Fund request. The increased expenditures includes \$23.8 million in capital improvements, including \$17.3 million in Educational Building Fund for rehabilitation and repair and \$5.3 million for housing projects. There also is a \$25.2 million increase in operating expenditures, including \$4.0 million

The **2013 Legislature** reduced the University's 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 in FY 2015.

The **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$210,604 and the February 2015 State General Fund allotment reduced approved expenditures by \$2.2 million in FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$3.1 million in FY 2016.

The **2016 Legislature** changed the name of the Kansas State University–Salina, College of Technology to the Kansas State University Polytechnic Campus and created a separate line-item in the appropriations bill for this entity.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$5.2 million in FY 2017.

in salaries and wages, \$8.3 million in contractual services, \$3.2 million in commodities, \$3.4 million in capital outlay, and \$6.8 million in other assistance.

The agency requests a revised estimate of \$41.9 million, all from special revenue funds for capital improvements. This is an increase of \$23.8 million, or 131.3 percent, above the approved amount. The increase includes \$17.3 million in Educational Building Fund for rehabilitation and repair and \$5.3 million for housing projects.

FY 2017 Governor Recommendation

The **Governor** recommends \$631.7 million, including \$97.3 million from the State General Fund. This is an all funds increase of \$48.7 million, or 8.3 percent, above the approved amount.

The recommendation is an all funds decrease of \$152,289, or less than 0.1 percent, and a State General Fund decrease of

\$53,586, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's capital improvements revised estimate in FY 2017.

FY 2018 Agency Request

The **agency** requests operating expenditures of \$586.0 million, including \$98.4 million from the State General Fund. This is an all funds decrease of \$4.0 million, or 0.7 percent, and a State General Fund increase of \$1.0 million, or 1.0 percent, from the FY 2017 revised estimate. The increase in State General Fund is for debt service and the all funds decrease is primarily in salaries and wages (\$2.2 million) and contractual services (\$919,548).

The agency requests \$21.4 million from all funds, including \$1.3 million from the State General Fund for capital improvements. This is a decrease of \$20.5 million, or 48.9 percent, from all funds and an increase of \$1.3 million, or 100.0 percent, from the State General Fund from the FY 2017 revised estimate. The State General Fund expenditures are from the Global Foods System Research Fund for debt service of the Biosecurity Research Institute.

FY 2018 Governor Recommendation

The **Governor** recommends an operating budget of \$581.6 million, including \$95.4 million from the State General Fund. This is an all funds decrease of \$8.3 million, or 1.4 percent, and a State General Fund decrease of \$1.9 million, or 2.0 percent, below the FY 2017 revised estimate.

The recommendation is an all funds decrease of \$948,620 including \$286,159 from the State General Fund below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$469,140, including \$166,432 from the State General Fund, and

to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$479,480, including \$119,727 from the State General Fund. The recommendation also deleted \$4.0 million, all from the State General Fund, for the Global Foods System Research program.

The Governor recommends \$19.6 million, all from special revenue funds, for capital improvements for FY 2018. The recommendation includes a technical correction deleting \$1.8 million, from the Educational Building Fund due to the funds in the Board of Regents budget would have double counted the

expenditures. The recommendation also deleted the \$1.3 million State General Fund expenditure for the Global Foods System

program and back-filled the expenditure using Sponsored Research Overhead Funds.

FY 2019 Agency Request

The **agency** requests an operating budget of \$582.0 million, including \$98.5 million from the State General Fund. This is an all funds decrease of \$4.1 million, or 0.7 percent, and a State General Fund increase of \$134,973, or 0.1 percent, from the FY 2018 request. The decrease is primarily in contractual services (\$2.2 million), commodities (\$2.2 million), and capital outlay (\$754,785) with an offsetting increase in salaries and wages (\$1.6 million).

The agency requests \$20.8 million, including \$1.4 million from the State General Fund, for capital improvements. This is a decrease of \$551,256, or 2.6 percent, from all funds and an increase of \$65,000, or 5.0 percent, from the State General Fund from the FY 2018 request. The increase in State General Fund is in debt service and the decrease is primarily due to a reduction in expenditures for the Wefald Hall and Dining project.

FY 2019 Governor Recommendation

The **Governor** recommends \$577.8 million, including \$95.7 million from the State General Fund. This is an all funds decrease of 3.7 million, or 0.6 percent, and a State General Fund increase of \$251,711, or 0.3 percent, from the FY 2018 recommendation.

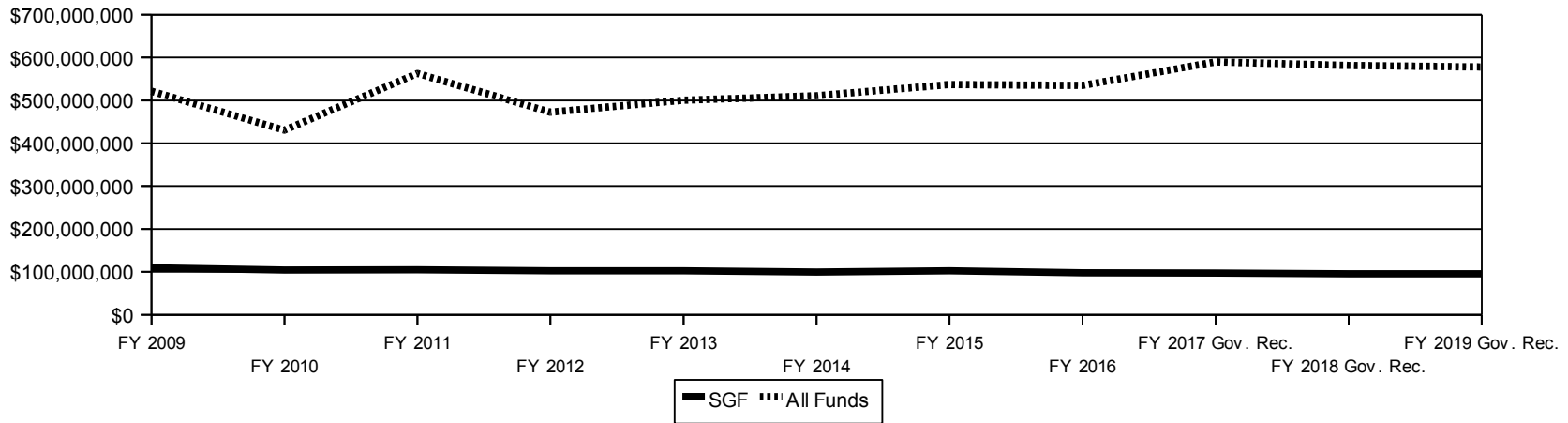
deleted \$4.0 million, all from the State General Fund, for the Global Foods System Research program.

The recommendation is an all funds decrease of \$4.1 million, or 0.7 percent, and a State General Fund decrease of \$2.9 million, or 2.9 percent, below the agency's request. The decrease includes all funds expenditures of \$660,237, including \$234,421 from the State General Fund, which is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount. The recommendation also

The Governor recommends \$19.0 million, all from special revenue funds, for capital improvements for FY 2019. The recommendation includes a technical correction deleting \$1.9 million from the Educational Building Fund due to the funds appropriated in the Board of Regents budget, which would have double counted the expenditures. The recommendation also deleted the \$1.4 million State General Fund expenditure for the Global Foods System program and back-filled the expenditure using Sponsored Research Overhead Funds.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	98,051,520	(4.4)	534,942,708	(0.4)	3,877.5
2017 Gov. Rec.	97,347,640	(0.7)	589,826,805	10.3	3,877.5
2018 Gov. Rec.	95,415,086	(2.0)	581,560,455	(1.4)	3,877.5
2019 Gov. Rec.	95,666,797	0.3	577,831,056	(0.6)	3,877.5
Eleven-Year Change	\$ (13,717,170)	(12.5)%	\$ 56,351,718	10.8 %	363.3

2015 allotments = \$2.1 million; 2016 allotment = \$3.1 million; 2017 allotment = \$5.2 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Institutional Support	\$ 33,675,183	\$ 38,941,067	\$ 38,985,954	\$ 44,887	0.1 %	\$ 38,926,185	\$ 38,896,928	\$ (29,257)	(0.1)%
Instructional Services	183,467,307	199,077,289	195,806,982	(3,270,307)	(1.6)	199,050,748	195,501,898	(3,548,850)	(1.8)
Academic Support	43,396,230	48,046,523	47,446,137	(600,386)	(1.2)	48,034,294	47,362,201	(672,093)	(1.4)
Student Services	26,391,163	28,212,753	28,189,984	(22,769)	(0.1)	28,200,414	28,124,030	(76,384)	(0.3)
Research	77,554,400	76,004,833	76,506,299	501,466	0.7	75,999,872	74,807,164	(1,192,708)	(1.6)
Public Service	15,400,451	15,974,031	15,934,931	(39,100)	(0.2)	15,972,885	15,924,814	(48,071)	(0.3)
Student Aid	64,464,843	71,599,766	71,599,766	0	0.0	71,599,766	71,599,766	0	0.0
Auxiliary	43,395,940	57,695,888	57,610,853	(85,035)	(0.1)	57,650,026	57,425,338	(224,688)	(0.4)
Physical Plant/Central Services	34,655,839	39,236,809	39,558,372	321,563	0.8	39,202,480	39,423,626	221,146	0.6
Debt Service	12,541,352	15,190,135	14,379,934	(810,201)	(5.3)	15,190,135	12,494,690	(2,695,445)	(17.7)
TOTAL	\$ 534,942,708	\$ 589,979,094	\$ 586,019,212	\$ (3,959,882)	(0.7) %	\$ 589,826,805	\$ 581,560,455	\$ (8,266,350)	(1.4)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 327,789,688	\$ 347,342,809	\$ 345,112,676	\$ (2,230,133)	(0.6) %	\$ 347,190,520	\$ 344,164,056	\$ (3,026,464)	(0.9)%
Contractual Services	78,569,491	90,468,009	89,548,461	(919,548)	(1.0)	90,468,009	87,923,568	(2,544,441)	(2.8)
Commodities	22,529,737	26,628,552	26,628,552	0	0.0	26,628,552	26,628,552	0	0.0
Capital Outlay	14,953,957	17,651,883	17,651,883	0	0.0	17,651,883	17,651,883	0	0.0
Debt Service	12,541,352	15,190,135	14,379,934	(810,201)	(5.3)	15,190,135	12,494,690	(2,695,445)	(17.7)
Subtotal - Operations	\$ 456,384,225	\$ 497,281,388	\$ 493,321,506	\$ (3,959,882)	(0.8) %	\$ 497,129,099	\$ 488,862,749	\$ (8,266,350)	(1.7)%
Aid to Local Units	37,283	44,059	44,059	0	0.0	44,059	44,059	0	0.0
Other Assistance	78,521,200	92,653,647	92,653,647	0	0.0	92,653,647	92,653,647	0	0.0
TOTAL	\$ 534,942,708	\$ 589,979,094	\$ 586,019,212	\$ (3,959,882)	(0.7) %	\$ 589,826,805	\$ 581,560,455	\$ (8,266,350)	(1.4)%
Financing:									
State General Fund	\$ 98,051,520	\$ 97,401,226	\$ 98,401,245	\$ 1,000,019	1.0 %	\$ 97,347,640	\$ 95,415,086	\$ (1,932,554)	(2.0)%
General Fees Fund	203,819,115	218,173,338	216,353,880	(1,819,458)	(0.8)	218,141,853	216,052,928	(2,088,925)	(1.0)
Restricted Fees Fund	101,586,230	109,040,762	107,752,990	(1,287,772)	(1.2)	109,021,848	107,616,212	(1,405,636)	(1.3)
All Other Funds	131,485,843	165,363,768	163,511,097	(1,852,671)	(1.1)	165,315,464	162,476,229	(2,839,235)	(1.7)
TOTAL	\$ 534,942,708	\$ 589,979,094	\$ 586,019,212	\$ (3,959,882)	(0.7) %	\$ 589,826,805	\$ 581,560,455	\$ (8,266,350)	(1.4)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Institutional Support	\$ 38,985,954	\$ 39,133,472	\$ 147,518	0.4 %	\$ 38,896,928	\$ 39,068,676	\$ 171,748	0.4 %
Instructional Services	195,806,982	196,121,136	314,154	0.2	195,501,898	196,005,736	503,838	0.3
Academic Support	47,446,137	47,597,273	151,136	0.3	47,362,201	47,544,005	181,804	0.4
Student Services	28,189,984	28,316,284	126,300	0.4	28,124,030	28,262,729	138,699	0.5
Research	76,506,299	72,117,643	(4,388,656)	(5.7)	74,807,164	70,471,491	(4,335,673)	(5.8)
Public Service	15,934,931	15,958,293	23,362	0.1	15,924,814	15,953,361	28,547	0.2
Student Aid	71,599,766	71,599,766	0	0.0	71,599,766	71,599,766	0	0.0
Auxiliary	57,610,853	57,925,121	314,268	0.5	57,425,338	57,728,193	302,855	0.5
Physical Plant/Central Services	39,558,372	39,386,109	(172,263)	(0.4)	39,423,626	39,236,111	(187,515)	(0.5)
Debt Service	14,379,934	13,810,032	(569,902)	(4.0)	12,494,690	11,960,988	(533,702)	(4.3)
TOTAL	\$ 586,019,212	\$ 581,965,129	\$ (4,054,083)	(0.7) %	\$ 581,560,455	\$ 577,831,056	\$ (3,729,399)	(0.6) %
By Major Object of Expenditure:								
Salaries and Wages	\$ 345,112,676	\$ 346,757,738	\$ 1,645,062	0.5 %	\$ 344,164,056	\$ 326,097,501	\$ (18,066,555)	(5.2) %
Contractual Services	89,548,461	87,385,418	(2,163,043)	(2.4)	87,923,568	85,760,626	(2,162,942)	(2.5)
Commodities	26,628,552	24,418,441	(2,210,111)	(8.3)	26,628,552	24,418,441	(2,210,111)	(8.3)
Capital Outlay	17,651,883	16,897,098	(754,785)	(4.3)	17,651,883	16,897,098	(754,785)	(4.3)
Debt Service	14,379,934	13,810,032	(569,902)	(4.0)	12,494,690	11,960,988	(533,702)	(4.3)
Subtotal - Operations	\$ 493,321,506	\$ 489,268,727	\$ (4,052,779)	(0.8) %	\$ 488,862,749	\$ 465,134,654	\$ (23,728,095)	(4.9) %
Aid to Local Units	44,059	44,059	0	0.0	44,059	44,059	0	0.0
Other Assistance	92,653,647	92,652,343	(1,304)	(0.0)	92,653,647	92,652,343	(1,304)	(0.0)
TOTAL	\$ 586,019,212	\$ 581,965,129	\$ (4,054,083)	(0.7) %	\$ 581,560,455	\$ 557,831,056	\$ (23,729,399)	(4.1) %
Financing:								
State General Fund	\$ 98,401,245	\$ 98,536,218	\$ 134,973	0.1 %	\$ 95,415,086	\$ 95,666,797	\$ 251,711	0.3 %
General Fees Fund	216,353,880	216,375,136	21,256	0.0	216,052,928	216,237,610	184,682	0.1
Restricted Fees Fund	107,752,990	108,004,492	251,502	0.2	107,616,212	107,923,995	307,783	0.3
All Other Funds	163,511,097	159,049,283	(4,461,814)	(2.7)	162,476,229	158,002,654	(4,473,575)	(2.8)
TOTAL	\$ 586,019,212	\$ 581,965,129	\$ (4,054,083)	(0.7) %	\$ 581,560,455	\$ 577,831,056	\$ (3,729,399)	(0.6) %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$97,232,474 for Kansas State University in FY 2017. One adjustment has been made subsequently 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 \$168,752, 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 \$97,401,226. 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	\$ 97,401,226	\$ 97,401,226	\$ 0	\$ 97,347,640	\$ (53,586)
All Other Funds	485,650,433	534,454,926	48,804,493	534,356,223	48,705,790
TOTAL	\$ 583,051,659	\$ 631,856,152	\$ 48,804,493	\$ 631,703,863	\$ 48,652,204
FTE Positions	3,840.9	3,877.5	36.6	3,877.5	36.6

The **agency** requests a FY 2017 revised estimate of \$631.9 million, including \$97.4 million from the State General Fund, in FY 2017, including capital improvements. This is an all funds

increase of \$48.8 million, or 10.0 percent, above the approved amount. There is no change in the State General Fund request. The increased expenditures include \$23.8 million in capital

improvements, including \$17.3 million in Educational Building Fund for rehabilitation and repair and \$5.3 million for housing projects. There also is a \$25.2 million increase in operating expenditures, including in salaries and wages (\$4.0 million), contractual services (\$8.3 million), commodities (\$3.2 million), capital outlay (\$3.4 million), and other assistance (\$6.8 million).

The **Governor** recommends \$631.7 million, including \$97.3 million from the State General Fund. This is an all funds

increase of \$48.7 million, or 8.3 percent, above the approved amount.

The recommendation is an all funds decrease of \$152,289, or less than 0.1 percent, and a State General Fund decrease of \$53,586, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 586,019,212	\$ 581,560,455	\$ (4,458,757)
FTE Positions	3,877.5	3,877.5	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ 1,000,019	\$ (1,932,554)	
All Other Funds	(4,959,901)	(6,333,796)	
TOTAL	<u>\$ (3,959,882)</u>	<u>\$ (8,266,350)</u>	
<i>Percent Change:</i>			
State General Fund	1.0 %	(2.0) %	
All Other Funds	(1.0)	(1.3)	
TOTAL	<u>(0.7) %</u>	<u>(1.4) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2018 operating expenditures of \$586.0 million, including \$98.4 million from the State General Fund. This is a decrease of \$4.0 million, or 0.7 percent, from all funds and an increase of \$1.0 million, or 1.0 percent, from the State General Fund from the FY 2017 revised estimate. The State General Fund increase is for debt service and the all funds decrease is primarily in salaries and wages (\$2.2 million) and contractual services (\$919,548).

The **Governor** recommends an operating budget of \$581.6 million, including \$95.4 million from the State General Fund. This is an all funds decrease of \$8.3 million, or 1.4 percent, and a State General Fund decrease of \$1.9 million, or 2.0 percent, below the agency's request.

The recommendation is an all funds decrease of \$948,620, including \$286,159 from the State General Fund, below the agency's request. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$469,140, including \$166,432 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction

of \$479,480, including \$119,727 from the State General Fund. The recommendation also deleted \$4.0 million, all from the State General Fund, for the Global Foods System Research program.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 4,442,535	\$ 4,442,535	0.0	\$ 0	\$ 0	0.0
Polytechnic Campus	288,913	288,913	0.0	0	0	0.0
Midwest Institute Comparative Stem Cell Biology	6,161	6,161	0.0	0	0	0.0
Global Food Systems	247,453	247,453	0.0	0	0	0.0
TOTAL	\$ 4,985,062	\$ 4,985,062	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$5.0 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the reduced resources.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 581,965,129	\$ 577,831,056	\$ (4,134,073)
FTE Positions	3,877.5	3,877.5	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 134,973	\$ 251,711	
All Other Funds	(4,189,056)	(3,981,110)	
TOTAL	<u>\$ (4,054,083)</u>	<u>\$ (3,729,399)</u>	
<i>Percent Change:</i>			
State General Fund	0.1 %	0.3 %	
All Other Funds	(0.9)	(0.8)	
TOTAL	<u>(0.7) %</u>	<u>(0.6) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2019 operating expenditures of \$582.0 million, including \$98.5 million from the State General Fund. This is an all funds decrease of \$4.1 million, or 0.7 percent, and a State General Fund increase of \$134,973, or 0.1 percent, from the FY 2018 request. The decrease is primarily in contractual services (\$2.2 million), commodities (\$2.2 million),

and capital outlay (\$754,785) with an offsetting increase in salaries and wages (\$1.6 million).

The **Governor** recommends \$577.8 million, including \$95.7 million from the State General Fund. This is an all funds decrease of \$3.7 million, or 0.6 percent and a State General Fund increase of \$251,711, or 0.3 percent, from the FY 2018 recommendation.

The recommendation is an all funds decrease of \$4.1 million, or 0.7 percent, and a State General Fund decrease of \$2.9 million, or 2.9 percent, below the agency's request. The decrease includes all funds of \$660,237, including \$234,421 from the State General Fund, which is attributable to the

Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount. The recommendation also deleted \$4.0 million, all from the State General Fund, for the Global Foods System Research program.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 4,451,923	\$ 4,451,923	0.0	\$ 0	\$ 0	0.0
Polytechnic Campus	289,524	289,524	0.0	0	0	0.0
Midwest Institute Comparative Stem Cell Biology	6,161	6,161	0.0	0	0	0.0
Global Food Systems	247,453	247,453	0.0	0	0	0.0
TOTAL	\$ 4,995,061	\$ 4,995,061	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$5.0 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the reduced resources.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$152,289, including \$53,586 from the State General Fund, in FY 2017; by \$469,140, including \$166,432 from the State General Fund, for FY 2018; and by \$660,237, including \$234,421 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$479,480, including \$119,727 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	16.8 %	16.4 %	16.9 %	16.6 %
General Fees Fund	36.9	37.2	37.2	37.4
Restricted Fees Fund	18.4	18.5	18.6	18.7
All Other Funds	27.9	27.9	27.3	27.3
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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 deposited in the restricted fees fund. Tuition is set by the Board of Regents after Session has concluded each year.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 20,111,016	\$ 7,416,227	\$ 7,416,227	\$ 7,311,469	\$ 7,342,954	\$ 8,992,355	\$ 9,324,792
Revenue	209,455,951	223,786,399	223,786,399	223,786,399	223,786,399	223,786,399	223,786,399
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 229,566,967	\$ 231,202,626	\$ 231,202,626	\$ 231,097,868	\$ 231,129,353	\$ 232,778,754	\$ 233,111,191
Less: Expenditures	220,396,547	223,613,459	223,581,974	221,827,815	221,526,863	221,827,815	221,690,289
Transfers Out	1,633,715	277,698	277,698	277,698	277,698	277,698	277,698
Off Budget Expenditures	120,478	0	0	0	0	0	0
Ending Balance	\$ 7,416,227	\$ 7,311,469	\$ 7,342,954	\$ 8,992,355	\$ 9,324,792	\$ 10,673,241	\$ 11,143,204
Ending Balance as Percent of Expenditures	3.4%	3.3%	3.3%	4.1%	4.2%	4.8%	5.0%
Month Highest Ending Balance	January \$ 62,200,000	January \$ 61,100,000	January \$ 61,100,000	January \$ 58,962,000	January \$ 58,962,000	January \$ 58,372,000	January \$ 58,372,000
Month Lowest Ending Balance	June \$ 8,700,000	June \$ 6,613,000	June \$ 6,613,000	June \$ 6,546,000	June \$ 6,546,000	June \$ 6,480,000	June \$ 6,480,000

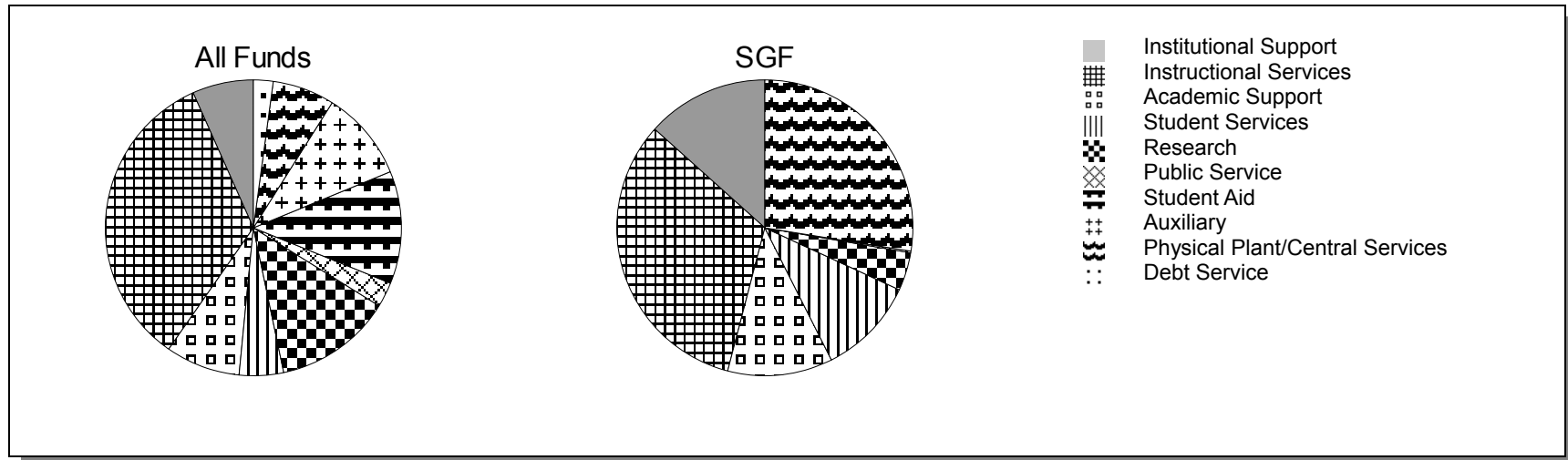
Enrollment Trends

The following table summarizes recent enrollment trends at 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 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2011 to Fall 2016
Headcount	23,406	23,914	24,116	24,290	23,678	23,318	
Change	280	508	202	174	(612)	(360)	(88)
%Change	1.2 %	2.2 %	0.8 %	0.7 %	(2.5)%	(1.5)%	(0.4)%
FTE Students	20,014	20,597	20,765	20,862	20,402	20,192	
Change	336	583	168	97	(460)	(210)	178
%Change	1.7 %	2.9 %	0.8 %	0.5 %	(2.2)%	(1.0)%	0.9 %
Student Credit Hours	283,170	291,084	294,139	295,525	289,398	285,778	
Change	4,052	7,914	3,055	1,386	(6,127)	(3,620)	2,608
%Change	1.5 %	2.8 %	1.0 %	0.5 %	(2.1)%	(1.3)%	0.9 %

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Institutional Support	\$ 38,896,928	6.7 %	\$ 12,765,743	13.4 %
Instructional Services	195,501,898	33.6	31,091,744	32.6
Academic Support	47,362,201	8.1	10,929,958	11.5
Student Services	28,124,030	4.8	10,214,137	10.7
Research	74,807,164	12.9	3,963,667	4.2
Public Service	15,924,814	2.7	181,912	0.2
Student Aid	71,599,766	12.3	0	0.0
Auxiliary	57,425,338	9.9	0	0.0
Physical Plant/Central Services	39,423,626	6.8	26,267,925	27.5
Debt Service	12,494,690	2.1	0	0.0
TOTAL	\$ 581,560,455	100.0 %	\$ 95,415,086	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Institutional Support	300.9	300.9	300.9	300.9	300.9	300.9	300.9
Instructional Services	1,666.3	1,666.3	1,666.3	1,666.3	1,666.3	1,666.3	1,666.3
Academic Support	343.4	343.4	343.4	343.4	343.4	343.4	343.4
Student Services	269.9	269.9	269.9	269.9	269.9	269.9	269.9
Research	262.7	262.7	262.7	262.7	262.7	262.7	262.7
Public Service	54.4	54.4	54.4	54.4	54.4	54.4	54.4
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	550.5	550.5	550.5	550.5	550.5	550.5	550.5
Physical Plant/Central Services	429.4	429.4	429.4	429.4	429.4	429.4	429.4
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5	3,877.5

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 FY 2018 operating expenditures of \$39.0 million, including \$12.8 million from the State General Fund. The request is an increase of \$44,887, or 0.1 percent, from all funds and \$179,601, or 1.4 percent, from the State General Fund above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$38.9 million, including \$12.8 million from the State General Fund. The recommendation is a decrease of \$89,026, or 0.2 percent, from all funds and \$39,517, or 0.3 percent, from the State General Fund below the FY 2018 agency request. The decrease is due to the Governor's

B. Instructional Services

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

The **agency** requests FY 2018 operating expenditures of \$195.8 million, including \$31.2 million from the State General Fund. The overall request is a decrease of \$3.3 million, or 1.6 percent, from all funds and \$1.6 million, or 4.9 percent, from the State General Fund below the FY 2017 revised estimate. The decreases are primarily in salaries and wages (\$2.3 million) and contractual services (\$928,539).

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$39.1 million, including \$12.9 million from the State General Fund. The request is an increase of \$147,518, or 0.4 percent, from all funds and \$83,406, or 0.7 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$39.1 million, including \$12.9 million from the State General Fund. The recommendation is a decrease of \$64,796, or 0.2 percent, from all funds and \$28,802, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** recommends FY 2018 operating expenditures of \$195.5 million, including \$31.1 million from the State General Fund. The recommendation is a decrease of \$305,084 million, or 0.2 percent, from all funds and \$59,180, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$196.1 million, including \$31.3 million from the State General

Fund. The request is an increase of \$314,154, or 0.2 percent, from all funds and \$144,059, or 0.5 percent, from the State General Fund above the FY 2018 request. The increase is primarily in salaries and wages (\$558,563) with an offsetting decrease in contractual services (\$244,409).

The **Governor** recommends FY 2019 operating expenditures of \$196.0 million, including \$31.3 million from the

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 FY 2018 operating expenditures of \$47.4 million, including \$11.0 million from the State General Fund. The request is a decrease of \$600,386, or 1.2 percent, from all funds and \$511,520, or 4.5 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in contractual services (\$612,719).

The **Governor** recommends FY 2018 operating expenditures of \$47.4 million, including \$10.9 million from the State General Fund. The recommendation is a decrease of \$83,936, or 0.2 percent, from all funds and \$23,746, or 0.2 percent, from the State General Fund below the agency's

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

State General Fund. The recommendation is a decrease of \$115,400, or 0.1 percent, from all funds and \$22,424, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$47.6 million, including \$11.0 million from the State General Fund. The request is an increase of \$151,136, or 0.3 percent, from all funds and \$67,996, or 0.6 percent, from the State General Fund above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$47.5 million, including \$11.0 million from the State General Fund. The recommendation is a decrease of \$53,268, or 0.1 percent, from all funds and \$15,112, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

administration admissions, student health services and intercollegiate athletics.

The **agency** requests FY 2018 operating expenditures of \$28.2 million, including \$10.2 million from the State General Fund. The request is a decrease of \$22,769, or 0.1 percent, from all funds and an increase of \$163,343, or 1.6 percent, from the State General Fund from the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$28.1 million, including \$10.2 million from the State General Fund. The recommendation is a decrease of \$65,954, or 0.2 percent, from all funds and \$32,107, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

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 FY 2018 operating expenditures of \$76.5 million, including \$5.6 million from the State General Fund. The request is an overall increase of \$501,466, or 0.7 percent, from all funds and \$1.3 million, or 31.8 percent, from the State General Fund above the FY 2017 revised estimate. The increase is primarily in contractual services.

The **Governor** recommends FY 2018 operating expenditures of \$74.8 million, including \$4.0 million from the State General Fund. The recommendation is a decrease of \$1.7 million, or 2.2 percent, from all funds and \$1.6 million, or 29.6 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

The **agency** requests FY 2019 operating expenditures of \$28.3 million, including \$10.3 million from the State General Fund. The request is an increase of \$126,300, or 0.4 percent, from all funds and \$73,616, or 0.7 percent, from the State General Fund above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$28.3 million, including \$10.3 million from the State General Fund. The recommendation is a decrease of \$53,555, or 0.2 percent, from all funds and \$26,103, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount, provide a moratorium on employer contributions for death and disability for one quarter, and delete Global Foods Systems expenditures.

The **agency** requests FY 2019 operating expenditures of \$72.1 million, including \$5.6 million from the State General Fund. The request is a decrease of \$4.4 million, or 5.7 percent, from all funds and an increase of \$10,958, or 0.2 percent, from the State General Fund from the FY 2018 requested amount. The decrease is primarily in contractual services (\$1.9 million) and commodities (\$1.8 million).

The **Governor** recommends FY 2019 operating expenditures of \$70.5 million, including \$4.0 million from the State General Fund. The recommendation is a decrease of \$1.6 million, or 2.3 percent, from all funds and \$1.6 million, or 29.0 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

recommendation to delete expenditures for the Global Foods

System program and to hold KPERS employer contributions at the FY 2016 amount.

F. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$15.9 million, including \$182,254 from the State General Fund. The request is a decrease of \$39,100, or 0.2 percent, from all funds and an increase of \$2,787, or 1.6 percent, from the State General Fund from the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$15.9 million, including \$181,912 from the State General Fund. The recommendation is a decrease of \$10,117, or 0.1 percent, from all funds and \$342, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS

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 FY 2018 operating expenditures of \$71.6 million, all from special revenue funds. The request is the same as the FY 2017 revised estimate.

employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$16.0 million, including \$183,442 from the State General Fund. The request is an increase of \$23,362, or 0.1 percent, from all funds and \$1,188, or 0.7 percent, from the State General Fund above the FY 2018 requested amount. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$16.0 million, including \$183,275 from the State General Fund. The recommendation is a decrease of \$4,932, or less than 0.1 percent, from all funds and \$167, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$71.6 million, all from special revenue funds. The request is the same as the FY 2018 request.

The **Governor** concurs with the agency's request for FY 2019.

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 2018 operating expenditures of \$57.6 million, all from special revenue funds. The request is a decrease of \$85,035, or 0.1 percent, below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$57.4 million, all from special revenue funds. The recommendation is a decrease of \$185,515, or 0.3 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer

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 FY 2018 operating expenditures of \$39.6 million, including \$26.4 million from the State General Fund. The overall request is an increase of \$321,563, or 0.8 percent, from all funds and \$344,168, or 1.3 percent, from the State General Fund above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$39.4 million, including \$26.3 million from the State General Fund. The recommendation is a decrease of \$134,746, or 0.3 percent, from all funds and \$226,152, or 1.0 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$57.9 million, all from special revenue funds. The request is an increase of \$341,268, or 0.5 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$57.7 million, all from special revenue funds. The recommendation is a decrease of \$196,928, or 0.3 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$39.4 million, including \$26.2 million from the State General Fund. The request is a decrease of \$172,263, or 0.4 percent, from all funds and \$181,351, or 0.7 percent, from the State General Fund below the FY 2018 request. The decrease is in commodities (\$389,833) with an offsetting increase in salaries and wages (\$217,570).

The **Governor** recommends FY 2019 operating expenditures of \$39.2 million, including \$26.1 million from the State General Fund. The recommendation is a decrease of \$149,998, or 0.4 percent, from all funds and \$140,294, or 0.5 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** requests FY 2018 operating expenditures of \$14.4 million, including \$1.1 million from the State General Fund. This is a decrease of \$810,201, or 5.3 percent, from all funds and an increase of \$1.1 million, or 100.0 percent, from the State General Fund from the FY 2017 revised estimate. The State General Fund request is a new request to use the existing Global Foods System Research Fund for debt service of the Biosecurity Research Institute.

The **Governor** recommends FY 2018 operating expenditures of \$12.5 million, all from special revenue funds. The recommendation is a decrease of \$1.9 million, or 13.1 percent, from all funds and \$1.1 million, or 100.0 percent, from the State General Fund below the agency's request. The decrease is due to a technical correction removing Educational

Building Fund expenditures and deleting Global Food System Fund expenditures from debt service.

The **agency** requests FY 2019 operating expenditures of \$13.8 million, including \$1.0 million from the State General Fund. This is a decrease of \$569,902, or 4.0 percent, from all funds and \$64,899, or 6.0 percent, from the State General Fund below the FY 2018 request. The State General Fund request is a new request to use the existing Global Foods System Research Fund for debt service of the Biosecurity Research Institute.

The **Governor** recommends FY 2019 operating expenditures of \$12.0 million, all from special revenue funds. The recommendation is a decrease of \$1.8 million, or 13.4 percent, and \$1.0 million, or 100.0 percent, from the State General Fund below the agency's request. The decrease is due to a technical correction removing Educational Building Fund expenditures and deleting Global Food System program expenditures from debt service.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 17,042,741	\$ 17,042,741	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund for Debt Service	1,605,000	1,605,000	1,810,000	0	1,850,000	0
General Maintenance	530,396	530,396	300,500	300,500	300,500	300,500
Jardine	795,000	795,000	820,000	820,000	845,000	845,000
West Residence Hall Mechanical	1,108,800	1,108,800	0	0	0	0
Moore Hall Lighting and Fire Alarm	0	0	750,000	750,000	750,000	750,000
Wefald Hall and Dining	4,000,000	4,000,000	2,500,000	2,500,000	2,160,000	2,160,000
Pittman Freezer Repairs	2,020,000	2,020,000	0	0	0	0
Parking	800,000	800,000	800,000	800,000	800,000	800,000
Debt Service – Principal	13,975,121	13,975,121	14,418,935	14,418,935	14,142,679	14,142,679
TOTAL	\$ 41,877,058	\$ 41,877,058	\$ 21,399,435	\$ 19,589,435	\$ 20,848,179	\$ 18,998,179
Financing:						
State General Fund	\$ 0	\$ 0	\$ 1,300,000	\$ 0	\$ 1,365,000	\$ 0
Educational Building Fund	18,647,741	18,647,741	1,810,000	0	1,850,000	0
All Other Funds	23,229,317	23,229,317	18,289,435	19,589,435	17,633,179	18,998,179
TOTAL	\$ 41,877,058	\$ 41,877,058	\$ 21,399,435	\$ 19,589,435	\$ 20,848,179	\$ 18,998,179

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised estimate of \$41.9 million, all from special revenue funds, for capital improvements. This is an increase of \$23.8 million, or 131.3 percent, above the approved amount. The increase includes \$17.3 million in Educational Building Fund for rehabilitation and repair and \$5.3 million for housing projects.

Current Year Governor Recommendation

The **Governor** concurs with the agency's revised estimate in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$21.4 million, including \$1.3 million from the State General Fund, for capital improvements. This is a decrease of \$20.5 million, or 48.9 percent, from all funds and an increase of \$1.3 million, or 100.0

percent, from the State General Fund. There were no State General Fund expenditures in FY 2017. The State General Fund expenditures are from the Global Foods System Research Fund for debt service of the Biosecurity Research Institute.

Budget Year Governor Recommendation

The **Governor** recommends \$19.6 million, all from special revenue funds. The recommendation includes a technical correction deleting \$1.8 million from the Educational Building Fund because the funds in the Board of Regents budget would

have double counted the expenditures. The recommendation also deleted the \$1.3 million State General Fund expenditure from the Global Foods System program and back-filled the expenditure using Sponsored Research Overhead Funds.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$20.8 million, including \$1.4 million from the State General Fund, for capital improvements. This is a decrease of \$551,256, or 2.6 percent, from all funds and an increase of \$65,000, or 5.0 percent, from

the State General Fund from the FY 2018 request. The increase in the State General Fund request is in debt service, and the decrease is primarily due to a reduction in expenditures for the Wefald Hall and Dining project.

Budget Year Governor Recommendation

The **Governor** recommends \$19.0 million, all from special revenue funds. The recommendation includes a technical correction deleting \$1.9 million from the Educational Building Fund due to the funds appropriated in the Board of Regents budget would have double counted the expenditures. The

recommendation also deleted the \$1.4 million State General Fund expenditure for the Global Foods System program and back-filled the expenditure using Sponsored Research Overhead Funds.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Six-year graduation rate	60.0 %	61.9 %	62.0 %	62.0 %	62.0 %
Extramural support (in millions)	\$ 145.0	\$ 129.2	\$ 130.0	\$ 130.0	\$ 130.0
Number of degrees conferred	5,300	5,140	5,100	5,100	5,100

KANSAS STATE UNIVERSITY—EXTENSION SYSTEMS AND AGRICULTURE RESEARCH PROGRAMS

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 44,926,563	\$ 46,074,407	\$ 46,061,563	\$ 45,677,617	\$ 45,580,597	\$ 45,724,624	\$ 45,668,583
Other Funds	92,956,217	99,387,350	99,372,684	98,158,497	98,045,590	98,324,711	98,261,486
TOTAL	\$ 137,882,780	\$ 145,461,757	\$ 145,434,247	\$ 143,836,114	\$ 143,626,187	\$ 144,049,335	\$ 143,930,069
Capital Improvements:							
State General Fund	\$ 635	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,822,539	170,000	170,000	200,000	200,000	75,000	75,000
TOTAL	\$ 2,823,174	\$ 170,000	\$ 170,000	\$ 200,000	\$ 200,000	\$ 75,000	\$ 75,000
GRAND TOTAL	\$ 140,705,954	\$ 145,631,757	\$ 145,604,247	\$ 144,036,114	\$ 143,826,187	\$ 144,124,335	\$ 144,005,069

Percentage Change:

Operating Expenditures

State General Fund	(2.9) %	2.6 %	2.5 %	(0.9) %	(1.0) %	0.1 %	0.2 %
All Funds	1.6	5.5	5.5	(1.1)	(1.2)	0.1	0.2

FTE Positions	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0

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.

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. KAES conducts research statewide at two research centers, two research-extension centers, and eleven 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. 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 **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 **2001 Legislature** adopted a proposal that provided for state universities to be funded through an operating block grant rather than the multiple line-item appropriations that 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** 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 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 (ROZs), 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** also 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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 dealing 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.

The **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$53,433 and the February 2015 State General Fund allotment reduced approved expenditures by \$949,476 in FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$1.4 million in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$1.3 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$145.6 million, including \$46.1 million from the State General Fund. This is an increase of \$13.7 million, all from special revenue funds. The increase includes \$13.5 million for operating expenditures and \$170,000 for capital improvements. The operating expenditures

include salaries and wages (\$1.6 million), contractual services (\$2.5 million), commodities (\$3.0 million), and other assistance (\$5.5 million). The capital improvements is for a master lease of land.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 expenditures of \$145.6 million, including \$46.1 million from the State General Fund. The recommendation is an all funds decrease of \$27,510, or less than 0.1 percent, and a State General Fund decrease of \$12,844, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the

Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements budget in FY 2017.

FY 2018 Agency Request

The **agency** requests \$143.8 million, including \$45.7 million from the State General Fund. This is a decrease of \$1.6 million, or 1.1 percent, from all funds and \$396,790, or 0.9 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$903,072), contractual services (\$330,053), and commodities (\$286,069).

The agency requests \$200,000, all from special revenue funds, for capital improvement expenditures for a master lease of land. This is an increase of \$30,000, or 17.6 percent, above the revised estimate in FY 2017.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$143.6 million, including \$45.6 million from the State General Fund. The recommendation is an all funds

decrease of \$209,927, or 0.1 percent, and a State General Fund decrease of \$97,020, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$84,735, including \$39,774 from the State General Fund, and to provide a moratorium on employer contributions for death and

disability for one quarter, which results in an all funds reduction of \$125,192, including \$57,246 from the State General Fund.

The Governor concurs with the agency's capital improvements budget for FY 2018.

FY 2019 Agency Request

The **agency** requests \$144.0 million, including \$45.7 million from the State General Fund. This is an increase of \$213,221, or 0.1 percent, from all funds and \$47,007, or 0.1 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The agency requests \$75,000, all from special revenue funds, for capital improvement expenditures for a master land lease. This is a decrease of \$125,000, or 62.5 percent, below the request for FY 2018.

FY 2019 Governor Recommendation

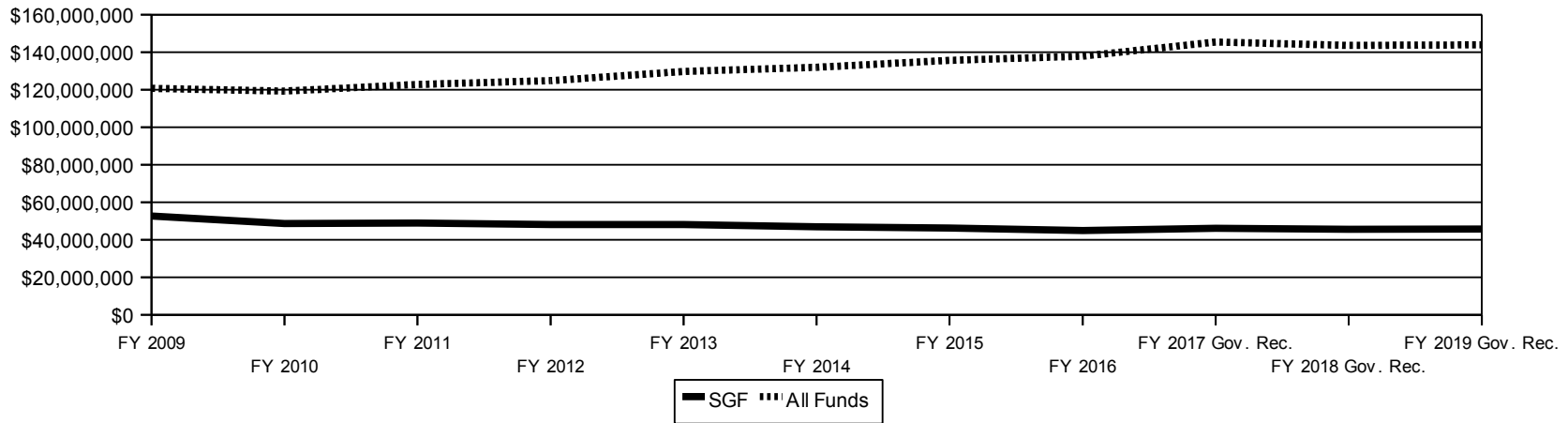
The **Governor** recommends FY 2019 operating expenditures of \$143.9 million, including \$45.7 million from the State General Fund. The recommendation is an all funds decrease of \$119,266, or 0.1 percent, and a State General Fund decrease of \$56,041, or 0.1 percent, below the agency's request. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements budget for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	44,926,563	(2.9)	137,882,780	1.6	1,097.0
2017 Gov. Rec.	46,061,563	2.5	145,434,247	5.5	1,097.0
2018 Gov. Rec.	45,580,597	(1.0)	143,626,187	(1.2)	1,097.0
2019 Gov. Rec.	45,668,583	0.2	143,930,069	0.2	1,097.0
Eleven-Year Change	\$ (6,926,865)	(13.2)%	\$ 23,215,373	19.2 %	(188.6)

FY 2015 allotments = \$1.0 million; FY 2016 allotments = \$1.4 million; FY 2017 allotments = \$1.3 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Academic Support	\$ 136,853	\$ 138,971	\$ 138,971	\$ 0	0.0 %	\$ 138,971	\$ 138,971	\$ 0	0.0 %
Research	83,143,433	87,744,213	86,661,752	(1,082,461)	(1.2)	87,729,464	86,539,200	(1,190,264)	(1.4)
Public Service	54,054,915	57,452,922	56,909,740	(543,182)	(0.9)	57,443,161	56,822,365	(620,796)	(1.1)
Physical Plant/Central Services	547,579	125,651	125,651	0	0.0	125,651	125,651	0	0.0
TOTAL	\$ 137,882,780	\$ 145,461,757	\$ 143,836,114	\$ (1,625,643)	(1.1) %	\$ 145,437,247	\$ 143,626,187	\$ (1,811,060)	(1.2) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 89,783,003	\$ 97,263,751	\$ 96,360,679	\$ (903,072)	(0.9) %	\$ 97,236,241	\$ 96,150,752	\$ (1,085,489)	(1.1) %
Contractual Services	18,936,792	18,561,593	18,231,540	(330,053)	(1.8)	18,561,593	18,231,540	(330,053)	(1.8)
Commodities	11,242,878	11,383,527	11,097,458	(286,069)	(2.5)	11,383,527	11,097,458	(286,069)	(2.5)
Capital Outlay	4,428,932	4,553,000	4,545,099	(7,901)	(0.2)	4,553,000	4,545,099	(7,901)	(0.2)
Debt Service	--	--	--	0	--	0	0	0	--
Subtotal - Operations	\$ 124,391,605	\$ 131,761,871	\$ 130,234,776	\$ (1,527,095)	(1.2) %	\$ 131,734,361	\$ 130,024,849	\$ (1,709,512)	(1.3) %
Aid to Local Units	149,879	152,198	152,198	0	0.0	152,198	152,198	0	0.0
Other Assistance	13,341,296	13,547,688	13,449,140	(98,548)	(0.7)	13,547,688	13,449,140	(98,548)	(0.7)
TOTAL	\$ 137,882,780	\$ 145,461,757	\$ 143,836,114	\$ (1,625,643)	(1.1) %	\$ 145,434,247	\$ 143,626,187	\$ (1,808,060)	(1.2) %
Financing:									
State General Fund	\$ 44,926,563	\$ 46,074,407	\$ 45,677,617	\$ (396,790)	(0.9) %	\$ 46,061,563	\$ 45,580,597	\$ (480,966)	(1.0) %
Restricted Fees Fund	40,705,929	45,162,305	44,385,503	(776,802)	(1.7)	45,155,117	44,328,036	(827,081)	(1.8)
All Other Funds	52,250,288	54,225,045	53,772,994	(452,051)	(0.8)	54,217,567	53,717,554	(500,013)	(0.9)
TOTAL	\$ 137,882,780	\$ 145,461,757	\$ 143,836,114	\$ (1,625,643)	(1.1) %	\$ 145,434,247	\$ 143,626,187	\$ (1,808,060)	(1.2) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Academic Support	\$ 138,971	\$ 138,971	\$ 0	0.0 %	\$ 138,971	\$ 138,971	\$ 0	0.0 %
Research	86,661,752	86,738,410	76,658	0.1	86,539,200	86,661,507	122,307	0.1
Public Service	56,909,740	57,046,303	136,563	0.2	56,822,365	57,003,940	181,575	0.3
Physical Plant/Central Services	125,651	125,651	0	0.0	125,651	125,651	0	0.0
TOTAL	\$ 143,836,114	\$ 144,049,335	\$ 213,221	0.1 %	\$ 143,626,187	\$ 143,930,069	\$ 303,882	0.2 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 96,360,679	\$ 96,733,504	\$ 372,825	0.4 %	\$ 96,150,752	\$ 96,614,238	\$ 463,486	0.5 %
Contractual Services	18,231,540	18,165,228	(66,312)	(0.4)	18,231,540	18,165,228	(66,312)	(0.4)
Commodities	11,097,458	11,097,458	0	0.0	11,097,458	11,097,458	0	0.0
Capital Outlay	4,545,099	4,451,807	(93,292)	(2.1)	4,545,099	4,451,807	(93,292)	(2.1)
Debt Service	--	--	0	--	0	0	0	---
Subtotal - Operations	\$ 130,234,776	\$ 130,447,997	\$ 213,221	0.2 %	\$ 130,024,849	\$ 130,328,731	\$ 303,882	0.2 %
Aid to Local Units	152,198	152,198	0	0.0	152,198	152,198	0	0.0
Other Assistance	13,449,140	13,449,140	0	0.0	13,449,140	13,449,140	0	0.0
TOTAL	\$ 143,836,114	\$ 144,049,335	\$ 213,221	0.1 %	\$ 143,626,187	\$ 143,930,069	\$ 303,882	0.2 %
Financing:								
State General Fund	\$ 45,677,617	\$ 45,724,624	\$ 47,007	0.1 %	\$ 45,580,597	\$ 45,668,583	\$ 87,986	0.2 %
Restricted Fees Fund	44,385,503	44,507,038	121,535	0.3	44,328,036	44,476,421	148,385	0.3
All Other Funds	53,772,994	53,817,673	44,679	0.1	53,717,554	53,785,065	67,511	0.1
TOTAL	\$ 143,836,114	\$ 144,049,335	\$ 213,221	0.1 %	\$ 143,626,187	\$ 143,930,069	\$ 303,882	0.2 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$46,074,407 for the Kansas State University–Extension Systems and Agriculture Research Programs in FY 2017. No adjustments have been made subsequently 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	\$ 46,074,407	\$ 46,074,407	\$ 0	\$ 46,061,563	\$ (12,844)
All Other Funds	85,897,092	99,557,350	13,660,258	99,542,684	13,645,592
TOTAL	\$ 131,971,499	\$ 145,631,757	\$ 13,660,258	\$ 145,604,247	\$ 13,632,748
FTE Positions	1,107.2	1,097.0	(10.2)	1,097.0	(10.2)

The **agency** requests a revised estimate of \$145.6 million, including \$46.1 million from the State General Fund, in FY 2017, including capital improvements. This is an increase of \$13.7 million, all from special revenue funds. The increase includes \$13.5 million for operating expenditures and \$170,000 for capital improvements. The operating expenditures include salaries and wages (\$1.6 million), contractual services (\$2.5 million), commodities (\$3.0 million), and other assistance (\$5.5 million).

The **Governor** recommends FY 2017 expenditures of \$145.6 million, including \$46.1 million from the State General Fund. The recommendation is an all funds decrease of \$27,510, or less than 0.1 percent, and a State General Fund decrease of \$12,844, or less than 0.1 percent, below the agency’s revised FY 2017 estimate. The decrease is attributable to the Governor’s recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 143,836,114	\$ 143,626,187	\$ (209,927)
FTE Positions	1,097.0	1,097.0	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (396,790)	\$ (480,966)	
All Other Funds	(1,228,853)	(1,327,094)	
TOTAL	<u>\$ (1,625,643)</u>	<u>\$ (1,808,060)</u>	
<i>Percent Change:</i>			
State General Fund	(0.9) %	(1.0) %	
All Other Funds	(1.2)	(1.3)	
TOTAL	<u>(1.1) %</u>	<u>(1.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$143.8 million, including \$45.7 million from the State General Fund. This is a decrease of \$1.6 million, or 1.1 percent, from all funds and \$396,790, or 0.9 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$903,072), contractual services (\$330,053), and commodities (\$286,069).

The **Governor** recommends FY 2018 operating expenditures of \$143.6 million, including \$45.6 million from the State General Fund. The recommendation is an all funds decrease of \$209,927, or 0.1 percent, and a State General Fund decrease of \$97,020, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of

\$84,735, including \$39,774 from the State General Fund, and to provide a moratorium on employer contributions for death and

disability for one quarter, which results in an all funds reduction of \$125,192, including \$57,246 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund and Economic Development Initiatives Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Cooperative Extension Service	\$ 877,545	\$ 877,545	0.0	\$ 0	\$ 0	0.0
Agricultural Experiment Station	1,406,336	1,406,336	0.0	0	0	0.0
Economic Development Initiatives Fund	0	14,752	0.0	0	0	0.0
TOTAL	\$ 2,283,881	\$ 2,298,633	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$2.3 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 144,049,335	\$ 143,930,069	\$ (119,266)
FTE Positions	1,097.0	1,097.0	0.0
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 47,007	\$ 87,986	
All Other Funds	166,214	215,896	
TOTAL	<u>\$ 213,221</u>	<u>\$ 303,882</u>	
<i>Percent Change:</i>			
State General Fund	0.1 %	0.2 %	
All Other Funds	0.2	0.2	
TOTAL	<u>0.1 %</u>	<u>0.2 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$144.0 million, including \$45.7 million from the State General Fund. This is an increase of \$213,221, or 0.1 percent, from all funds and \$47,007, or 0.1 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$143.9 million, including \$45.7 million from the

State General Fund. The recommendation is an all funds decrease of \$119,266, or 0.1 percent, and a State General Fund decrease of \$56,041, or 0.1 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund and Economic Development Initiatives Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Cooperative Extension Service	\$ 878,296	\$ 878,296	0.0	\$ 0	\$ 0	0.0
Agricultural Experiment Station	1,407,935	1,407,935	0.0	0	0	0.0
Economic Development Initiatives Fund	0	14,752	0.0	0	0	0.0
TOTAL	\$ 2,286,231	\$ 2,300,983	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$2.3 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency's reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$27,510, including \$12,844 from the State General Fund, in FY 2017; by \$84,735, including \$39,774 from the State General Fund, for FY 2018; and by \$119,266, including \$56,041 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$125,192, including \$57,246 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

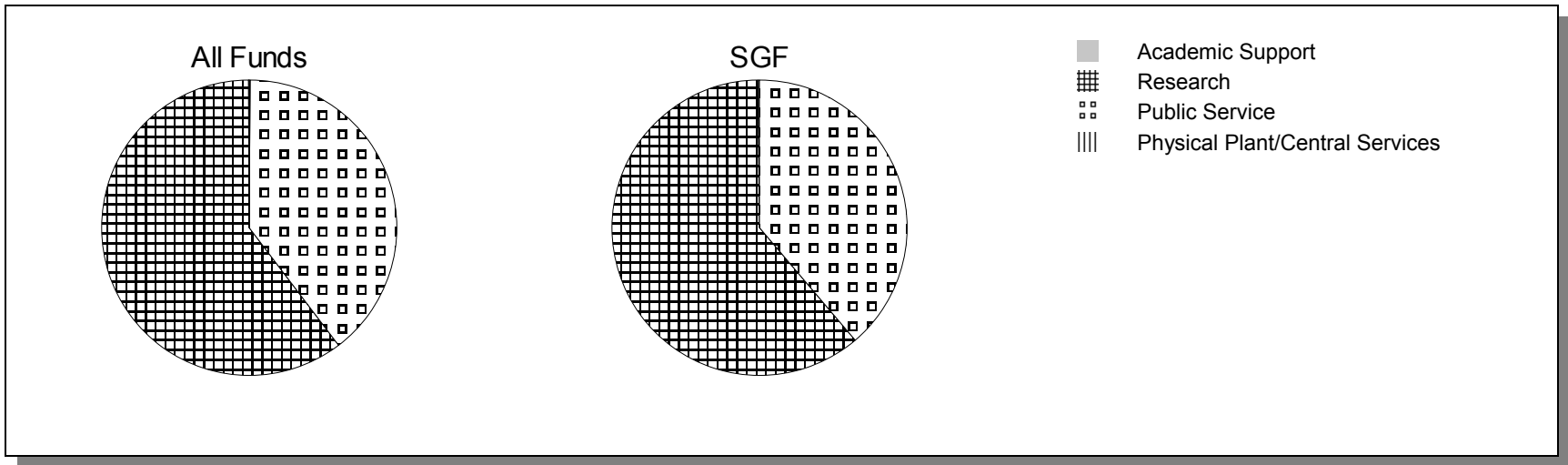
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	31.8 %	31.8 %	31.7 %	31.7 %
Restricted Fees Fund	30.9	30.9	30.9	30.9
All Other Funds	37.4	37.4	37.4	37.4
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Academic Support	\$ 138,971	0.1 %	\$ 91,789	0.2 %
Research	86,539,200	60.3	27,808,095	61.0
Public Service	56,822,365	39.6	17,680,713	38.8
Physical Plant/Central Services	125,651	0.1	0	0.0
TOTAL	\$ 143,626,187	100.0 %	\$ 45,580,597	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Academic Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Research	537.9	537.9	537.9	537.9	537.9	537.9	537.9
Public Service	559.1	559.1	559.1	559.1	559.1	559.1	559.1
Physical Plant/Central Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0

A. 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 FY 2018 operating expenditures of \$138,971, including \$91,789 from the State General Fund. This is the same as the FY 2017 revised estimate.

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

The **agency** requests FY 2019 operating expenditures of \$138,971, including \$91,789 from the State General Fund. This is the same as the FY 2018 request.

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

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 FY 2018 operating expenditures of \$86.7 million, including \$27.9 million from the State General Fund. This is a decrease of \$1.1 million, or 1.2 percent, from all

funds and \$446,016, or 1.6 percent, from the State General Fund below the revised estimate for FY 2017. There are decreases in all categories of expenditures.

The **Governor** recommends FY 2018 operating expenditures of \$86.5 million, including \$27.8 million from the State General Fund. The recommendation is a decrease of

\$122,552, or 0.1 percent, from all funds and \$62,717, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$86.7 million, including \$27.9 million from the State General Fund. This is an increase of \$76,658, or 0.1 percent, from all funds and \$31,987, or 0.1 percent, from the State General Fund above the FY 2018 request. There is an increase in salaries and

C. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$56.9 million, including \$17.7 million from the State General Fund. This is a decrease of \$543,182, or 0.9 percent, from all funds and an increase of \$49,226, or 0.3 percent, from the State General Fund, from the FY 2017 revised estimate. The decreases are in salaries and wages (\$411,605) and contractual services (\$131,577).

The **Governor** recommends FY 2018 operating expenditures of \$56.8 million, including \$17.7 million from the State General Fund. The recommendation is a decrease of \$87,375, or 0.2 percent, from all funds and \$34,303, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

wages (\$169,950) with an offsetting decrease in capital outlay (\$93,292).

The **Governor** recommends FY 2019 operating expenditures of \$86.7 million, including \$27.9 million from the State General Fund. The recommendation is a decrease of \$76,903, or 0.1 percent, from all funds and \$39,405, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

recommendation to hold KPERS employer contributions at the FY 2016 amount and provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$57.0 million, including \$17.7 million from the State General Fund. This is an increase of \$136,563, or 0.2 percent, from all funds and \$15,020, or 0.1 percent, from the State General Fund above the FY 2018 request. The increase is mainly in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$57.0 million, including \$17.7 million from the State General Fund. The recommendation is a decrease of \$42,363, or 0.1 percent, from all funds and \$16,636, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$125,651, all from special revenue funds, in contractual services. This is the same amount as the FY 2017 revised estimate.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$125,651, all from special revenue funds, in contractual services. This is the same amount as the FY 2018 request.

The **Governor** concurs with the agency's request for FY 2018.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Debt Service - Principal	\$ 170,000	\$ 170,000	\$ 200,000	\$ 200,000	\$ 75,000	\$ 75,000
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	170,000	170,000	200,000	200,000	75,000	75,000
TOTAL	\$ 170,000	\$ 170,000	\$ 200,000	\$ 200,000	\$ 75,000	\$ 75,000

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised estimate of \$170,000, all from special revenue funds, for a master lease of land. This is an increase of the same amount

since there was no FY 2017 capital improvement budget submitted last year.

Current Year Governor Recommendation

The **Governor** concurs with the agency’s capital improvements budget in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$200,000, all from special revenue funds, for a master lease of land. This is

an increase of \$30,000, or 17.6 percent, above the revised estimate in FY 2017.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s capital improvements budget for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$75,000, all from special revenue funds, for a master lease of land. This is a decrease of \$125,000, or 62.5 percent, below the request for FY 2018.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s capital improvements budget for FY 2019.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of new research grants	450	619	500	500	500
Number of renewed research grants	32	32	32	32	32
Dollar value of grant receipts (in millions)	\$62.0	\$48.6	\$52.0	\$54.0	\$56.0

KANSAS STATE UNIVERSITY VETERINARY MEDICAL CENTER

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 14,121,440	\$ 14,587,491	\$ 14,581,835	\$ 14,400,747	\$ 14,368,141	\$ 14,421,470	\$ 14,397,013
Other Funds	33,732,882	36,116,756	36,102,593	36,472,138	36,389,856	36,513,668	36,453,160
TOTAL	\$ 47,854,322	\$ 50,704,247	\$ 50,684,428	\$ 50,872,885	\$ 50,757,997	\$ 50,935,138	\$ 50,850,173
Capital Improvements:							
State General Fund	\$ 126,111	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	385,963	9,640,900	9,640,900	1,300,000	1,300,000	0	0
TOTAL	\$ 512,074	\$ 9,640,900	\$ 9,640,900	\$ 1,300,000	\$ 1,300,000	\$ 0	\$ 0
GRAND TOTAL	\$ 48,366,396	\$ 60,345,147	\$ 60,325,328	\$ 52,172,885	\$ 52,057,997	\$ 50,935,138	\$ 50,850,173

Percentage Change:

Operating Expenditures

State General Fund	(4.1) %	3.3 %	3.3 %	(1.3) %	(1.5) %	0.1 %	0.2 %
All Funds	3.9	6.0	5.9	0.3	0.1	0.1	0.2

FTE Positions	361.1	361.1	361.1	361.1	361.1	361.1	361.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	361.1	361.1	361.1	361.1	361.1	361.1	361.1

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 461 students attended the institution during the Fall 2016 semester, a decrease of 7, or 1.5 percent, below the Fall 2015 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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 **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 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 (ROZs), 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 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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. This act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$60.3 million, including \$14.6 million from the State General Fund. This is an all funds increase of \$13.2 million, or 27.9 percent, above the

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 **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.

The **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$21,256 and the February 2015 State General Fund Allotment reduced approved expenditures by \$292,541 for FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$440,646 for FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$509,103 for FY 2017.

amount approved by the 2016 Legislature. The increase is primarily in capital improvements for four new construction projects (\$9.6 million) and salaries and wages (\$3.3 million).

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 expenditures of \$60.3 million, including \$14.6 million from the State General Fund. The recommendation is an all funds decrease of \$19,819, or less than 0.1 percent, and a State General Fund decrease of \$5,656, or less than 0.1 percent, below the agency's revised estimate.

The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements budget in FY 2017.

FY 2018 Agency Request

The **agency** requests an operating budget of \$50.9 million, including \$14.4 million from the State General Fund. This is an all funds increase of \$168,638, or 0.3 percent, and a State General Fund decrease of \$186,744, or 1.3 percent, from the FY 2017 revised estimate. There is a decrease in salaries and wages (\$525,019) with an offsetting increase in commodities (\$693,657).

The agency requests \$1.3 million, all from special revenue funds, for capital improvements. This is a decrease of \$8.3 million, or 86.5 percent, below the FY 2017 revised estimate. The decrease is due to all but one project being completed in FY 2017.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$50.8 million, including \$14.4 million from the State General Fund. The recommendation is an all funds decrease of \$114,888, or 0.2 percent, and a State General Fund decrease of \$32,606, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the

FY 2016 amount, which results in an all funds reduction of \$60,374, including \$17,372 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$54,514, including \$15,232 from the State General Fund.

The Governor concurs with the agency's capital improvement budget for FY 2018.

FY 2019 Agency Request

The **agency** requests an operating budget of \$50.9 million, including \$14.4 million from the State General Fund. This is an all funds increase of \$62,253, or 0.1 percent, and a State General Fund increase of \$20,723, or 0.1 percent, above the FY 2018 request. The increase is in salaries and wages (\$182,992)

with a partial offsetting decrease in contractual services (\$120,739).

There are no requested expenditures for capital improvements for FY 2019.

FY 2019 Governor Recommendation

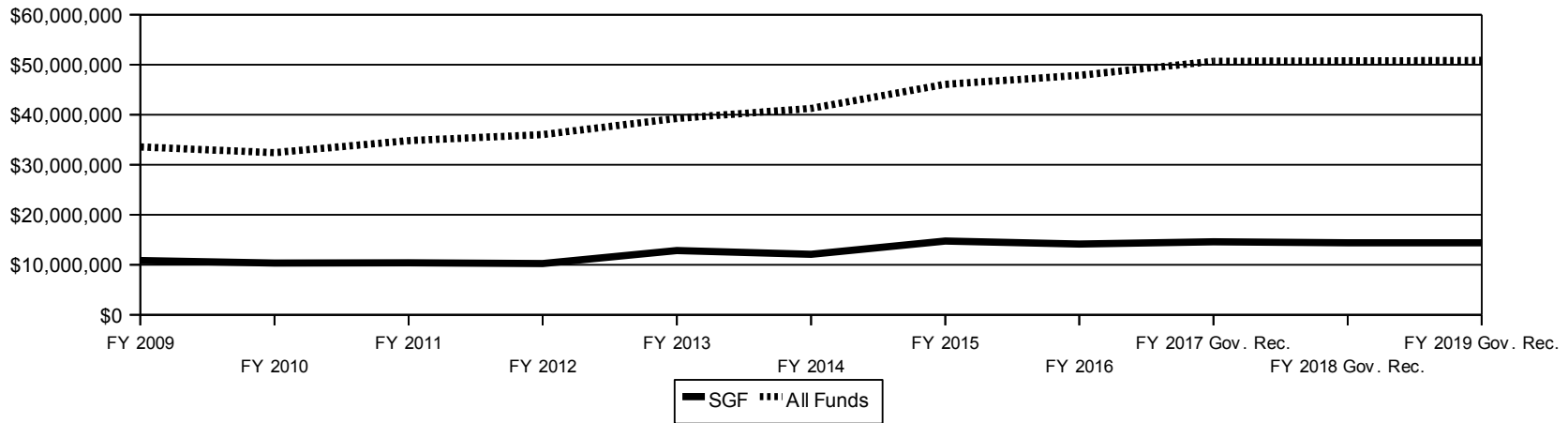
The **Governor** recommends FY 2019 operating expenditures of \$50.9 million, including \$14.4 million from the State General Fund. The recommendation is an all funds decrease of \$84,965, or 0.2 percent, and a State General Fund decrease of \$24,457, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement request for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	14,121,440	(4.1)	47,854,322	3.9	361.1
2017 Gov. Rec.	14,581,835	3.3	50,684,428	5.9	361.1
2018 Gov. Rec.	14,368,141	(1.5)	50,757,997	0.1	361.1
2019 Gov. Rec.	14,397,013	0.2	50,850,173	0.2	361.1
Eleven-Year Change	\$ 3,546,478	32.7 %	\$ 17,286,826	51.5 %	46.2

2013—Governor added \$5.0 million for operating enhancement; 2015 allotments = \$313,797; 2016 allotments = \$440,646; 2017 allotments = \$509,103.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Instructional Services	\$ 32,969,693	\$ 37,214,351	\$ 37,472,743	\$ 258,392	0.7 %	\$ 37,204,327	\$ 37,404,157	\$ 199,830	0.5 %
Academic Support	6,921,678	6,670,171	6,589,657	(80,514)	(1.2)	6,667,594	6,573,954	(93,640)	(1.4)
Research	24,946	404,788	404,857	69	0.0	403,820	401,271	(2,549)	(0.6)
Public Service	5,436,457	3,889,044	3,862,725	(26,319)	(0.7)	3,885,864	3,847,434	(38,430)	(1.0)
Student Aid	402,572	400,000	400,000	0	0.0	400,000	400,000	0	0.0
Physical Plant/Central Services	2,098,976	2,125,893	2,142,903	17,010	0.8	2,122,823	2,131,181	8,358	0.4
TOTAL	\$ 47,854,322	\$ 50,704,247	\$ 50,872,885	\$ 168,638	0.3 %	\$ 50,684,428	\$ 50,757,997	\$ 73,569	0.1 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 36,109,134	\$ 36,988,454	\$ 36,463,435	\$ (525,019)	(1.4) %	\$ 36,968,635	\$ 36,348,547	\$ (620,088)	(1.7) %
Contractual Services	5,129,901	5,932,858	5,932,858	0	0.0	5,932,858	5,932,858	0	0.0
Commodities	2,790,239	3,280,696	3,974,353	693,657	21.1	3,280,696	3,974,353	693,657	21.1
Capital Outlay	3,217,201	3,786,273	3,786,273	0	0.0	3,786,273	3,786,273	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 47,246,475	\$ 49,988,281	\$ 50,156,919	\$ 168,638	0.3 %	\$ 49,968,462	\$ 50,042,031	\$ 73,569	0.1 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	607,847	715,966	715,966	0	0.0	715,966	715,966	0	0.0
TOTAL	\$ 47,854,322	\$ 50,704,247	\$ 50,872,885	\$ 168,638	0.3 %	\$ 50,684,428	\$ 50,757,997	\$ 73,569	0.1 %
Financing:									
State General Fund	\$ 14,121,440	\$ 14,587,491	\$ 14,400,747	\$ (186,744)	(1.3) %	\$ 14,581,835	\$ 14,368,141	\$ (213,694)	(1.5) %
General Fees Fund	19,561,935	18,797,898	18,263,897	(534,001)	(2.8)	18,790,386	18,217,373	(573,013)	(3.0)
Restricted Fees Fund	7,021,910	8,977,594	9,929,467	951,873	10.6	8,971,991	9,900,779	928,788	10.4
All Other Funds	7,149,037	8,341,264	8,278,774	(62,490)	(0.7)	8,340,216	8,271,704	(68,512)	(0.8)
TOTAL	\$ 47,854,322	\$ 50,704,247	\$ 50,872,885	\$ 168,638	0.3 %	\$ 50,684,428	\$ 50,757,997	\$ 73,569	0.1 %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Instructional Services	\$ 37,472,743	\$ 37,458,598	\$ (14,145)	(0.0) %	\$ 37,404,157	\$ 37,415,609	\$ 11,452	0.0 %
Academic Support	6,589,657	6,617,596	27,939	0.4	6,573,954	6,606,632	32,678	0.5
Research	404,857	410,228	5,371	1.3	401,271	406,095	4,824	1.2
Public Service	3,862,725	3,886,861	24,136	0.6	3,847,434	3,873,277	25,843	0.7
Student Aid	400,000	400,000	0	0.0	400,000	400,000	0	0.0
Physical Plant/Central Services	2,142,903	2,161,855	18,952	0.9	2,131,181	2,148,560	17,379	0.8
TOTAL	\$ 50,872,885	\$ 50,935,138	\$ 62,253	0.1 %	\$ 50,757,997	\$ 50,850,173	\$ 92,176	0.2 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 36,463,435	\$ 36,646,427	\$ 182,992	0.5 %	\$ 36,348,547	\$ 36,561,462	\$ 212,915	0.6 %
Contractual Services	5,932,858	5,932,858	0	0.0	5,932,858	5,932,858	0	0.0
Commodities	3,974,353	3,853,614	(120,739)	(3.0)	3,974,353	3,853,614	(120,739)	(3.0)
Capital Outlay	3,786,273	3,786,273	0	0.0	3,786,273	3,786,273	0	0.0
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 50,156,919	\$ 50,219,172	\$ 62,253	0.1 %	\$ 50,042,031	\$ 50,134,207	\$ 92,176	0.2 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	715,966	715,966	0	0.0	715,966	715,966	0	0.0
TOTAL	\$ 50,872,885	\$ 50,935,138	\$ 62,253	0.1 %	\$ 50,757,997	\$ 50,850,173	\$ 92,176	0.2 %
Financing:								
State General Fund	\$ 14,400,747	\$ 14,421,470	\$ 20,723	0.1 %	\$ 14,368,141	\$ 14,397,013	\$ 28,872	0.2 %
General Fees Fund	18,263,897	18,263,897	0	0.0	18,217,373	18,231,933	14,560	0.1
Restricted Fees Fund	9,929,467	9,970,953	41,486	0.4	9,900,779	9,946,995	46,216	0.5
All Other Funds	8,278,774	8,278,818	44	0.0	8,271,704	8,274,232	2,528	0.0
TOTAL	\$ 50,872,885	\$ 50,935,138	\$ 62,253	0.1 %	\$ 50,757,997	\$ 50,850,173	\$ 92,176	0.2 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$14,587,491 for Kansas State University–Veterinary Medical Center in FY 2017. No adjustments have been made subsequently 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	\$ 14,587,491	\$ 14,587,491	\$ 0	\$ 14,581,835	\$ (5,656)
All Other Funds	32,583,850	45,757,656	13,173,806	45,743,493	13,159,643
TOTAL	\$ 47,171,341	\$ 60,345,147	\$ 13,173,806	\$ 60,325,328	\$ 13,153,987
FTE Positions	342.6	361.1	18.5	361.1	18.5

The **agency** requests a revised estimate of \$60.3 million (including capital improvements), including \$14.6 million from the State General Fund, in FY 2017. This is an all funds increase of \$13.2 million, or 27.9 percent, above the amount approved by the 2016 Legislature. The increase is primarily in capital improvements for four new construction projects (\$9.6 million) and salaries and wages (\$3.3 million).

The **Governor** recommends FY 2017 expenditures of \$60.3 million, including \$14.6 million from the State General Fund. The recommendation is an all funds decrease of \$19,819, or less than 0.1 percent, and a State General Fund decrease of \$5,656, or less than 0.1 percent, below the agency's revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 50,872,885	\$ 50,757,997	\$ (114,888)
FTE Positions	361.1	361.1	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ (186,744)	\$ (213,694)	
All Other Funds	355,382	287,263	
TOTAL	<u>\$ 168,638</u>	<u>\$ 73,569</u>	
<i>Percent Change:</i>			
State General Fund	(1.3) %	(1.5) %	
All Other Funds	1.0	0.8	
TOTAL	<u>0.3 %</u>	<u>0.1 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$50.9 million, including \$14.4 million from the State General Fund. This is an all funds increase of \$168,638, or 0.3 percent, and a State General Fund decrease of \$186,744, or 1.3 percent, from the FY 2017 revised estimate. There is a decrease in salaries and wages (\$525,019) with an offsetting increase in commodities (\$693,657).

The **Governor** recommends FY 2018 operating expenditures of \$50.8 million, including \$14.4 million from the

State General Fund. The recommendation is an all funds decrease of \$114,888, or 0.2 percent, and a State General Fund decrease of \$32,606, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$60,374, including \$17,372 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$54,514, including \$15,232 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 478,895	\$ 478,895	0.0	\$ 0	\$ 0	0.0
Operating Enhancement	241,142	241,142	0.0	0	0	0.0
TOTAL	\$ 720,037	\$ 720,037	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$720,037, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 50,935,138	\$ 50,850,173	\$ (84,965)
FTE Positions	361.1	361.1	0.0
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 20,723	\$ 28,872	
All Other Funds	41,530	63,304	
TOTAL	<u>\$ 62,253</u>	<u>\$ 92,176</u>	
<i>Percent Change:</i>			
State General Fund	0.1 %	0.2 %	
All Other Funds	0.1	0.2	
TOTAL	<u>0.1 %</u>	<u>0.2 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$50.9 million, including \$14.4 million from the State General Fund. This is an all funds increase of \$62,253, or 0.1 percent, and a State General Fund increase of \$20,723, or 0.1 percent, above the FY 2018 request. The increase is in salaries and wages (\$182,992) with a partial offsetting decrease in contractual services (\$120,739).

The **Governor** recommends FY 2019 operating expenditures of \$50.9 million, including \$14.4 million from the State General Fund. The recommendation is an all funds decrease of \$84,965, or 0.2 percent, and a State General Fund decrease of \$24,457, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 479,861	\$ 479,861	0.0	\$ 0	\$ 0	0.0
Operating Enhancement	241,213	241,213	0.0	0	0	0.0
TOTAL	\$ 721,074	\$ 721,074	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$721,074, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency’s reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$19,819, including \$5,656 from the State General Fund, in FY 2017; by \$60,374, including \$17,374 from the State General Fund, for FY 2018; and by \$84,965, including \$24,457 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$54,514, including \$15,232 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	28.3 %	28.3 %	28.3 %	28.3 %
General Fees Fund	35.9	35.9	35.9	35.9
Restricted Fees Fund	19.5	19.5	19.6	19.6
All Other Funds	16.3	16.3	16.2	16.2
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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 deposited in the Restricted Fees Fund. Tuition is set by the Board of Regents after Session has concluded each year.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 4,696,254	\$ 3,184,205	\$ 3,184,205	\$ 3,254,581	\$ 3,262,093	\$ 3,858,958	\$ 3,912,994
Revenue	18,369,713	18,919,073	18,919,073	18,919,073	18,919,073	18,919,073	18,919,073
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 23,065,967	\$ 22,103,278	\$ 22,103,278	\$ 22,173,654	\$ 22,181,166	\$ 22,778,031	\$ 22,832,067
Less: Expenditures	19,579,060	18,797,898	18,790,386	18,263,897	18,217,373	18,263,897	18,231,933
Transfers Out	302,702	50,799	50,799	50,799	50,799	50,799	50,799
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 3,184,205	\$ 3,254,581	\$ 3,262,093	\$ 3,858,958	\$ 3,912,994	\$ 4,463,335	\$ 4,549,335
Ending Balance as Percent of Expenditures	16.3%	17.3%	17.4%	21.1%	21.5%	24.4%	25.0%
Month Highest Ending Balance	January \$ 12,100,000	January \$ 11,979,000	January \$ 11,979,000	January \$ 11,859,000	January \$ 11,859,000	January \$ 11,740,000	January \$ 11,740,000
Month Lowest Ending Balance	June \$ 3,184,205	June \$ 3,254,581	June \$ 3,262,093	June \$ 3,366,000	June \$ 3,366,000	June \$ 3,332,000	June \$ 3,332,000

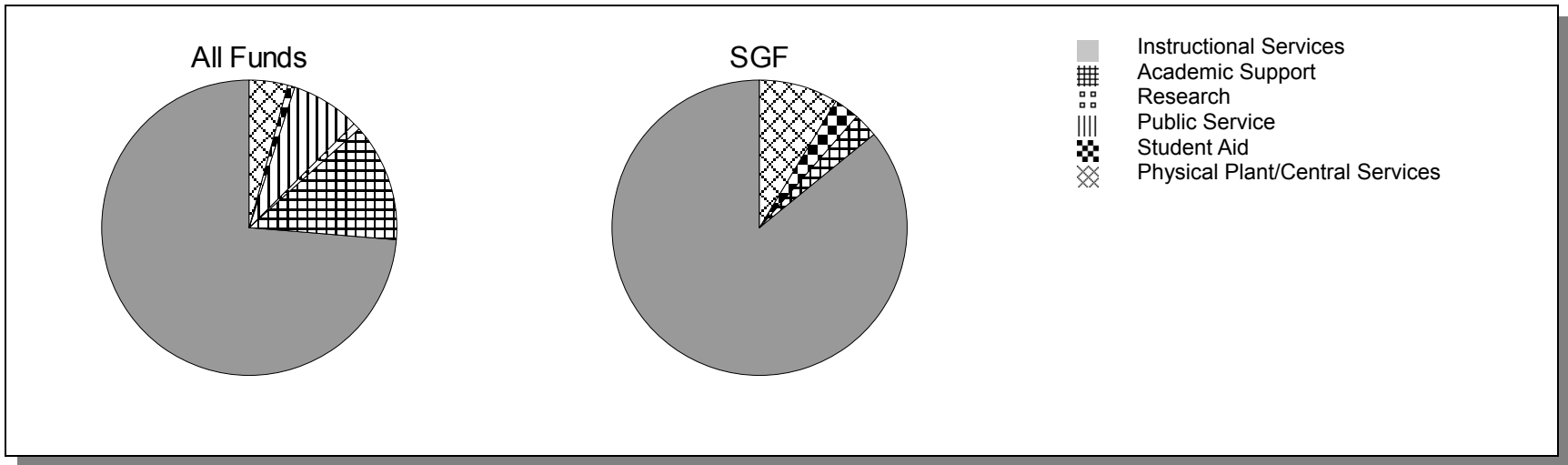
Enrollment Trends

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 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2011 to Fall 2016
Headcount	457	464	465	476	468	461	
Change	(5)	7	1	11	(8)	(7)	4
%Change	(1.1)%	1.5 %	0.2 %	2.4 %	(1.7)%	(1.5)%	0.9 %
FTE Students	723	723	712	719	717	706	
Change	2	0	(11)	7	(2)	(11)	(17)
%Change	0.3 %	0.0 %	(1.5)%	1.0 %	(0.3)%	(1.6)%	(2.4)%
Student Credit Hours	8,675	8,680	8,546	8,628	8,601	8,468	
Change	26	5	(134)	82	(27)	(133)	(207)
%Change	0.3 %	0.1 %	(1.5)%	1.0 %	(0.3)%	(1.5)%	(2.4)%

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Instructional Services	\$ 37,404,157	73.7 %	\$ 12,340,403	85.9 %
Academic Support	6,573,954	13.0	384,561	2.7
Research	401,271	0.8	0	0.0
Public Service	3,847,434	7.6	0	0.0
Student Aid	400,000	0.8	400,000	2.8
Physical Plant/Central Services	2,131,181	4.2	1,243,177	8.7
TOTAL	\$ 50,757,997	100.0 %	\$ 14,368,141	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Instructional Services	219.6	219.6	219.6	219.6	219.6	219.6	219.6
Academic Support	59.6	59.6	59.6	59.6	59.6	59.6	59.6
Research	8.1	8.1	8.1	8.1	8.1	8.1	8.1
Public Service	43.8	43.8	43.8	43.8	43.8	43.8	43.8
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Physical Plant/Central Services	30.0	30.0	30.0	30.0	30.0	30.0	30.0
TOTAL	361.1	361.1	361.1	361.1	361.1	361.1	361.1

A. Instructional Services

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

The **agency** requests FY 2018 operating expenditures of \$37.5 million, including \$12.4 million from the State General Fund. This is an increase of \$258,392, or 0.7 percent, from all funds and a decrease of \$149,781, or 1.2 percent, from the State General Fund from the FY 2017 revised estimate. There is a decrease in salaries and wages (\$435,265) with an offsetting increase in commodities (\$693,657).

The **Governor** recommends FY 2018 operating expenditures of \$37.4 million, including \$12.3 million from the State General Fund. This is a decrease of \$68,586, or 0.2 percent, from all funds and \$24,160, or 0.2 percent, from the State General Fund below the agency request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a

moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$37.5 million, including \$12.4 million from the State General Fund. The request is a decrease of \$14,145, or less than 0.1 percent, from all funds and an increase of \$32,260, or 0.3 percent, from the State General Fund from the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$37.4 million, including \$12.4 million from the State General Fund. This is a decrease of \$42,989, or 0.1 percent, from all funds and \$515,139, or 0.1 percent, from the State General Fund below the agency request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$6.6 million, including \$385,182 from the State General Fund. This is a decrease of \$80,514, or 1.2 percent, from all funds and \$57,883, or 13.1 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$6.6 million, including \$384,561 from the State General Fund. This is a decrease of \$15,703, or 0.2 percent, from all funds and \$621, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the

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 FY 2018 operating expenditures of \$404,857, all from special revenue funds. This is an increase of \$69, or less than 0.1 percent, above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$401,271, all from special revenue funds. This is a decrease of \$3,586, or 0.9 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$6.6 million, including \$360,602 from the State General Fund. This is an increase of \$27,939, or 0.4 percent, from all funds and a decrease of \$24,580, or 6.4 percent, from the State General Fund from the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$6.6 million, including \$360,165 from the State General Fund. This is a decrease of \$10,964, or 0.2 percent, from all funds and \$437 or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$410,228, all from special revenue funds. This is an increase of \$5,371, or 1.3 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$406,095, all from special revenue funds. This is a decrease of \$4,033, or 1.0 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

D. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$3.9 million, all from special revenue funds. The request is a decrease of \$26,319, or 0.7 percent, below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$3.8 million, all from special revenue funds. This is a decrease of \$15,291, or 0.4 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

E. Student Aid

The Student Aid program consists of the service scholarships established in the Veterinary Training Program for Rural Kansas by 2006 HB 3005. The College of Veterinary Medicine at KSU 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.

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$3.9 million, all from special revenue funds. This is an increase of \$24,136, or 0.6 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$3.9 million, all from special revenue funds. This is a decrease of \$13,584, or 0.3 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 operating expenditures of \$400,000, all from State General Fund, the same as the FY 2017 revised estimate.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$400,000, all from State General Fund. This is the same amount as requested for FY 2018.

The **Governor** concurs with the agency's request for FY 2019.

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 FY 2018 operating expenditures of \$2.1 million, including \$1.3 million from the State General Fund. The overall request is an increase of \$17,010, or 0.8 percent, from all funds and \$20,920, or 1.7 percent, from the State General Fund above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$2.1 million, including \$2.1 million from the State General Fund. This is a decrease of \$11,722, or 0.5 percent, from all funds and \$7,825, or 0.6 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS

employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$2.2 million, including \$1.3 million from the State General Fund. The overall request is an increase of \$18,952, or 0.9 percent, from all funds and \$13,043, or 1.0 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$2.1 million, including \$1.3 million from the State General Fund. This is a decrease of \$13,295, or 0.6 percent, from all funds and \$8,881, or 0.7 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Equine Performance Testing Facility	\$ 2,300,000	\$ 2,300,000	\$ 0	\$ 0	\$ 0	\$ 0
Mosier Hall MRI Enhancement	2,620,572	2,620,572	0	0	0	0
Small Animal Clinic Renovations	1,320,328	1,320,328	0	0	0	0
Trotter Vet. Anatomy Lab	3,400,000	3,400,000	1,300,000	1,300,000	0	0
TOTAL	\$ 9,640,900	\$ 9,640,900	\$ 1,300,000	\$ 1,300,000	\$ 0	\$ 0
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	9,640,900	9,640,900	1,300,000	1,300,000	0	0
TOTAL	\$ 9,640,900	\$ 9,640,900	\$ 1,300,000	\$ 1,300,000	\$ 0	\$ 0

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised estimate of \$9.6 million, all from special revenue funds. This is an increase of the same amount since no budget for FY 2017

capital improvement expenditures was submitted last year. The increase is due to construction of the four projects listed in the table above.

Current Year Governor Recommendation

The **Governor** concurs with the agency’s capital improvements budget in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$1.3 million, all from special revenue funds. This is a decrease of \$8.3 million, or 86.5 percent, below the FY 2017 revised estimate.

The decrease is due to all but one project being completed in FY 2017.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s capital improvements budget for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. There is no requested expenditures for capital improvements for FY 2019.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s capital improvements budget for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Four-year graduation rate	98.0%	99.0%	98.0%	98.0%	98.0%
Number of animals treated at veterinary	16,500	17,588	17,000	17,000	17,000
Research funding (in millions)	\$13.0	\$12.4	\$13.0	\$13.0	\$13.0

PITTSBURG STATE UNIVERSITY

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 33,989,122	\$ 34,846,273	\$ 34,830,014	\$ 33,913,807	\$ 33,830,932	\$ 33,969,976	\$ 33,907,458
Other Funds	70,132,538	73,786,633	73,767,913	73,810,487	73,716,239	73,750,201	73,674,840
TOTAL	\$ 104,121,660	\$ 108,632,906	\$ 108,597,927	\$ 107,724,294	\$ 107,547,171	\$ 107,720,177	\$ 107,582,298
Capital Improvements:							
State General Fund	\$ 207,536	\$ 540,114	\$ 540,114	\$ 542,263	\$ 542,263	\$ 544,517	\$ 544,517
Other Funds	11,090,027	8,374,518	8,374,518	4,180,800	4,180,800	4,016,176	4,016,176
TOTAL	\$ 11,297,563	\$ 8,914,632	\$ 8,914,632	\$ 4,723,063	\$ 4,723,063	\$ 4,560,693	\$ 4,560,693
GRAND TOTAL	\$ 115,419,223	\$ 117,547,538	\$ 117,512,559	\$ 112,447,357	\$ 112,270,234	\$ 112,280,870	\$ 112,142,991
Percentage Change:							
Operating Expenditures							
State General Fund	(2.3) %	2.5 %	2.5 %	(2.7) %	(2.9) %	0.2 %	0.2 %
All Funds	0.1	4.3	4.3	(0.8)	(1.0)	(0.0)	0.0
FTE Positions	968.5	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	968.5	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9

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 also is 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 7,102 students attended Pittsburg State University during the Fall 2016 semester. This was a decrease of 142 students, or 2.0 percent, below the Fall 2015 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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 **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 (ROZs), 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 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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** 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 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** also 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.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$117.5 million, including \$35.4 million from the State General Fund in FY 2017 including capital improvements. This is an all funds increase of \$6.6 million, or 5.9 percent, above the approved amount. The increase is primarily in capital improvements (\$4.9 million) with the Educational Building Fund transfer to the agency from the Board of Regents. There also are increases in salaries and wages (\$2.0 million) and contractual services (\$1.2 million) with partially offsetting decreases in commodities (\$276,395) and capital outlay (\$747,146). There is no change in the State General Fund from the appropriated amount.

The **2013 Legislature** reduced the State General Fund operating expenditures of the University by 1.5 percent. There also were 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 **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$55,397 and the February 2015 State General Fund allotment reduced approved expenditures by \$709,717.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$1.1 million in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$1.0 million in FY 2017.

The agency requests a revised estimate of \$8.9 million, including \$540,114 from the State General Fund, for capital improvements. This is an all funds increase of \$4.9 million, or 119.6 percent, including \$24,842, or 4.8 percent, from the State General Fund, above the approved amount. The increase includes \$4.3 million from the Educational Building Fund transferred from the Board of Regents and an increase in rehabilitation and repair projects. The State General Fund increase is for debt service.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 total agency expenditures of \$117.5 million, including \$35.4 million from the State General Fund. The recommendation is an all funds decrease of \$34,979, or less than 0.1 percent, and a State General Fund decrease of \$16,259, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is

attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's revised capital improvement estimate in FY 2017.

FY 2018 Agency Request

The **agency** requests an operating budget of \$107.7 million, including \$33.9 million from the State General Fund, for FY 2018, excluding capital improvements. This is a decrease of \$908,612, or 0.8 percent, from all funds and \$932,466, or 2.7 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in all expenditure categories.

The agency requests \$4.7 million, including \$542,263 from the State General Fund, for capital improvements. This is an all funds decrease of \$4.2 million, or 47.0 percent, and a State General Fund increase of \$2,149, or 0.4 percent, from the FY 2017 revised estimate. The decrease is primarily due to no budgeted expenditures from the Educational Building Fund as this funding is budgeted in the Board of Regents and transferred to the universities in the current year. The State General Fund expenditures are for debt service.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$107.5 million, including \$33.8 million from the State General Fund. The recommendation is an all funds decrease of \$177,123, or 0.2 percent, and a State General Fund decrease of \$82,875, or 0.2 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of

\$100,679, including \$46,036 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$76,444, including \$36,839 from the State General Fund.

The Governor concurs with the agency's capital improvement budget for FY 2018.

FY 2019 Agency Request

The **agency** requests an operating budget of \$107.7 million, including \$34.0 million from the State General Fund, for FY 2019, excluding capital improvements. This is an all funds decrease of \$4,117, or less than 0.1 percent, and a State General Fund increase of \$56,169, or 0.2 percent, from the FY 2018 request. There is an increase in salaries and wages (\$363,980) with partially offsetting decreases in all other expenditure categories.

FY 2019 Governor Recommendation

The **Governor** recommends FY 2019 operating expenditures of \$107.6 million, including \$33.9 million from the State General Fund. The recommendation is an all funds decrease of \$137,879, or 0.1 percent, and a State General Fund decrease of \$62,518, or 0.2 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's

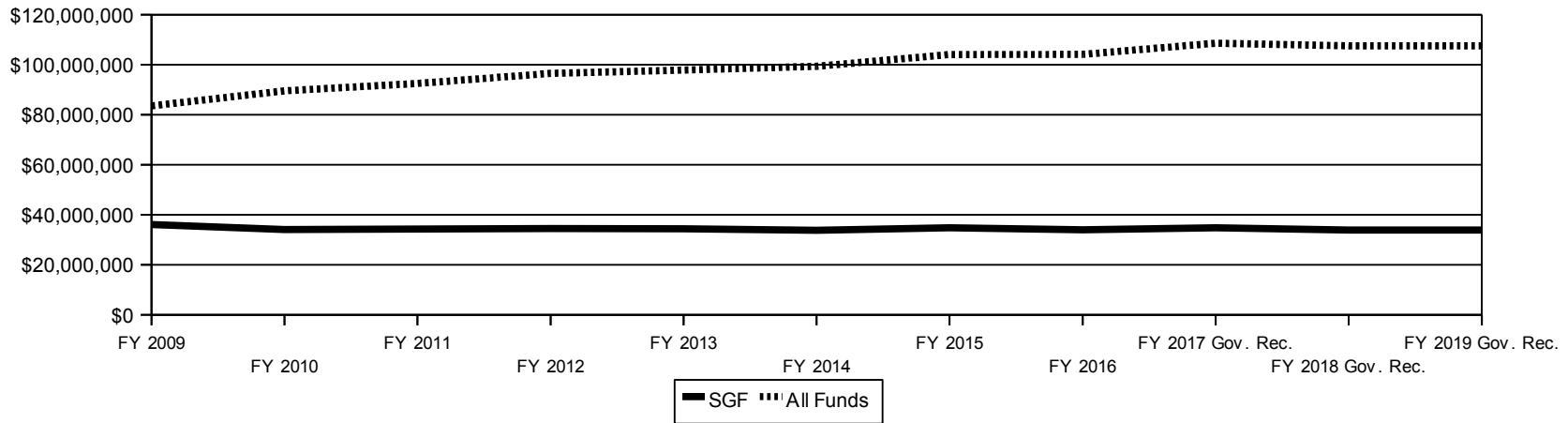
The agency requests \$4.6 million, including \$544,517 from the State General Fund, for capital improvements. This is an all funds decrease of \$162,370, or 3.4 percent, and a State General Fund increase of \$2,254, or 0.4 percent, from the FY 2018 request. There is an overall decrease in debt service but an increase in State General Fund expenditures for debt service.

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement budget for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	33,989,122	(2.3)	104,121,660	0.1	968.5
2017 Gov. Rec.	34,830,014	2.5	108,597,927	4.3	1,000.9
2018 Gov. Rec.	33,830,932	(2.9)	107,547,171	(1.0)	1,000.9
2019 Gov. Rec.	33,907,458	0.2	107,582,298	0.0	1,000.9
Eleven-Year Change	\$ (2,227,109)	(6.2)%	\$ 24,044,108	28.8 %	104.1

2015 allotments = \$765,114; 2016 allotment = \$1.1 million; 2017 allotment = \$1.0 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Institutional Support	\$ 8,971,786	\$ 9,187,339	\$ 9,044,240	\$ (143,099)	(1.6) %	\$ 9,183,105	\$ 9,024,939	\$ (158,166)	(1.7)%
Instructional Services	36,844,934	38,658,055	38,397,235	(260,820)	(0.7)	38,653,509	38,349,315	(304,194)	(0.8)
Academic Support	9,930,501	9,359,380	9,458,762	99,382	1.1	9,355,271	9,436,071	80,800	0.9
Student Services	10,490,299	12,860,958	12,874,541	13,583	0.1	12,857,190	12,855,858	(1,332)	(0.0)
Research	2,297,923	2,552,776	2,400,098	(152,678)	(6.0)	2,552,652	2,398,259	(154,393)	(6.0)
Public Service	2,234,741	2,486,267	2,508,444	22,177	0.9	2,485,717	2,505,541	19,824	0.8
Student Aid	13,292,832	13,047,661	13,047,655	(6)	(0.0)	13,047,661	13,047,655	(6)	(0.0)
Auxiliary	6,735,597	7,177,712	7,244,104	66,392	0.9	7,173,651	7,228,135	54,484	0.8
Physical Plant/Central Services	10,603,525	10,798,621	10,361,586	(437,035)	(4.0)	10,785,034	10,313,769	(471,265)	(4.4)
Debt Service	2,719,522	2,504,137	2,387,629	(116,508)	(4.7)	2,504,137	2,387,629	(116,508)	(4.7)
TOTAL	\$ 104,121,660	\$ 108,632,906	\$ 107,724,294	\$ (908,612)	(0.8) %	\$ 108,597,927	\$ 107,547,171	\$ (1,050,756)	(1.0)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 68,035,381	\$ 69,182,400	\$ 69,115,305	\$ (67,095)	(0.1) %	\$ 69,147,421	\$ 68,938,182	\$ (209,239)	(0.3)%
Contractual Services	12,791,796	16,016,548	15,971,126	(45,422)	(0.3)	16,016,548	15,971,126	(45,422)	(0.3)
Commodities	4,359,078	4,817,429	4,413,770	(403,659)	(8.4)	4,817,429	4,413,770	(403,659)	(8.4)
Capital Outlay	2,657,005	3,082,203	2,806,275	(275,928)	(9.0)	3,082,203	2,806,275	(275,928)	(9.0)
Debt Service	2,719,522	2,504,137	2,387,629	(116,508)	(4.7)	2,504,137	2,387,629	(116,508)	(4.7)
Subtotal - Operations	\$ 90,562,782	\$ 95,602,717	\$ 94,694,105	\$ (908,612)	(1.0) %	\$ 95,567,738	\$ 94,516,982	\$ (1,050,756)	(1.1)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	13,558,878	13,030,189	13,030,189	0	0.0	13,030,189	13,030,189	0	0.0
TOTAL	\$ 104,121,660	\$ 108,632,906	\$ 107,724,294	\$ (908,612)	(0.8) %	\$ 108,597,927	\$ 107,547,171	\$ (1,050,756)	(1.0)%
Financing:									
State General Fund	\$ 33,989,122	\$ 34,846,273	\$ 33,913,807	\$ (932,466)	(2.7) %	\$ 34,830,014	\$ 33,830,932	\$ (999,082)	(2.9)%
General Fees Fund	37,750,790	38,920,000	38,920,000	0	0.0	38,907,637	38,855,208	(52,429)	(0.1)
Restricted Fees Fund	11,316,058	11,865,103	11,915,924	50,821	0.4	11,863,448	11,906,690	43,242	0.4
All Other Funds	21,065,690	23,001,530	22,974,563	(26,967)	(0.1)	22,996,828	22,954,341	(42,487)	(0.2)
TOTAL	\$ 104,121,660	\$ 108,632,906	\$ 107,724,294	\$ (908,612)	(0.8) %	\$ 108,597,927	\$ 107,547,171	\$ (1,050,756)	(1.0)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Institutional Support	\$ 9,044,240	\$ 9,081,283	\$ 37,043	0.4 %	\$ 9,024,939	\$ 9,066,343	\$ 41,404	0.5 %
Instructional Services	38,397,235	38,501,089	103,854	0.3	38,349,315	38,484,350	135,035	0.4
Academic Support	9,458,762	9,506,581	47,819	0.5	9,436,071	9,489,863	53,792	0.6
Student Services	12,874,541	12,915,060	40,519	0.3	12,855,858	12,899,607	43,749	0.3
Research	2,400,098	2,403,174	3,076	0.1	2,398,259	2,402,667	4,408	0.2
Public Service	2,508,444	2,516,734	8,290	0.3	2,505,541	2,514,497	8,956	0.4
Student Aid	13,047,655	13,047,656	1	0.0	13,047,655	13,047,656	1	0.0
Auxiliary	7,244,104	7,272,478	28,374	0.4	7,228,135	7,255,952	27,817	0.4
Physical Plant/Central Services	10,361,586	10,206,434	(155,152)	(1.5)	10,313,769	10,151,675	(162,094)	(1.6)
Debt Service	2,387,629	2,269,688	(117,941)	(4.9)	2,387,629	2,269,688	(117,941)	(4.9)
TOTAL	\$ 107,724,294	\$ 107,720,177	\$ (4,117)	(0.0) %	\$ 107,547,171	\$ 107,582,298	\$ 35,127	0.0 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 69,115,305	\$ 69,479,285	\$ 363,980	0.5 %	\$ 68,938,182	\$ 69,341,406	\$ 403,224	0.6 %
Contractual Services	15,971,126	15,890,061	(81,065)	(0.5)	15,971,126	15,890,061	(81,065)	(0.5)
Commodities	4,413,770	4,263,266	(150,504)	(3.4)	4,413,770	4,263,266	(150,504)	(3.4)
Capital Outlay	2,806,275	2,787,688	(18,587)	(0.7)	2,806,275	2,787,688	(18,587)	(0.7)
Debt Service	2,387,629	2,269,688	(117,941)	(4.9)	2,387,629	2,269,688	(117,941)	(4.9)
Subtotal - Operations	\$ 94,694,105	\$ 94,689,988	\$ (4,117)	(0.0) %	\$ 94,516,982	\$ 94,552,109	\$ 35,127	0.0 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	13,030,189	13,030,189	0	0.0	13,030,189	13,030,189	0	0.0
TOTAL	\$ 107,724,294	\$ 107,720,177	\$ (4,117)	(0.0) %	\$ 107,547,171	\$ 107,582,298	\$ 35,127	0.0 %
Financing:								
State General Fund	\$ 33,913,807	\$ 33,969,976	\$ 56,169	0.2 %	\$ 33,830,932	\$ 33,907,458	\$ 76,526	0.2 %
General Fees Fund	38,920,000	38,920,000	0	0.0	38,855,208	38,870,343	15,135	0.0
Restricted Fees Fund	11,915,924	11,935,179	19,255	0.2	11,906,690	11,928,477	21,787	0.2
All Other Funds	22,974,563	22,895,022	(79,541)	(0.3)	22,954,341	22,876,020	(78,321)	(0.3)
TOTAL	\$ 107,724,294	\$ 107,720,177	\$ (4,117)	(0.0) %	\$ 107,547,171	\$ 107,582,298	\$ 35,127	0.0 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$35,169,718 for Pittsburg State University in FY 2017. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required.

This adjustment changes the FY 2017 approved State General Fund to \$35,386,387. That amount is reflected in the table below as the currently approved FY 2017 State General Fund amount.

For this agency, the following adjustment has been made:

- An increase of \$216,669, based on the reappropriation of FY 2016 funding which was not spent in FY 2016 and has shifted to 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	\$ 35,386,387	\$ 35,386,387	\$ 0	\$ 35,370,128	\$ (16,259)
All Other Funds	75,814,303	82,161,151	6,346,848	82,142,431	6,328,128
TOTAL	\$ 111,200,690	\$ 117,547,538	\$ 6,346,848	\$ 117,512,559	\$ 6,311,869
FTE Positions	962.4	1,000.9	38.5	1,000.9	38.5

The **agency** requests a revised estimate of \$117.5 million, including \$35.4 million from the State General Fund, in FY 2017,

including capital improvements. This is an all funds increase of \$6.6 million, or 5.9 percent, above the approved amount. The

increase is primarily in capital improvements (\$4.9 million) with the Educational Building Fund transfer to the agency from the Board of Regents. There also are increases in salaries and wages (\$2.0 million) and contractual services (\$1.2 million) with partially offsetting decreases in commodities (\$276,395) and capital outlay (\$747,146). There is no change in the State General Fund appropriated amount.

The **Governor** recommends FY 2017 total agency expenditures of \$117.5 million, including \$35.4 million from the State General Fund. The recommendation is an all funds decrease of \$34,979, or less than 0.1 percent, and a State General Fund decrease of \$16,259, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 107,724,294	\$ 107,547,171	\$ (177,123)
FTE Positions	1,000.9	1,000.9	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (932,466)	\$ (999,082)	
All Other Funds	23,854	(51,674)	
TOTAL	<u>\$ (908,612)</u>	<u>\$ (1,050,756)</u>	
<i>Percent Change:</i>			
State General Fund	(2.7) %	(2.9) %	
All Other Funds	0.0	(0.1)	
TOTAL	<u>(0.8) %</u>	<u>(1.0) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$107.7 million, including \$33.9 million from the State General Fund, for FY 2018. This is a decrease of \$908,612, or 0.8 percent, from all funds and \$932,466, or 2.7 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in all expenditure categories.

The **Governor** recommends FY 2018 operating expenditures of \$107.5 million, including \$33.8 million from the State General Fund. The recommendation is an all funds decrease of \$177,123, or 0.2 percent, and a State General Fund decrease of \$82,875, or 0.2 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the

FY 2016 amount, which results in an all funds reduction of \$100,679, including \$46,036 from the State General Fund, and to provide a moratorium on agency death and disability

payments for one quarter, which results in an all funds reduction of \$76,444, including \$36,839 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State Building Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
President	\$ 180,949	\$ 0	3.0	\$ 0	\$ 0	0.0
Academic Affairs	1,105,982	0	15.0	0	0	0.0
Administration and Finance	301,016	0	6.0	0	0	0.0
University Advancement	64,261	0	1.0	0	0	0.0
Student Life	38,897	0	1.0	0	0	0.0
TOTAL	\$ 1,691,105	\$ 0	26.0	\$ 0	\$ 0	0.0

The **agency** submitted a 5.0 percent reduced resource budget of \$1.7 million, all from the State General Fund, and 26.0 FTE positions as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 107,720,177	\$ 107,582,298	\$ (137,879)
FTE Positions	1,000.9	1,000.9	0.0
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 56,169	\$ 76,526	
All Other Funds	(60,286)	(41,399)	
TOTAL	<u>\$ (4,117)</u>	<u>\$ 35,127</u>	
<i>Percent Change:</i>			
State General Fund	0.2 %	0.2 %	
All Other Funds	(0.1)	(0.1)	
TOTAL	<u>(0.0) %</u>	<u>0.0 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$107.7 million, including \$34.0 million from the State General Fund, for FY 2019. This is an all funds decrease of \$4,117, or less than 0.1 percent, and a State General Fund increase of \$56,169, or 0.2 percent, from the FY 2018 request. There is an increase in salaries and wages (\$363,980) with offsetting decreases in all other expenditure categories.

The **Governor** recommends FY 2019 operating expenditures of \$107.6 million, including \$33.9 million from the State General Fund. The recommendation is an all funds decrease of \$137,879, or 0.1 percent, and a State General Fund decrease of \$62,518, or 0.2 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State Building Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
5.0 Reduced Resource	(1,694,025)	(1,694,025)	0.0	0	0	0.0

The **agency** did not submit a 5.0 percent reduced resource budget for FY 2019, but the Division of the Budget reduced resource target for the agency is \$1.7 million, all from the State General Fund, for FY 2019.

The **Governor** does not recommend the agency’s reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to

freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$34,979 including \$16,259 from the State General Fund, in FY 2017; by \$100,679, including \$46,036 from the State General Fund, for FY 2018; and by \$137,879, including \$62,518 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$76,444, including \$36,839 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	31.5 %	31.5 %	31.5 %	31.5 %
General Fees Fund	36.1	36.1	36.1	36.1
Restricted Fees Fund	11.1	11.1	11.1	11.1
All Other Funds	21.3	21.3	21.3	21.3
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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 deposited in the restricted fees fund. Tuition is set by the Board of Regents after Session has concluded each year.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 8,004,233	\$ 5,029,562	\$ 5,029,562	\$ 4,947,568	\$ 4,959,931	\$ 4,865,574	\$ 4,942,729
Revenue	37,620,676	38,962,785	38,962,785	38,962,785	38,962,785	38,962,785	38,962,785
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 45,624,909	\$ 43,992,347	\$ 43,992,347	\$ 43,910,353	\$ 43,922,716	\$ 43,828,359	\$ 43,905,514
Less: Expenditures	38,784,813	38,920,000	38,907,637	38,920,000	38,855,208	38,920,000	38,870,343
Transfers Out	1,810,534	124,779	124,779	124,779	124,779	124,779	124,779
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 5,029,562	\$ 4,947,568	\$ 4,959,931	\$ 4,865,574	\$ 4,942,729	\$ 4,783,580	\$ 4,910,392
Ending Balance as Percent of Expenditures	13.0%	12.7%	12.7%	12.5%	12.7%	12.3%	12.6%
Month Highest Ending Balance	January \$ 26,935,231	January \$ 27,000,000	January \$ 27,000,000	January \$ 26,000,000	January \$ 26,000,000	January \$ 25,000,000	January \$ 25,000,000
Month Lowest Ending Balance	July \$ 4,109,973	June \$ 3,000,000	June \$ 3,000,000	June \$ 2,000,000	June \$ 2,000,000	June \$ 1,900,000	June \$ 1,900,000

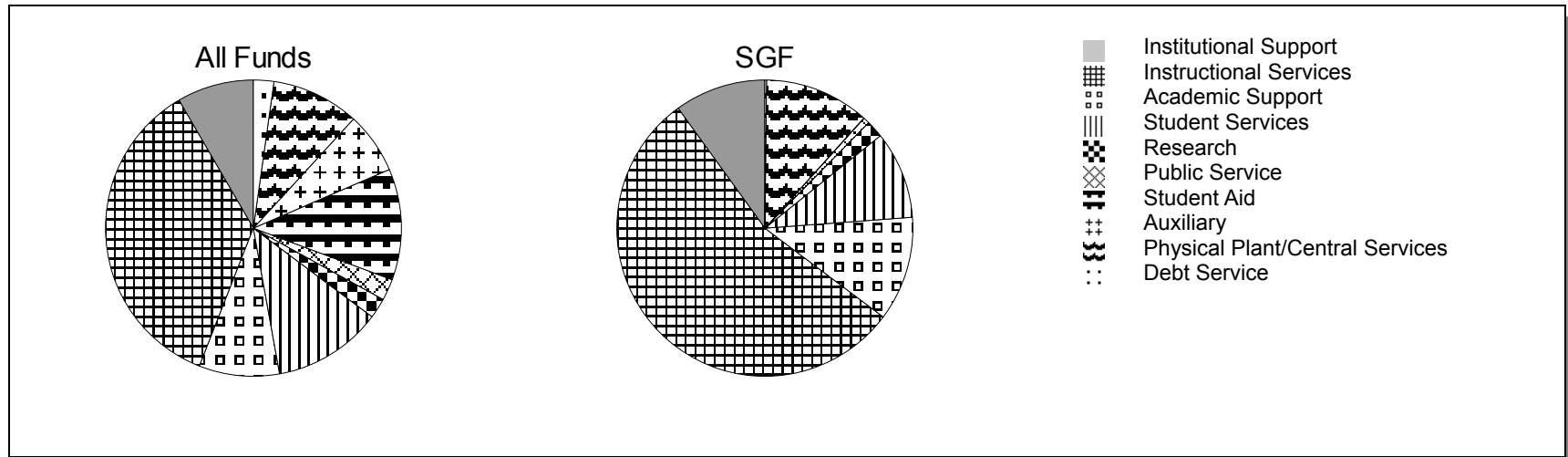
Enrollment Trends

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.

	<u>Fall 2011</u>	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2011 to Fall 2016</u>
Headcount	7,275	7,289	7,400	7,479	7,244	7,102	
Change	145	14	111	79	(235)	(142)	(173)
% Change	2.0 %	0.2 %	1.5 %	1.1 %	(3.1)%	(2.0)%	(2.4)%
FTE Students	6,984	6,876	6,991	6,981	6,771	6,678	
Change	126	(108)	115	(10)	(210)	(93)	(306)
% Change	1.8 %	(1.5)%	1.7 %	(0.1)%	(3.0)%	(1.4)%	(4.4)%
Student Credit Hours	98,774	97,871	99,312	99,056	96,271	94,839	
Change	1,985	(903)	1,441	(256)	(2,785)	(1,432)	(3,935)
% Change	2.1 %	(0.9)%	1.5 %	(0.3)%	(2.8)%	(1.5)%	(4.0)%

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Institutional Support	\$ 9,024,939	8.4 %	\$ 3,379,943	10.0 %
Instructional Services	38,349,315	35.7	18,528,936	54.8
Academic Support	9,436,071	8.8	3,857,619	11.4
Student Services	12,855,858	12.0	3,237,663	9.6
Research	2,398,259	2.2	639,694	1.9
Public Service	2,505,541	2.3	236,479	0.7
Student Aid	13,047,655	12.1	9,643	0.0
Auxiliary	7,228,135	6.7	0	0.0
Physical Plant/Central Services	10,313,769	9.6	3,877,448	11.5
Debt Service	2,387,629	2.2	63,507	0.2
TOTAL	\$ 107,547,171	100.0 %	\$ 33,830,932	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Institutional Support	92.2	92.5	92.5	92.5	92.5	92.5	92.5
Instructional Services	398.2	430.1	430.1	430.1	430.1	430.1	430.1
Academic Support	89.8	90.8	90.8	90.8	90.8	90.8	90.8
Student Services	102.6	106.4	106.4	106.4	106.4	106.4	106.4
Research	60.0	61.8	61.8	61.8	61.8	61.8	61.8
Public Service	27.6	28.3	28.3	28.3	28.3	28.3	28.3
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	54.6	54.2	54.2	54.2	54.2	54.2	54.2
Physical Plant/Central Services	143.5	136.8	136.8	136.8	136.8	136.8	136.8
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	968.5	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9	1,000.9

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 FY 2018 operating expenditures of \$9.0 million, including \$3.4 million from the State General Fund. The request is a decrease of \$143,099, or 1.6 percent, from all funds and an increase of \$74,412, or 2.2 percent, from the State General Fund from the approved FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$9.0 million, including \$3.4 million from the State General Fund. The recommendation is a decrease of \$19,301, or 0.2 percent, from all funds and \$10,403, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$9.1 million, including \$3.5 million from the State General Fund. The request is an all funds increase of \$37,043, or 0.4 percent,

and a State General Fund increase of \$60,512, or 1.8 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$9.1 million, including \$3.4 million from the

B. Instructional Services

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

The **agency** requests FY 2018 operating expenditures of \$38.4 million, including \$18.6 million from the State General Fund. The request is an all funds decrease of \$260,820, or 0.7 percent, and a State General Fund decrease of \$637,449, or 3.3 percent, below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$197,706).

The **Governor** recommends FY 2018 operating expenditures of \$38.3 million, including \$18.5 million from the State General Fund. The recommendation is a decrease of \$47,920, or 0.1 percent, from all funds and \$25,724, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

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.

State General Fund. The recommendation is a decrease of \$14,940, or 0.2 percent, from all funds and \$8,148, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$38.5 million, including \$18.5 million from the State General Fund. The request is an all funds increase of \$103,854, or 0.3 percent, and a State General Fund decrease of \$37,548, or 0.2 percent, from the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$38.5 million, including \$18.5 million from the State General Fund. The recommendation is a decrease of \$16,739, or less than 0.1 percent, from all funds and \$8,940, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 operating expenditures of \$9.5 million, including \$3.9 million from the State General Fund. The overall request is an all funds increase of \$99,382, or 1.1 percent, and a State General Fund decrease of \$43,423, or 1.1 percent, from the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$9.4 million, including \$3.9 million from the State General Fund. The recommendation is a decrease of \$22,691, or 0.2 percent, from all funds and \$11,886, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$9.5 million, including \$3.9 million from the State General Fund. The request is an all funds increase of \$47,819, or 0.5 percent,

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 FY 2018 operating expenditures of \$12.9 million, including \$3.2 million from the State General Fund. The request is an all funds increase of \$13,583, or 0.1 percent, and a State General Fund decrease of \$86,927, or 2.6 percent, from the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$12.9 million, including \$3.2 million from the State General Fund. The recommendation is a decrease of \$18,683, or 0.1 percent, from all funds and \$7,655, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

and a State General Fund increase of \$5,743, or 0.1 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$9.5 million, including \$3.9 million from the State General Fund. The recommendation is a decrease of \$16,718, or 0.2 percent, from all funds and \$8,712, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$12.9 million, including \$3.2 million from the State General Fund. The request is an all funds increase of \$40,519, or 0.3 percent, and a State General Fund increase of \$819, or less than 0.1 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$12.9 million, including \$3.2 million from the State General Fund. The recommendation is a decrease of \$15,453, or 0.1 percent, from all funds and \$6,301, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$2.4 million, including \$640,183 from the State General Fund. The request is a decrease of \$152,678, or 6.0 percent, from all funds and \$164,124, or 20.4 percent, from State General Fund below the revised estimate. The decrease is primarily in capital outlay (\$167,443) with a partially offsetting increase in salaries and wages (\$14,765).

The **Governor** recommends FY 2018 operating expenditures of \$2.4 million, including \$639,694 from the State General Fund. The recommendation is a decrease of \$1,839, or 0.1 percent, from all funds and \$489, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

F. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$2.5 million, including \$236,895 from the State General Fund. The request is an all funds increase of \$22,177, or 0.9 percent, and a State General Fund decrease of \$3,019, or 1.3 percent, from the FY 2017 revised estimate. The increase is in salaries and wages.

moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$2.4 million, including \$639,715 from the State General Fund. The request is an all funds increase of \$3,076, or 0.1 percent, and a State General Fund decrease of \$468, or 0.1 percent, from the FY 2018 request. The increase is primarily in salaries and wages (\$4,553) with a partially offsetting decrease in capital outlay (\$1,477).

The **Governor** recommends FY 2019 operating expenditures of \$2.4 million, including \$639,581 from the State General Fund. The recommendation is a decrease of \$507, or less than 0.1 percent, from all funds and \$134, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** recommends FY 2018 operating expenditures of \$2.5 million, including \$236,479 from the State General Fund. The recommendation is a decrease of \$2,903, or 0.1 percent, from all funds and \$416, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$2.5 million, including \$236,950 from the State General Fund. The request is an all funds increase of \$8,290, or 0.3 percent,

and a State General Fund increase of \$55, or less than 0.1 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$2.5 million, including \$236,631 from the State

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 FY 2018 operating expenditures of \$13.0 million, including \$9,643 from the State General Fund. The request is an all funds decrease of \$6, or less than 0.1 percent, and a State General Fund decrease of \$253, or 2.6 percent, below the FY 2017 revised estimate. The decrease is in salaries and wages.

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 FY 2018 operating expenditures of \$7.2 million, all from special revenue funds. This is an increase of \$66,392, or 0.9 percent, above the revised FY 2017 estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$7.2 million, all from special revenue funds. The recommendation is a decrease of \$15,969, or 0.2 percent, below the agency request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a

General Fund. The recommendation is a decrease of \$2,237, or 0.1 percent, from all funds and \$319, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$13.0 million, including \$9,593 from the State General Fund. The request is an all funds increase of \$1, or less than 0.1 percent, and a State General Fund decrease of \$50, or 0.5 percent, from the FY 2018 request.

The **Governor** concurs with the agency's request for FY 2019.

moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$7.3 million, all from special revenue funds. The request is an increase of \$28,374, or 0.4 percent, above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$7.3 million, all from special revenue funds. The recommendation is a decrease of \$16,526, or 0.2 percent, below the agency request. The decrease is due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$10.4 million, including \$3.9 million from the State General Fund. The request is an all funds decrease of \$437,035, or 4.0 percent, and a State General Fund decrease of \$68,589, or 1.7 percent, below the revised FY 2017 estimate. The decreases are primarily in contractual services (\$158,558) and commodities (\$295,407) with a partial offsetting increase in salaries and wages (\$57,471).

The **Governor** recommends FY 2018 operating expenditures of \$10.3 million, including \$3.9 million from the State General Fund. The recommendation is a decrease of \$47,817, or 0.5 percent, from all funds and \$26,302, or 0.7 percent, from State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** requests FY 2018 operating expenditures of \$2.4 million, including \$63,507 from the State General Fund. This is a decrease of \$116,508, or 4.7 percent, from all funds and \$3,094, or 4.6 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is due to a reduction in bond expenditures.

provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$10.2 million, including \$3.9 million from the State General Fund. The request is an all funds decrease of \$155,152, or 1.5 percent, and a State General Fund increase of \$30,223, or 0.8 percent, from the FY 2018 request. The decrease is primarily in contractual services (\$79,374) and commodities (\$147,876) with a partial offsetting increase in salaries and wages (\$92,366).

The **Governor** recommends FY 2019 operating expenditures of \$10.2 million, including \$3.9 million from the State General Fund. The recommendation is a decrease of \$54,759, or 0.5 percent, from all funds and \$29,964, or 0.8 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's FY 2018 request

The **agency** requests FY 2019 operating expenditures of \$2.3 million, including \$60,390 from the State General Fund. This is a decrease of \$117,941, or 4.9 percent, from all funds and \$3,117, or 4.9 percent, from the State General Fund below the FY 2018 request. The decrease is due to a reduction in bond expenditures.

The **Governor** concurs with the agency's FY 2019 request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 4,271,643	\$ 4,271,643	\$ 0	\$ 0	\$ 0	\$ 0
Overman Student Center	250,000	250,000	250,000	250,000	250,000	250,000
Other Repairs	582,296	582,296	560,000	560,000	560,000	560,000
Parking	200,000	200,000	200,000	200,000	200,000	200,000
Debt Service - Principal	3,610,693	3,610,693	3,713,063	3,713,063	3,550,693	3,550,693
TOTAL	\$ 8,914,632	\$ 8,914,632	\$ 4,723,063	\$ 4,723,063	\$ 4,560,693	\$ 4,560,693
Financing:						
State General Fund	\$ 540,114	\$ 540,114	\$ 542,263	\$ 542,263	\$ 544,517	\$ 544,517
Educational Building Fund	4,271,643	4,271,643	0	0	0	0
All Other Funds	4,102,875	4,102,875	4,180,800	4,180,800	4,016,176	4,016,176
TOTAL	\$ 8,914,632	\$ 8,914,632	\$ 4,723,063	\$ 4,723,063	\$ 4,560,693	\$ 4,560,693

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised estimate of \$8.9 million, including \$540,114 from the State General Fund. This is an all funds increase of \$4.9 million, or 119.6 percent, and a State General Fund increase of \$24,842, or 4.8 percent, above the approved amount. The increase

includes \$4.3 million from the Educational Building Fund transferred from the Board of Regents and an increase in rehabilitation and repair projects. The State General Fund increase is for debt service.

Current Year Governor Recommendation

The **Governor** concurs with the agency's revised estimate in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$4.7 million, including \$542,263 from the State General Fund. This is an all funds decrease of \$4.2 million, or 47.0 percent, and a State General Fund increase of \$2,149, or 0.4 percent, from the FY

2017 revised estimate. The decrease is primarily due to no budgeted expenditures from the Educational Building Fund. The State General Fund expenditures are for debt service.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$4.6 million, including \$544,517 from the State General Fund. This is an all funds decrease of \$162,370, or 3.4 percent, and a State General Fund increase of \$2,254, or 0.4 percent, from the FY

2018 request. There is an overall decrease in debt service but an increase in State General Fund expenditures for debt service.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2019.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Five-year graduation rate	43.0%	41.0%	43.0%	43.0%	43.0%
Percent of undergraduate credit hours taught by full-time faculty	78.0%	78.1%	78.0%	78.0%	78.0%

UNIVERSITY OF KANSAS

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 129,474,124	\$ 130,488,578	\$ 130,439,226	\$ 127,920,517	\$ 127,634,967	\$ 127,930,330	\$ 127,736,062
Other Funds	593,897,369	592,702,167	592,649,717	605,710,378	605,180,539	619,340,209	619,132,356
TOTAL	\$ 723,371,493	\$ 723,190,745	\$ 723,088,943	\$ 733,630,895	\$ 732,815,506	\$ 747,270,539	\$ 746,868,418
Capital Improvements:							
State General Fund	\$ 2,472,824	\$ 1,360,000	\$ 1,360,000	\$ 2,360,000	\$ 2,360,000	\$ 2,470,000	\$ 2,470,000
Other Funds	40,442,949	40,896,697	40,896,697	22,785,025	22,785,025	21,025,998	21,025,998
TOTAL	\$ 42,915,773	\$ 42,256,697	\$ 42,256,697	\$ 25,145,025	\$ 25,145,025	\$ 23,495,998	\$ 23,495,998
GRAND TOTAL	\$ 766,287,266	\$ 765,447,442	\$ 765,345,640	\$ 758,775,920	\$ 757,960,531	\$ 770,766,537	\$ 770,364,416
Percentage Change:							
Operating Expenditures							
State General Fund	(3.7) %	0.8 %	0.7 %	(2.0) %	(2.1) %	0.0 %	0.1 %
All Funds	4.2	(0.0)	(0.0)	1.4	1.3	1.9	1.9
FTE Positions	5,342.1	5,342.1	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	0.0	0.0
TOTAL	5,342.1	5,342.1	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 60 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 medical centers in Kansas City and Wichita, the Regents Center in Overland Park, and other education and

research facilities throughout the state. KU has 14 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 24,892 students attended KU during the Fall 2016 semester. This represents an increase of 184 students, or 0.7 percent, above the Fall 2015 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), 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 **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 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 (ROZs), 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 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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 **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 and Environment project, and allowed the University to exchange property with the University of Kansas Endowment.

The **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$216,214 and the February 2015 State General Fund allotment reduced approved expenditures by \$2.7 million in FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$4.0 million in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$7.0 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$765.4 million, including \$131.8 million from the State General Fund. This is an all funds increase of \$30.6 million, or 4.2 percent, above the FY 2017 approved amount. The increase includes \$13.5 million in operating expenditures and \$15.6 million in capital improvement expenditures. In operating expenditures, there is an increase of

\$21.7 million for contractual services with a decrease in all other expenditure categories. The capital improvements increase is due primarily to the transfer of the Educational Building Fund from the Board of Regents (\$11.1 million) and \$3.8 million for the Earth, Energy and Environment Center.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 expenditures of \$765.3 million, including \$131.8 million from the State General Fund. The recommendation is an all funds decrease of \$101,802, or less than 0.1 percent, and a State General Fund decrease of \$49,352, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable

to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement budget in FY 2017.

FY 2018 Agency Request

The **agency** requests FY 2018 operating expenditures of \$733.6 million, including \$127.9 million from the State General Fund. This is an increase of \$10.4 million, or 1.4 percent, from all funds and a decrease of \$2.6 million, or 2.0 percent, from the State General Fund from the FY 2017 revised estimate. The increase is in contractual services for the lease payment on the Central District construction project.

The agency requests \$25.1 million, including \$2.4 million from the State General Fund, for capital improvements. This is an all funds decrease of \$17.1 million, or 40.5 percent, and a State General Fund increase of \$1.0 million, or 73.5 percent, from the FY 2017 revised estimate. The decrease is due primarily to no expenditures budgeted from the Educational Building Fund. The State General Fund increase is due to larger payments in debt service principal.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$732.8, including \$127.6 million from the State General Fund. The recommendation is an all funds decrease of \$815,389, or 0.1 percent, and a State General Fund decrease of \$285,550, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$283,020, including

\$136,828 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$532,369, including \$148,722 from the State General Fund.

The Governor concurs with the agency's capital improvement budget for FY 2018.

FY 2019 Agency Request

The **agency** requests FY 2019 operating expenditures of \$747.3 million, including \$127.9 million from the State General Fund. This is an increase of \$13.6 million, or 1.9 percent, from all funds and \$9,813, or less than 0.1 percent, from the State General Fund above the FY 2018 request. The increase includes \$2.0 million, or 0.4 percent, in salaries and wages and \$10.7 million, or 7.1 percent, in contractual services. The contractual services increase is for the lease payment on the Central District construction project.

FY 2019 Governor Recommendation

The **Governor** recommends FY 2019 operating expenditures of \$746.9 million, including \$127.7 million from the State General Fund. The recommendation is an all funds decrease of \$402,121, or 0.1 percent, and a State General Fund decrease of \$194,268, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's

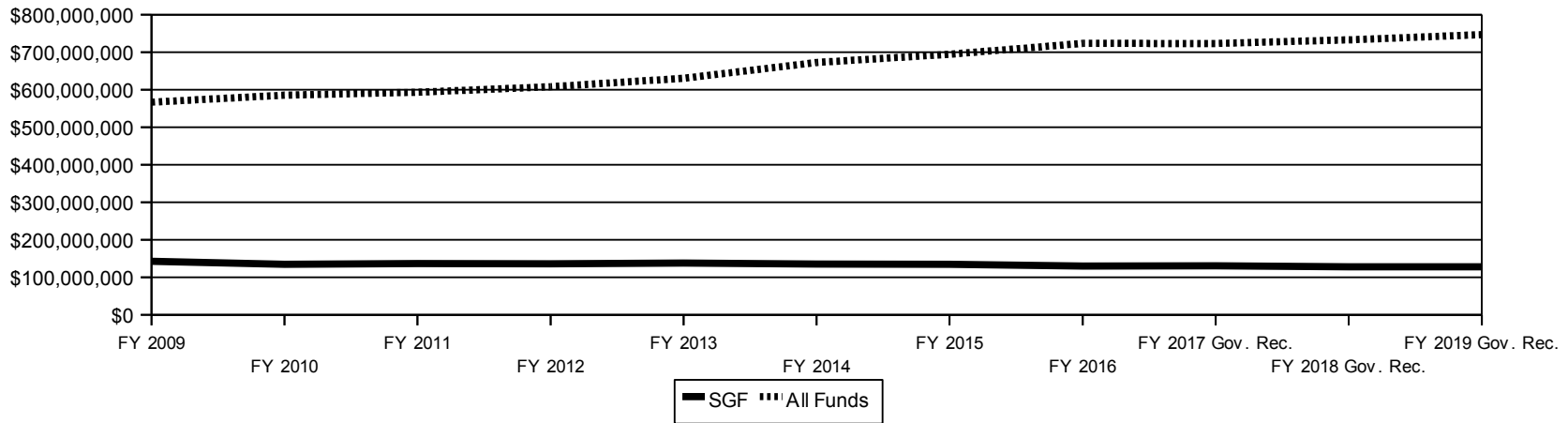
The agency requests \$23.5 million, including \$2.5 million from the State General Fund, for capital improvements. This is an all funds decrease of \$1.6 million, or 6.6 percent, and a State General Fund increase of \$110,000, or 4.7 percent, from the FY 2018 request. The all funds decrease is due to reduced expenditures in housing projects and the State General Fund increase is due to larger payments for debt service principal.

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement budget for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	129,474,124	(3.7)	723,371,493	4.2	5,342.1
2017 Gov. Rec.	130,439,226	0.7	723,088,943	(0.0)	5,342.1
2018 Gov. Rec.	127,634,967	(2.1)	732,815,506	1.3	5,342.1
2019 Gov. Rec.	127,736,062	0.1	746,868,418	1.9	5,342.1
Eleven-Year Change	\$ (14,686,599)	(10.3)%	\$ 180,133,891	31.8 %	(172.9)

2015 allotments = \$2.9 million; 2016 allotment = \$4.0 million; 2017 allotment = \$7.0 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Institutional Support	\$ 43,671,003	\$ 38,378,236	\$ 38,014,905	\$ (363,331)	(0.9) %	\$ 38,372,337	\$ 37,964,479	\$ (407,858)	(1.1)%
Instructional Services	254,671,519	265,507,156	270,568,507	5,061,351	1.9	265,482,487	270,240,481	4,757,994	1.8
Academic Support	54,197,080	55,777,067	55,237,548	(539,519)	(1.0)	55,765,868	55,159,018	(606,850)	(1.1)
Student Services	45,348,233	44,685,368	44,893,430	208,062	0.5	44,678,811	44,853,114	174,303	0.4
Research	117,594,118	116,580,655	115,253,860	(1,326,795)	(1.1)	116,576,697	115,131,863	(1,444,834)	(1.2)
Public Service	9,469,086	10,601,865	10,531,694	(70,171)	(0.7)	10,600,674	10,522,366	(78,308)	(0.7)
Student Aid Auxiliary	64,307,564	64,772,320	64,757,428	(14,892)	(0.0)	64,772,320	64,757,413	(14,907)	(0.0)
Auxiliary	59,716,164	63,443,530	66,915,118	3,471,588	5.5	63,436,957	66,882,656	3,445,699	5.4
Physical Plant/Central Services	64,250,367	54,198,116	58,017,574	3,819,458	7.0	54,156,360	57,863,285	3,706,925	6.8
Debt Service	10,146,359	9,246,432	9,440,831	194,399	2.1	9,246,432	9,440,831	194,399	2.1
TOTAL	\$ 723,371,493	\$ 723,190,745	\$ 733,630,895	\$ 10,440,150	1.4 %	\$ 723,088,943	\$ 732,815,506	\$ 9,726,563	1.3 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 457,843,114	\$ 462,715,223	\$ 462,297,451	\$ (417,772)	(0.1) %	\$ 462,613,421	\$ 461,482,062	\$ (1,131,359)	(0.2)%
Contractual Services	140,878,741	140,210,245	150,819,763	10,609,518	7.6	140,210,245	150,819,763	10,609,518	7.6
Commodities	20,811,890	20,903,994	20,908,850	4,856	0.0	20,903,994	20,908,850	4,856	0.0
Capital Outlay	22,390,722	18,248,000	18,312,000	64,000	0.4	18,248,000	18,312,000	64,000	0.4
Debt Service	10,146,359	9,246,432	9,440,831	194,399	2.1	9,246,432	9,440,831	194,399	2.1
Subtotal - Operations	\$ 652,070,826	\$ 651,323,894	\$ 661,778,895	\$ 10,455,001	1.6 %	\$ 651,222,092	\$ 660,963,506	\$ 9,741,414	1.5 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	71,300,667	71,866,851	71,852,000	(14,851)	(0.0)	71,866,851	71,852,000	(14,851)	(0.0)
TOTAL	\$ 723,371,493	\$ 723,190,745	\$ 733,630,895	\$ 10,440,150	1.4 %	\$ 723,088,943	\$ 732,815,506	\$ 9,726,563	1.3 %
Financing:									
State General Fund	\$ 129,474,124	\$ 130,488,578	\$ 127,920,517	\$ (2,568,061)	(2.0) %	\$ 130,439,226	\$ 127,634,967	\$ (2,804,259)	(2.1)%
General Fees Fund	290,938,469	305,522,161	314,995,602	9,473,441	3.1	305,492,024	314,665,181	9,173,157	3.0
Restricted Fees Fund	159,496,831	139,695,357	140,041,414	346,057	0.2	139,683,490	139,964,304	280,814	0.2
All Other Funds	143,462,069	147,484,649	150,673,362	3,188,713	2.2	147,474,203	150,551,054	3,076,851	2.1
TOTAL	\$ 723,371,493	\$ 723,190,745	\$ 733,630,895	\$ 10,440,150	1.4 %	\$ 723,088,943	\$ 732,815,506	\$ 9,726,563	1.3 %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Institutional Support	\$ 38,014,905	\$ 38,124,636	\$ 109,731	0.3 %	\$ 37,964,479	\$ 38,101,338	\$ 136,859	0.4 %
Instructional Services	270,568,507	277,108,367	6,539,860	2.4	270,240,481	277,010,911	6,770,430	2.5
Academic Support	55,237,548	55,408,402	170,854	0.3	55,159,018	55,364,162	205,144	0.4
Student Services	44,893,430	45,286,677	393,247	0.9	44,853,114	45,260,770	407,656	0.9
Research	115,253,860	115,557,684	303,824	0.3	115,131,863	155,542,051	40,410,188	35.1
Public Service	10,531,694	10,556,767	25,073	0.2	10,522,366	10,552,063	29,697	0.3
Student Aid Auxiliary	64,757,428	64,757,472	44	0.0	64,757,413	64,757,472	59	0.0
Auxiliary	66,915,118	71,782,969	4,867,851	7.3	66,882,656	71,756,977	4,874,321	7.3
Physical Plant/Central Services	58,017,574	59,327,239	1,309,665	2.3	57,863,285	59,162,348	1,299,063	2.2
Debt Service	9,440,831	9,360,326	(80,505)	(0.9)	9,440,831	9,360,326	(80,505)	(0.9)
TOTAL	\$ 733,630,895	\$ 747,270,539	\$ 13,639,644	1.9 %	\$ 732,815,506	\$ 786,868,418	\$ 54,052,912	7.4 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 462,297,451	\$ 464,317,467	\$ 2,020,016	0.4 %	\$ 461,482,062	\$ 463,915,346	\$ 2,433,284	0.5 %
Contractual Services	150,819,763	161,520,143	10,700,380	7.1	150,819,763	161,520,143	10,700,380	7.1
Commodities	20,908,850	21,408,603	499,753	2.4	20,908,850	21,408,603	499,753	2.4
Capital Outlay	18,312,000	18,812,000	500,000	2.7	18,312,000	18,812,000	500,000	2.7
Debt Service	9,440,831	9,360,326	(80,505)	(0.9)	9,440,831	9,360,326	(80,505)	(0.9)
Subtotal - Operations	\$ 661,778,895	\$ 675,418,539	\$ 13,639,644	2.1 %	\$ 660,963,506	\$ 675,016,418	\$ 14,052,912	2.1 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	71,852,000	71,852,000	0	0.0	71,852,000	71,852,000	0	0.0
TOTAL	\$ 733,630,895	\$ 747,270,539	\$ 13,639,644	1.9 %	\$ 732,815,506	\$ 746,868,418	\$ 14,052,912	1.9 %
Financing:								
State General Fund	\$ 127,920,517	\$ 127,930,330	\$ 9,813	0.0 %	\$ 127,634,967	\$ 127,736,062	\$ 101,095	0.1 %
General Fees Fund	314,995,602	322,885,137	7,889,535	2.5	314,665,181	322,765,103	8,099,922	2.6
Restricted Fees Fund	140,041,414	140,205,649	164,235	0.1	139,964,304	140,159,088	194,784	0.1
All Other Funds	150,673,362	156,249,423	5,576,061	3.7	150,551,054	156,208,165	5,657,111	3.8
TOTAL	\$ 733,630,895	\$ 747,270,539	\$ 13,639,644	1.9 %	\$ 732,815,506	\$ 746,868,418	\$ 14,052,912	1.9 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$133,401,466 for the University of Kansas in FY 2017. One adjustment has been made subsequently 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 decrease of \$1,552,888, based on the lapse of FY 2017 funding due to the refinancing of the School of Pharmacy bonds.

This adjustment changes the FY 2017 approved State General Fund to \$131,848,578. 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	\$ 131,848,578	\$ 131,848,578	\$ 0	\$ 131,799,226	\$ (49,352)
All Other Funds	602,981,672	633,598,864	30,617,192	633,546,414	30,564,742
TOTAL	\$ 734,830,250	\$ 765,447,442	\$ 30,617,192	\$ 765,345,640	\$ 30,515,390
FTE Positions	5,342.1	5,342.1	0.0	5,342.1	0.0

The **agency** requests a FY 2017 revised estimate of \$765.4 million, including \$131.8 million from the State General Fund, in FY 2017, including capital improvements. This is an all funds

increase of \$30.6 million, or 4.2 percent, above the FY 2017 approved amount. The increase includes \$13.5 million in operating expenditures and \$15.6 million in capital improvement

expenditures. In operating expenditures, there is an increase of \$21.7 million for contractual services with a decrease in all other expenditure categories. The capital improvements increase is due primarily to the transfer of the Educational Building Fund from the Board of Regents (\$11.1 million) and \$3.8 million for the Earth, Energy and Environment Center.

The **Governor** recommends FY 2017 expenditures of \$765.3 million, including \$131.8 million from the State General Fund. The recommendation is an all funds decrease of \$101,802, or less than 0.1 percent, and a State General Fund decrease of \$49,352, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 733,630,895	\$ 732,815,506	\$ (815,389)
FTE Positions	5,342.1	5,342.1	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (2,568,061)	\$ (2,804,259)	
All Other Funds	13,008,211	12,530,822	
TOTAL	<u>\$ 10,440,150</u>	<u>\$ 9,726,563</u>	
<i>Percent Change:</i>			
State General Fund	(2.0) %	(2.1) %	
All Other Funds	2.2	2.1	
TOTAL	<u>1.4 %</u>	<u>1.3 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2018 operating expenditures of \$733.6 million, including \$127.9 million from the State General Fund. This is an all funds increase of \$10.4 million, or 1.4 percent, and a decrease of \$2.6 million, or 2.0 percent, from the State General Fund from the FY 2017 revised estimate. The increase is in contractual services for the lease payment on the Central District construction project.

The **Governor** recommends FY 2018 operating expenditures of \$732.8 million, including \$127.6 million from the State General Fund. The recommendation is an all funds decrease of \$815,389, or 0.1 percent, and a State General Fund decrease of \$285,550, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the

FY 2016 amount, which results in an all funds reduction of \$283,020, including \$136,828 from the State General Fund, and to provide a moratorium on employer contributions for death and

disability for one quarter, which results in an all funds reduction of \$532,369, including \$148,722 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 6,051,775	\$ 6,051,775	0.0	\$ 0	\$ 0	0.0
Geological Survey	281,820	281,820	0.0	0	0	0.0
Umbilical Cord Matrix Project	6,176	6,176	0.0	0	0	0.0
TOTAL	\$ 6,339,771	\$ 6,339,771	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$6.3 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 747,270,539	\$ 746,868,418	\$ (402,121)
FTE Positions	5,342.1	5,342.1	0.0
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 9,813	\$ 101,095	
All Other Funds	13,629,831	13,951,817	
TOTAL	<u>\$ 13,639,644</u>	<u>\$ 14,052,912</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.1 %	
All Other Funds	2.3	2.3	
TOTAL	<u>1.9 %</u>	<u>1.9 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2019 operating expenditures of \$747.3 million, including \$127.9 million from the State General Fund. This is an increase of \$13.6 million, or 1.9 percent, from all funds and \$9,813, or less than 0.1 percent, from the State General Fund above the FY 2018 request. The increase includes \$2.0 million, or 0.4 percent, in salaries and wages and \$10.7 million, or 7.1 percent, in contractual services. The contractual services increase is for the lease payment on the Central District construction project.

The **Governor** recommends FY 2019 operating expenditures of \$746.9 million, including \$127.7 million from the State General Fund. The recommendation is an all funds decrease of \$402,121, or 0.1 percent, and a State General Fund decrease of \$194,268, or 0.2 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State General Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 6,057,229	\$ 6,057,229	0.0	\$ 0	\$ 0	0.0
Geological Survey	282,210	282,210	0.0	0	0	0.0
Umbilical Cord Matrix Project	6,182	6,182	0.0	0	0	0.0
TOTAL	\$ 6,345,621	\$ 6,345,621	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$6.3 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency’s reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$101,802, including \$49,352 from the State General Fund, in FY 2017; by \$283,020, including \$136,828 from the State General Fund, for FY 2018; and by \$402,121, including \$194,268 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$532,369, including \$148,722 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	17.4 %	17.4 %	17.1 %	17.1 %
General Fees Fund	42.9	42.9	43.2	43.2
Restricted Fees Fund	19.1	19.1	18.8	18.8
All Other Funds	20.6	20.6	20.9	20.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 17,996,108	\$ 16,392,489	\$ 16,392,489	\$ 14,013,774	\$ 14,043,911	\$ 13,912,556	\$ 14,273,114
Revenue	296,699,750	313,447,924	313,447,924	324,959,224	324,959,224	332,925,924	332,925,924
Transfers in	250,038	0	0	0	0	0	0
Total Funds Available	\$ 314,945,896	\$ 329,840,413	\$ 329,840,413	\$ 338,972,998	\$ 339,003,135	\$ 346,838,480	\$ 347,199,038
Less: Expenditures	296,461,037	315,421,168	315,391,031	324,946,418	324,615,997	332,941,926	332,821,892
Transfers Out	1,805,535	405,471	405,471	114,024	114,024	114,024	114,024
Off Budget Expenditures	286,835	0	0	0	0	0	0
Ending Balance	\$ 16,392,489	\$ 14,013,774	\$ 14,043,911	\$ 13,912,556	\$ 14,273,114	\$ 13,782,530	\$ 14,263,122
Ending Balance as Percent of Expenditures	5.5%	4.4%	4.5%	4.3%	4.4%	4.1%	4.3%
Month Highest Ending Balance	July \$ 77,132,196	July \$ 84,350,000	July \$ 84,350,000	July \$ 84,350,000	July \$ 84,350,000	July \$ 84,350,000	July \$ 84,350,000
Month Lowest Ending Balance	February \$ 8,841,723	February \$ 7,700,000	February \$ 7,700,000	February \$ 7,700,000	February \$ 7,700,000	February \$ 7,700,000	February \$ 7,700,000

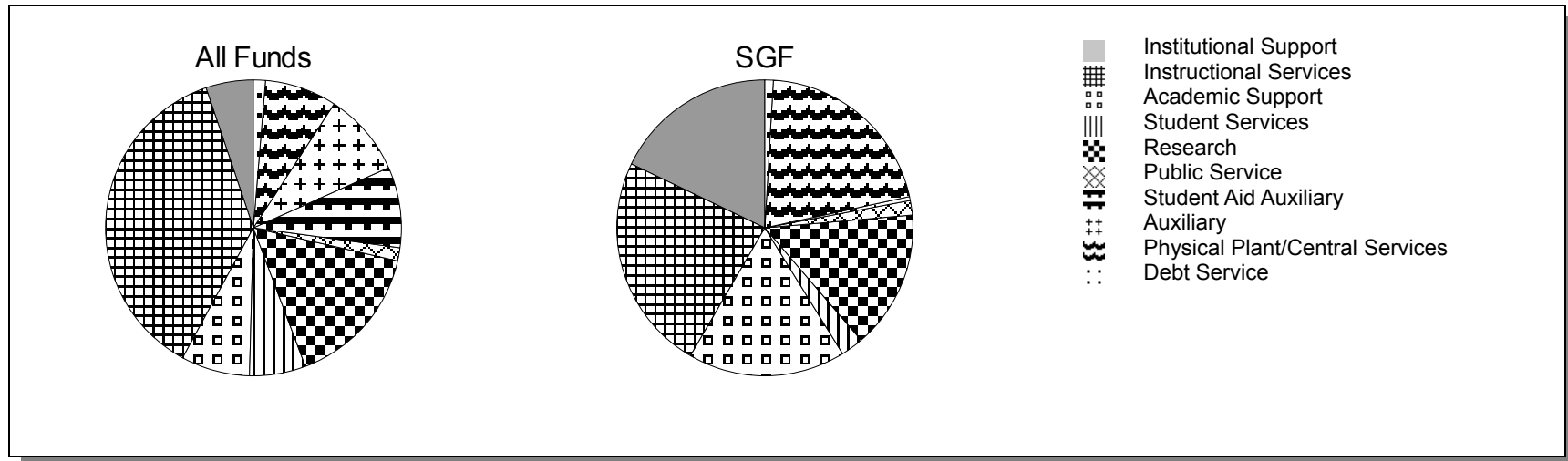
Enrollment Trends

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 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2011 to Fall 2016
Headcount	25,448	24,577	24,435	24,612	24,708	24,892	
Change	(818)	(871)	(142)	177	96	184	(556)
%Change	(3.1)%	(3.4)%	(0.6)%	0.7 %	0.4 %	0.7 %	(2.2)%
FTE Students	23,290	22,468	22,327	22,532	22,647	22,726	
Change	(699)	(822)	(141)	205	115	79	(564)
%Change	(2.9)%	(3.5)%	(0.6)%	0.9 %	0.5 %	0.3 %	(2.4)%
Student Credit Hours	318,278	307,914	307,169	309,972	310,757	311,497	
Change	(9,261)	(10,364)	(745)	2,803	785	740	(6,781)
%Change	(2.8)%	(3.3)%	(0.2)%	0.9 %	0.3 %	0.2 %	(2.1)%

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Institutional Support	\$ 37,964,479	5.2 %	\$ 21,917,027	17.2 %
Instructional Services	270,240,481	36.9	29,113,049	22.8
Academic Support	55,159,018	7.5	21,063,931	16.5
Student Services	44,853,114	6.1	8,082,841	6.3
Research	115,131,863	15.7	18,493,613	14.5
Public Service	10,522,366	1.4	1,944,594	1.5
Student Aid Auxiliary	64,757,413	8.8	0	0.0
Auxiliary	66,882,656	9.1	546,120	0.4
Physical Plant/Central Services	57,863,285	7.9	25,348,697	19.9
Debt Service	9,440,831	1.3	1,125,095	0.9
TOTAL	\$ 732,815,506	100.0 %	\$ 127,634,967	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Institutional Support	368.1	374.7	374.7	374.7	374.7	374.7	374.7
Instructional Services	2,621.8	2,654.5	2,654.5	2,654.5	2,654.5	2,654.5	2,654.5
Academic Support	488.8	509.4	509.4	509.4	509.4	509.4	509.4
Student Services	297.2	302.6	302.6	302.6	302.6	302.6	302.6
Research	592.5	533.5	533.5	533.5	533.5	533.5	533.5
Public Service	162.3	156.7	156.7	156.7	156.7	156.7	156.7
Student Aid Auxiliary	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Auxiliary	197.6	196.4	196.4	196.4	196.4	196.4	196.4
Physical Plant/Central Services	610.8	610.3	610.3	610.3	610.3	610.3	610.3
Debt Service	0.0	0.0	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	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 FY 2018 operating expenditures of \$38.0 million, including \$22.0 million from the State General Fund. The request is a decrease of \$363,331, or 0.9 percent, from all funds and \$307,191, or 1.4 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$38.0 million, including \$21.9 million from the State General Fund. The recommendation is a decrease of \$50,426, or 0.1 percent, from all funds and \$43,766, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$38.1 million, including \$22.1 million from the State General Fund. The overall request is an increase of \$109,731, or 0.3

percent, from all funds and \$99,073, or 0.5 percent, from the State General Fund above the agency's FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$38.1 million, including \$22.0 million from the

B. Instructional Services

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

The **agency** requests FY 2018 operating expenditures of \$270.6 million, including \$29.2 million from the State General Fund. The overall request is an increase of \$5.1 million, or 1.9 percent, from all funds and \$316,451, or 1.1 percent, from the State General Fund above the FY 2017 revised estimate. The increase is mainly attributable to increases in salaries and wages (\$2.3 million) and contractual services (\$2.8 million).

The **Governor** recommends FY 2018 operating expenditures of \$270.2 million, including \$29.1 million from the State General Fund. The recommendation is a decrease of \$328,026, or 0.1 percent, from all funds and \$42,316, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

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.

State General Fund. The recommendation is a decrease of \$23,298, or 0.1 percent, from all funds and \$20,226, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$277.1 million, including \$29.3 million from the State General Fund. The overall request is an increase of \$6.5 million, or 2.4 percent, from all funds and \$114,537, or 0.4 percent, from the State General Fund above the FY 2018 request. The increase is in contractual services (\$5.8 million) and salaries and wages (\$712,231).

The **Governor** recommends FY 2019 operating expenditures of \$277.0 million, including \$29.3 million from the State General Fund. The recommendation is a decrease of \$97,456, or less than 0.1 percent, from all funds and \$12,583, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 operating expenditures of \$55.2 million, including \$21.1 million from the State General Fund. The request is a decrease of \$539,519, or 1.0 percent, from all funds and \$283,454, or 1.3 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$55.2 million, including \$21.1 million from the State General Fund. The recommendation is a decrease of \$78,530, or 0.1 percent, from all funds and \$43,325, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$55.4 million, including \$21.2 million from the State General Fund. The request is an increase of \$170,854, or 0.3 percent,

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 FY 2018 operating expenditures of \$44.9 million, including \$8.1 million from the State General Fund. The request is an increase of \$208,062, or 0.5 percent, from all funds and a decrease of \$100,679, or 1.2 percent, from the State General Fund from the FY 2017 revised estimate. The increase is in contractual services (\$477,234) with an offsetting decrease in salaries and wages (\$254,553).

The **Governor** recommends FY 2018 operating expenditures of \$44.9 million, including \$8.1 million from the State General Fund. The recommendation is a decrease of \$40,316, or 0.1 percent, from all funds and \$17,336, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

from all funds and \$106,953, or 0.5 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$55.4 million, including \$21.2 million from the State General Fund. The recommendation is a decrease of \$44,240, or 0.1 percent, from all funds and \$24,425, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$45.3 million, including \$8.1 million from the State General Fund. The request is an increase of \$393,247, or 0.9 percent, from all funds and \$43,230, or 0.5 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages (\$93,247) and contractual services (\$300,000).

The **Governor** recommends FY 2019 operating expenditures of \$45.3 million, including \$8.1 million from the State General Fund. The recommendation is a decrease of \$25,907, or 0.1 percent, from all funds and \$11,145, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$115.3 million, including \$18.5 million from the State General Fund. The request is a decrease of \$1.3 million, or 1.1 percent, from all funds and \$190,297, or 1.0 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$115.1 million, including \$18.5 million from the State General Fund. The recommendation is a decrease of \$121,997, or 0.1 percent, from all funds and \$21,642, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

F. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$10.5 million, including \$1.9 million from the State General Fund. The request is a decrease of \$70,171, or 0.7 percent, from all funds and \$25,622, or 1.3 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$10.5 million, including \$1.9 million from the State General Fund. The recommendation is a decrease of

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$115.6 million, including \$18.6 million from the State General Fund. The request is an increase of \$303,824, or 0.3 percent, from all funds and \$57,265, or 0.3 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$115.6 million, including \$18.6 million from the State General Fund. The recommendation is a decrease of \$15,633, or less than 0.1 percent, from all funds and \$2,775, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

\$9,328, or 0.1 percent, from all funds and \$3,326, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$10.6 million, including \$2.0 million from the State General Fund. The request is an increase of \$25,073, or 0.2 percent, from all funds and \$10,105, or 0.5 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$10.6 million, including \$2.0 million from the

State General Fund. The recommendation is a decrease of \$4,704, or less than 0.1 percent, from all funds and \$1,678, or 0.1 percent, from the State General Fund below the agency's

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 FY 2018 operating expenditures of \$64.8 million, all from special revenue funds. The request is a decrease of \$14,892, or less than 0.1 percent, below the FY 2017 revised estimate.

The **Governor** recommends FY 2018 operating expenditures of \$64.8 million, all from special revenue funds. The recommendation is a decrease of \$15, or less than 0.1 percent, below the agency's request. The decrease is due to the

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 FY 2018 operating expenditures of \$66.9 million, including \$547,313, from the State General Fund. The request is an increase of \$3.4 million, or 5.5 percent, from all funds and a decrease of \$9,127 or 1.6 percent, from the State General Fund from the FY 2017 revised estimate. The increase is primarily in contractual services (\$3.4 million).

The **Governor** recommends FY 2018 operating expenditures of \$66.9 million, including \$546,120 from the State General Fund. The recommendation is a decrease of \$32,462, or less than 0.1 percent, from all funds and \$1,193, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$64.8 million, all from special revenue funds. This is an increase of \$44, or less than 0.1 percent, above the FY 2018 request.

The **Governor** recommends FY 2019 operating expenditures of \$64.8 million, all from special revenue funds. The recommendation is The same amount as the agency's request.

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$71.8 million, including \$548,445 from the State General Fund. This is an increase of \$4.9 million, or 7.3 percent, from all funds and \$1,132, or 0.2 percent, from the State General Fund above the FY 2018 request. The increase is primarily in contractual services (\$3.6 million).

The **Governor** recommends FY 2019 operating expenditures of \$71.8 million, including \$547,507 from the State General Fund. The recommendation is a decrease of \$25,992, or less than 0.1 percent, from all funds and \$938, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$58.0 million, including \$25.5 million from the State General Fund. The request is an increase of \$3.8 million, or 7.0 percent, from all funds and a decrease of \$1.9 million, or 6.9 percent, from the State General Fund from the FY 2017 revised estimate. The increase is primarily in contractual services (\$3.8 million).

The **Governor** recommends FY 2018 operating expenditures of \$57.9 million, including \$25.5 million from the State General Fund. The recommendation is a decrease of \$154,289, or 0.3 percent, from all funds and \$112,646, or 0.4 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** requests FY 2018 operating expenditures of \$9.4 million, including \$1.1 million from the State General Fund. This is an increase of \$194,399, or 2.1 percent, from all funds and a decrease of \$82,669, or 6.8 percent, from the State General Fund from the FY 2017 revised estimate. The increase is due to the request for bonding authority for the Earth, Energy and Environment project.

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$59.3 million, including \$25.1 million from the State General Fund. The request is an increase of \$1.3 million, or 2.3 percent, from all funds and a decrease of \$315,301, or 1.2 percent, from the State General Fund from the FY 2017 request. There are increases in salaries and wages (\$288,283) and contractual services (\$1.0 million).

The **Governor** recommends FY 2019 operating expenditures of \$59.2 million, including \$25.0 from the State General Fund. The recommendation is a decrease of \$164,891, or 0.3 percent, from all funds and \$120,498, or 0.5 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's capital improvement budget for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$9.4 million, including \$1.0 million from the State General Fund. This is a decrease of \$80,505, or 0.9 percent, from all funds and \$107,914, or 9.5 percent, from the State General Fund below the FY 2018 request. The decrease is due to an overall reduction to interest payments on all bonds.

The **Governor** concurs with the agency's capital improvement budget for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 11,060,204	\$ 11,060,204	\$ 0	\$ 0	\$ 0	\$ 0
Housing	4,812,000	4,812,000	2,600,000	2,600,000	1,200,000	1,200,000
Haworth Electrical System	500,000	500,000	0	0	0	0
Summerfield	1,492,442	1,492,442	1,325,000	1,325,000	0	0
Simmons Bioscience Facility	6,442,500	6,442,500	0	0	0	0
Student recreation	9,300	9,300	0	0	0	0
School of Business	500,000	500,000	0	0	0	0
Earth, Energy and Environment Center	3,849,973	3,849,973	0	0	0	0
Kansas Union Upgrade	575,000	575,000	0	0	0	0
Misc Building Repair	1,379,537	1,379,537	7,500,000	7,500,000	7,500,000	7,500,000
Deferred Maintenance	190,000	190,000	350,000	350,000	350,000	350,000
District Chilled Water Plant	950,000	950,000	690,000	690,000	1,200,000	1,200,000
Debt Service - Principal	10,495,741	10,495,741	12,680,025	12,680,025	13,245,998	13,245,998
TOTAL	\$ 42,256,697	\$ 42,256,697	\$ 25,145,025	\$ 25,145,025	\$ 23,495,998	\$ 23,495,998
Financing:						
State General Fund	\$ 1,360,000	\$ 1,360,000	\$ 2,360,000	\$ 2,360,000	\$ 2,470,000	\$ 2,470,000
Educational Building Fund	11,060,204	11,060,204	0	0	0	0
All Other Funds	29,836,493	29,836,493	22,785,025	22,785,025	21,025,998	21,025,998
TOTAL	\$ 42,256,697	\$ 42,256,697	\$ 25,145,025	\$ 25,145,025	\$ 23,495,998	\$ 23,495,998

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised estimate of \$42.3 million, including \$1.4 million from the State General Fund. This is an all funds increase of \$15.6 million, or 58.6 percent, and a State General Fund decrease of \$895,000, or 39.7 percent. The increase includes the \$11.1 million transfer

of Educational Building Fund from the Board of Regents and the \$3.8 million for the Earth, Energy and Environment Center. The decrease is due to a reduction in debt service payments since the majority of the Pharmacy debt service payment is within the Department of Administration now.

Current Year Governor Recommendation

The **Governor** concurs with the agency's capital improvements budget in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$25.1 million, including \$2.4 million from the State General Fund. This is an all funds decrease of \$17.1 million, or 40.5 percent, and a State General Fund increase of \$1.0 million, or 73.5 percent, from the

FY 2017 revised estimate. The decrease is due primarily to no expenditures budgeted from the Educational Building Fund. The State General Fund increase is due to larger payments in debt service principal.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's capital improvements budget for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$23.5 million, including \$2.5 million from the State General Fund. This is an all funds decrease of \$1.6 million, or 6.6 percent, and a State General Fund increase of \$110,000, or 4.7 percent. The

decrease is due to reduced expenditures in housing projects and the State General Fund increase is due to larger payments for debt service principal.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's capital improvements budget for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Five-year graduation rate	57.0%	57.0%	57.0%	57.0%	57.0%
Percent of credit hours taught by faculty	85.0%	84.0%	84.0%	85.0%	85.0%

UNIVERSITY OF KANSAS MEDICAL CENTER

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 103,090,804	\$ 107,348,826	\$ 107,338,520	\$ 104,223,345	\$ 104,087,821	\$ 104,230,077	\$ 104,185,189
Other Funds	222,812,286	261,455,746	261,446,166	246,767,297	246,507,156	248,647,987	248,605,990
TOTAL	\$ 325,903,090	\$ 368,804,572	\$ 368,784,686	\$ 350,990,642	\$ 350,594,977	\$ 352,878,064	\$ 352,791,179
Capital Improvements:							
State General Fund	\$ 1,209,548	\$ 1,124,205	\$ 1,124,205	\$ 1,154,067	\$ 1,154,067	\$ 1,194,216	\$ 1,194,216
Other Funds	8,388,110	42,808,231	42,808,231	5,119,141	5,919,141	3,730,499	4,530,499
TOTAL	\$ 9,597,658	\$ 43,932,436	\$ 43,932,436	\$ 6,273,208	\$ 7,073,208	\$ 4,924,715	\$ 5,724,715
GRAND TOTAL	\$ 335,500,748	\$ 412,737,008	\$ 412,717,122	\$ 357,263,850	\$ 357,668,185	\$ 357,802,779	\$ 358,515,894
Percentage Change:							
Operating Expenditures							
State General Fund	(3.9) %	4.1 %	4.1 %	(2.9) %	(3.0) %	0.0 %	0.1 %
All Funds	0.1	13.2	13.2	(4.8)	(4.9)	0.5	0.6
FTE Positions	2,910.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,910.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5

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 3,509 students attended KUMC during the Fall 2016 semester. The attendance reflects an increase of 126 students, or 3.7 percent, above the Fall 2015 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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 **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 (ROZs), 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 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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 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** 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.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$412.7 million, including \$108.5 million from the State General Fund. This is an all funds increase of \$28.4 million, or 7.4 percent, all from special revenue funds. There is no increase in the State General Fund. The increase includes \$14.6 million in operating expenditures and \$13.7 million in capital improvements.

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 in 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 **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$73,677 and the February 2015 State General Fund allotment reduced approved expenditures by \$2.1 million in FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$3.2 million in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$3.7 million in FY 2017.

Operating increases primarily include salaries and wages (\$10.7 million) and capital outlay (\$9.4 million) with offsetting decreases in contractual services (\$1.6 million) and other assistance (\$2.7 million). The increases in capital improvements include \$4.8 million from the Educational Building Fund and \$9.1 million for the Health Education Building project.

FY 2017 Governor Recommendation

The **Governor** recommends \$412.7 million, including \$108.5 million from the State General Fund. The recommendation is an all funds decrease of \$19,886, or less than 0.1 percent, and a State General Fund decrease of \$10,306, or less than 0.1 percent, below the agency's revised estimate. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's revised estimate for capital improvements in FY 2017.

FY 2018 Agency Request

The **agency** requests FY 2018 operating expenditures of \$351.0 million, including \$104.2 million from the State General Fund. This is a decrease of \$17.8 million, or 4.8 percent, from all funds and \$3.1 million, or 2.9 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$7.1 million), contractual services (\$3.4 million), and capital outlay (\$7.6 million).

The agency requests \$6.3 million, including \$1.2 million from the State General Fund, for capital improvements. This is a decrease of \$37.7 million, or 85.7 percent, from all funds and an increase of \$29,862, or 2.7 percent, from the State General Fund from the FY 2017 revised estimate. The decrease is due to the reduced expenditures for the Health Education Building project.

FY 2018 Governor Recommendation

The **Governor** recommends \$350.6 million, including \$104.1 million from the State General Fund. The recommendation is an all funds decrease of \$395,665, or 0.1 percent, and a State General Fund decrease of \$135,524, or 0.1 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$61,735, including \$31,898 from the State General Fund, and to provide a moratorium on employer

contributions for death and disability for one quarter, which results in an all funds reduction of \$333,930, including \$103,626 from the State General Fund.

The **Governor** concurs with the agency's capital improvement request and adds \$800,000, all from the Educational Building Fund, for planning and design of a new dental school for the agency for FY 2018.

FY 2019 Agency Request

The **agency** requests FY 2019 operating expenditures of \$352.9 million, including \$104.2 million from the State General Fund. This is an increase of \$1.9 million, or 0.5 percent, from all funds and \$6,732, or less than 0.1 percent, from the State General Fund above the FY 2018 request. The increase is primarily in salaries and wages (\$1.2 million) and contractual services (\$563,986).

FY 2019 Governor Recommendation

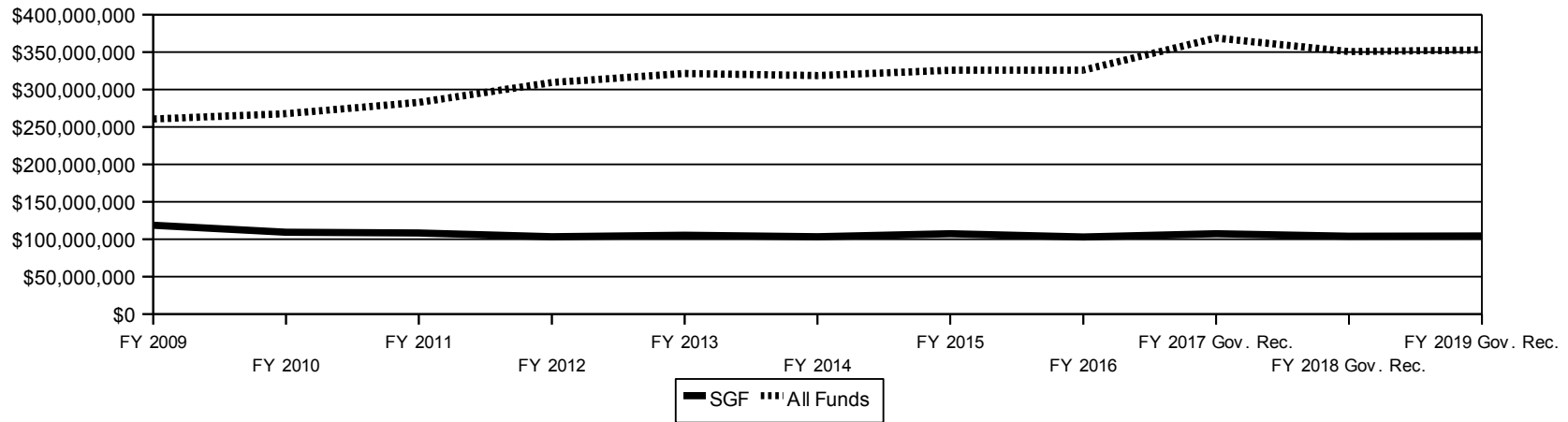
The **Governor** recommends \$352.8 million, including \$104.2 million from the State General Fund. The recommendation is an all funds decrease of \$86,885, or less than 0.1 percent, and a State General Fund decrease of \$44,888, or less than 0.1 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The agency requests \$4.9 million, including \$1.2 million from the State General Fund, for capital improvements. This is a decrease of \$1.3 million, or 21.5 percent, from all funds and an increase of \$40,149, or 3.5 percent, from the State General Fund from the FY 2018 request. The decrease is due to no expenditures for the Health Education Building project. There is a slight increase in debt service principal.

The **Governor** concurs with the agency's capital improvement request and adds \$800,000, all from the Educational Building Fund, for planning and design of a new dental school for the agency for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	103,090,804	(3.9)	325,903,090	0.1	2,910.5
2017 Gov. Rec.	107,338,520	4.1	368,784,686	13.2	3,239.5
2018 Gov. Rec.	104,087,821	(3.0)	350,594,977	(4.9)	3,239.5
2019 Gov. Rec.	104,185,189	0.1	352,791,179	0.6	3,239.5
Eleven-Year Change	\$ (14,273,159)	(12.0)%	\$ 92,222,079	35.4 %	634.6

2015 allotments = \$2.2 million; 2016 allotment = \$3.2 million; 2017 allotment = \$3.7million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Institutional Support	\$ 30,749,953	\$ 41,289,840	\$ 32,689,130	\$ (8,600,710)	(20.8) %	\$ 41,285,759	\$ 32,648,574	\$ (8,637,185)	(20.9)%
Instructional Services	139,207,443	160,673,594	154,720,918	(5,952,676)	(3.7)	160,671,546	154,573,242	(6,098,304)	(3.8)
Academic Support	18,203,383	18,038,595	17,639,542	(399,053)	(2.2)	18,037,386	17,617,490	(419,896)	(2.3)
Student Services	5,047,502	5,925,455	5,884,806	(40,649)	(0.7)	5,924,648	5,875,771	(48,877)	(0.8)
Research	84,598,482	89,110,356	86,107,625	(3,002,731)	(3.4)	89,109,741	85,994,410	(3,115,331)	(3.5)
Public Service	8,721,739	10,079,921	9,946,404	(133,517)	(1.3)	10,079,588	9,934,549	(145,039)	(1.4)
Student Aid	4,953,821	7,004,691	7,049,026	44,335	0.6	7,004,691	7,048,871	44,180	0.6
Auxiliary	3,163,366	2,929,175	3,528,236	599,061	20.5	2,928,225	3,523,385	595,160	20.3
Physical Plant/Central Services	29,459,490	32,048,738	30,871,778	(1,176,960)	(3.7)	32,038,895	30,825,508	(1,213,387)	(3.8)
Debt Service	1,797,911	1,704,207	2,553,177	848,970	49.8	1,704,207	2,553,177	848,970	49.8
TOTAL	\$ 325,903,090	\$ 368,804,572	\$ 350,990,642	\$ (17,813,930)	(4.8) %	\$ 368,784,686	\$ 350,594,977	\$ (18,189,709)	(4.9)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 262,748,543	\$ 293,385,062	\$ 286,244,347	\$ (7,140,715)	(2.4) %	\$ 293,365,176	\$ 285,848,682	\$ (7,516,494)	(2.6)%
Contractual Services	37,166,503	40,223,204	36,848,781	(3,374,423)	(8.4)	40,223,204	36,848,781	(3,374,423)	(8.4)
Commodities	10,900,029	11,444,633	10,875,781	(568,852)	(5.0)	11,444,633	10,875,781	(568,852)	(5.0)
Capital Outlay	4,898,634	12,006,215	4,387,504	(7,618,711)	(63.5)	12,006,215	4,387,504	(7,618,711)	(63.5)
Debt Service	1,797,911	1,704,207	2,553,177	848,970	49.8	1,704,207	2,553,177	848,970	49.8
Subtotal - Operations	\$ 317,511,620	\$ 358,763,321	\$ 340,909,590	\$ (17,853,731)	(5.0) %	\$ 358,743,435	\$ 340,513,925	\$ (18,229,510)	(5.1)%
Aid to Local Units	0	0	0	0	--	0	0	0	-- *
Other Assistance	8,391,470	10,041,251	10,081,052	39,801	0.4	10,041,251	10,081,052	39,801	0.4
TOTAL	\$ 325,903,090	\$ 368,804,572	\$ 350,990,642	\$ (17,813,930)	(4.8) %	\$ 368,784,686	\$ 350,594,977	\$ (18,189,709)	(4.9)%
Financing:									
State General Fund	\$ 103,090,804	\$ 107,348,826	\$ 104,223,345	\$ (3,125,481)	(2.9) %	\$ 107,338,520	\$ 104,087,821	\$ (3,250,699)	(3.0)%
General Fees Fund	37,975,600	53,074,349	43,473,738	(9,600,611)	(18.1)	53,072,286	43,439,708	(9,632,578)	(18.1)
Restricted Fees Fund	82,666,698	90,633,911	88,923,695	(1,710,216)	(1.9)	90,631,931	88,833,994	(1,797,937)	(2.0)
All Other Funds	102,169,988	117,747,486	114,369,864	(3,377,622)	(2.9)	117,741,949	114,233,454	(3,508,495)	(3.0)
TOTAL	\$ 325,903,090	\$ 368,804,572	\$ 350,990,642	\$ (17,813,930)	(4.8) %	\$ 368,784,686	\$ 350,594,977	\$ (18,189,709)	(4.9)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Institutional Support	\$ 32,689,130	\$ 32,505,684	\$ (183,446)	(0.6) %	\$ 32,648,574	\$ 32,487,852	\$ (160,722)	(0.5)%
Instructional Services	154,720,918	156,044,627	1,323,709	0.9	154,573,242	156,035,677	1,462,435	0.9
Academic Support	17,639,542	17,665,413	25,871	0.1	17,617,490	17,660,134	42,644	0.2
Student Services	5,884,806	5,901,725	16,919	0.3	5,875,771	5,898,194	22,423	0.4
Research	86,107,625	86,380,450	272,825	0.3	85,994,410	86,377,766	383,356	0.4
Public Service	9,946,404	9,980,353	33,949	0.3	9,934,549	9,978,893	44,344	0.4
Student Aid	7,049,026	7,108,361	59,335	0.8	7,048,871	7,108,361	59,490	0.8
Auxiliary	3,528,236	3,846,479	318,243	9.0	3,523,385	3,842,327	318,942	9.1
Physical Plant/Central Services	30,871,778	31,044,826	173,048	0.6	30,825,508	31,001,829	176,321	0.6
Debt Service	2,553,177	2,400,146	(153,031)	(6.0)	2,553,177	2,400,146	(153,031)	(6.0)
TOTAL	\$ 350,990,642	\$ 352,878,064	\$ 1,887,422	0.5 %	\$ 350,594,977	\$ 352,791,179	\$ 2,196,202	0.6 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 286,244,347	\$ 287,488,014	\$ 1,243,667	0.4 %	\$ 285,848,682	\$ 287,401,129	\$ 1,552,447	0.5 %
Contractual Services	36,848,781	37,412,767	563,986	1.5	36,848,781	37,412,767	563,986	1.5
Commodities	10,875,781	11,008,864	133,083	1.2	10,875,781	11,008,864	133,083	1.2
Capital Outlay	4,387,504	4,461,959	74,455	1.7	4,387,504	4,461,959	74,455	1.7
Debt Service	2,553,177	2,400,146	(153,031)	(6.0)	2,553,177	2,400,146	(153,031)	(6.0)
Subtotal - Operations	\$ 340,909,590	\$ 342,771,750	\$ 1,862,160	0.5 %	\$ 340,513,925	\$ 342,684,865	\$ 2,170,940	0.6 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	10,081,052	10,106,314	25,262	0.3	10,081,052	10,106,314	25,262	0.3
TOTAL	\$ 350,990,642	\$ 352,878,064	\$ 1,887,422	0.5 %	\$ 350,594,977	\$ 352,791,179	\$ 2,196,202	0.6 %
Financing:								
State General Fund	\$ 104,223,345	\$ 104,230,077	\$ 6,732	0.0 %	\$ 104,087,821	\$ 104,185,189	\$ 97,368	0.1 %
General Fees Fund	43,473,738	43,698,583	224,845	0.5	43,439,708	43,689,525	249,817	0.6
Restricted Fees Fund	88,923,695	89,339,587	415,892	0.5	88,833,994	89,330,939	496,945	0.6
All Other Funds	114,369,864	115,609,817	1,239,953	1.1	114,233,454	115,585,526	1,352,072	1.2
TOTAL	\$ 350,990,642	\$ 352,878,064	\$ 1,887,422	0.5 %	\$ 350,594,977	\$ 352,791,179	\$ 2,196,202	0.6 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$108,473,031 for the University of Kansas Medical Center in FY 2017. No adjustments have been made subsequently 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	\$ 108,473,031	\$ 108,473,031	\$ 0	\$ 108,462,725	\$ (10,306)
All Other Funds	275,877,727	304,263,977	28,386,250	304,254,397	28,376,670
TOTAL	\$ 384,350,758	\$ 412,737,008	\$ 28,386,250	\$ 412,717,122	\$ 28,366,364
FTE Positions	2,855.8	3,239.5	383.7	3,239.5	383.7

The **agency** requests a FY 2017 revised estimate of \$412.7 million, including \$108.5 million from the State General Fund, in FY 2017, including capital improvements. This is an all funds increase of \$28.4 million, or 7.4 percent, all from special revenue funds, from the budget approved by the 2016 Legislature. There is no increase in the State General Fund. The increase includes \$14.6 million in operating expenditures and \$13.7 million in capital improvements. Operating increases primarily include salaries and wages (\$10.7 million) and capital outlay (\$9.4 million) with offsetting decreases in contractual services (\$1.6 million) and other assistance (\$2.7 million). The increases in capital improvements include \$4.8 million from the

Educational Building Fund and \$9.1 million for the Health Education Building project.

The **Governor** recommends \$412.7 million, including \$108.5 million from the State General Fund. The recommendation is an all funds decrease of \$19,886, or less than 0.1 percent, and a State General Fund decrease of \$10,306, or less than 0.1 percent, below the agency's revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 350,990,642	\$ 350,594,977	\$ (395,665)
FTE Positions	3,239.5	3,239.5	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (3,125,481)	\$ (3,250,699)	
All Other Funds	(14,688,449)	(14,939,010)	
TOTAL	<u>\$ (17,813,930)</u>	<u>\$ (18,189,709)</u>	
<i>Percent Change:</i>			
State General Fund	(2.9) %	(3.0) %	
All Other Funds	(5.6)	(5.7)	
TOTAL	<u>(4.8) %</u>	<u>(4.9) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2018 operating expenditures of \$351.0 million, including \$104.2 million from the State General Fund. This is a decrease of \$17.8 million, or 4.8 percent, from all funds and \$3.1 million, or 2.9 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$7.1 million), contractual services (\$3.4 million), and capital outlay (\$7.6 million).

The **Governor** recommends \$350.6 million, including \$104.1 million from the State General Fund. The

recommendation is an all funds decrease of \$395,665, or 0.1 percent, and a State General Fund decrease of \$135,524, or 0.1 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount, which results in an all funds reduction of \$61,735, including \$31,898 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$333,930, including \$103,626 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2018 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operation Expenditures	\$ 4,938,599	\$ 4,938,599	0.0	\$ 0	\$ 0	0.0
Medical Scholarships and Loans	216,967	216,967	0.0	0	0	0.0
Stem Cell	36,218	36,218	0.0	0	0	0.0
Rural Health Bridging	6,768	6,768	0.0	0	0	0.0
TOTAL	\$ 5,198,552	\$ 5,198,552	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$5.2 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 352,878,064	\$ 352,791,179	\$ (86,885)
FTE Positions	3,239.5	3,239.5	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 6,732	\$ 97,368	
All Other Funds	1,880,690	2,098,834	
TOTAL	<u>\$ 1,887,422</u>	<u>\$ 2,196,202</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.1 %	
All Other Funds	0.8	0.9	
TOTAL	<u>0.5 %</u>	<u>0.6 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2019 operating expenditures of \$352.9 million, including \$104.2 million from the State General Fund. This is an increase of \$1.9 million, or 0.5 percent, from all funds and \$6,732, or less than 0.1 percent, from the State General Fund above the FY 2018 request. The increase is primarily in salaries and wages (\$1.2 million) and contractual services (\$563,986).

The **Governor** recommends \$352.8 million, including \$104.2 million from the State General Fund. The recommendation is an all funds decrease of \$86,885, or less than 0.1 percent, and a State General Fund decrease of \$44,888, or less than 0.1 percent, below the agency's request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operation Expenditures	\$ 4,940,279	\$ 4,940,279	0.0	\$ 0	\$ 0	0.0
Medical Scholarships and Loans	216,967	216,967	0.0	0	0	0.0
Stem Cell	36,218	36,218	0.0	0	0	0.0
Rural Health Bridging	6,768	6,768	0.0	0	0	0.0
TOTAL	\$ 5,200,232	\$ 5,200,232	0.0	\$ 0	\$ 0	0.0

The **agency** submits a 5.0 percent reduced resource budget of \$5.2 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency’s reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$19,886, including \$10,306 from the State General Fund, in FY 2017; by \$61,735, including \$31,898 from the State General Fund, for FY 2018; and by \$86,885, including \$44,888 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$333,930, including \$103,626 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	29.7 %	29.7 %	29.5 %	29.5 %
General Fees Fund	12.4	12.4	12.4	12.4
Restricted Fees Fund	25.3	25.3	25.3	25.3
All Other Funds	32.6	32.6	32.8	32.8
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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 deposited in the restricted fees fund. Tuition is set by the Board of Regents after Session has concluded each year.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 5,964,578	\$ 11,489,819	\$ 11,489,819	\$ 2,550,000	\$ 2,552,063	\$ 2,650,000	\$ 2,686,093
Revenue	44,012,418	44,381,035	44,381,035	44,333,354	44,333,354	44,333,994	44,333,994
Transfers in	14,000	0	0	0	0	0	0
Total Funds Available	\$ 49,990,996	\$ 55,870,854	\$ 55,870,854	\$ 46,883,354	\$ 46,885,417	\$ 46,983,994	\$ 47,020,087
Less: Expenditures	38,261,146	53,074,349	53,072,286	44,023,521	43,989,491	44,269,311	44,260,253
Transfers Out	240,031	246,505	246,505	209,833	209,833	214,683	214,683
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 11,489,819	\$ 2,550,000	\$ 2,552,063	\$ 2,650,000	\$ 2,686,093	\$ 2,500,000	\$ 2,545,151
Ending Balance as Percent of Expenditures	30.0%	4.8%	4.8%	6.0%	6.1%	5.6%	5.8%
Month Highest Ending Balance	June \$ 11,489,752	July \$ 11,500,000	\$ 11,500,000	October \$ 8,000,000	\$ 8,000,000	October \$ 8,000,000	\$ 8,000,000
Month Lowest Ending Balance	May \$ 4,602,506	June \$ 2,600,000	\$ 2,600,000	June \$ 2,700,000	\$ 2,700,000	June \$ 2,500,000	\$ 2,500,000

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 2011</u>	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2011 to Fall 2016</u>
Headcount	3,270	3,362	3,349	3,371	3,383	3,509	
Change	74	92	(13)	22	12	126	239
%Change	2.3 %	2.8 %	(0.4)%	0.7 %	0.4 %	3.7 %	7.3 %
FTE Students*	2,975	3,038	3,045	3,062	3,089	3,191	
Change	81	63	7	17	27	102	216
%Change	2.8 %	2.1 %	0.2 %	0.6 %	0.9 %	3.3 %	7.3 %
Student Credit Hours	28,649	29,509	29,765	31,186	31,213	32,485	
Change	408	860	256	1,421	27	1,272	3,836
%Change	1.4 %	3.0 %	0.9 %	4.8 %	0.1 %	4.1 %	13.4 %

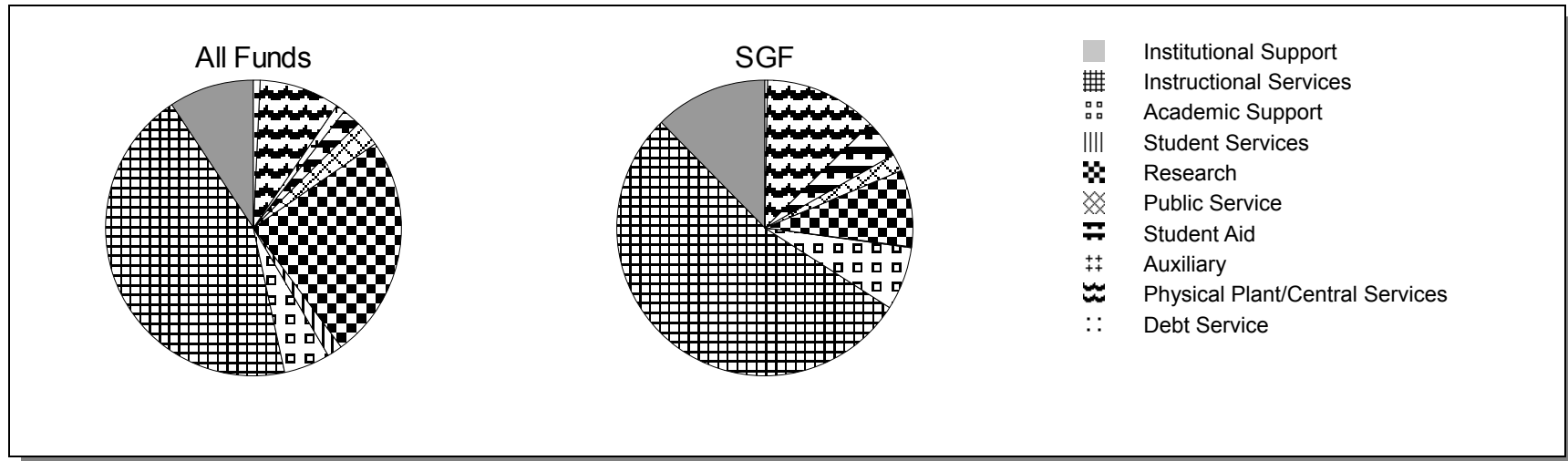
*Enrollment includes medical residents/fellows and visiting MD/Pharm.D. students.

Medical students, MD/Ph.D students, medical residents/fellows, professional UG certificate program students, psychiatry interns/practicum students, and visiting MD/Pharm.D. 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 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Institutional Support	\$ 32,648,574	9.3 %	\$ 12,854,204	12.3 %
Instructional Services	154,573,242	44.1	55,806,094	53.6
Academic Support	17,617,490	5.0	7,182,136	6.9
Student Services	5,875,771	1.7	112,337	0.1
Research	85,994,410	24.5	8,723,164	8.4
Public Service	9,934,549	2.8	1,957,994	1.9
Student Aid	7,048,871	2.0	4,339,349	4.2
Auxiliary	3,523,385	1.0	0	0.0
Physical Plant/Central Services	30,825,508	8.8	12,828,186	12.3
Debt Service	2,553,177	0.7	284,357	0.3
TOTAL	\$ 350,594,977	100.0 %	\$ 104,087,821	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Institutional Support	196.5	231.1	231.1	231.1	231.1	231.1	231.1
Instructional Services	1,139.9	1,389.2	1,389.2	1,389.2	1,389.2	1,389.2	1,389.2
Academic Support	143.8	153.1	153.1	153.1	153.1	153.1	153.1
Student Services	52.1	62.9	62.9	62.9	62.9	62.9	62.9
Research	1,049.4	1,039.7	1,039.7	1,039.7	1,039.7	1,039.7	1,039.7
Public Service	90.2	98.9	98.9	98.9	98.9	98.9	98.9
Student Aid	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Auxiliary	40.8	41.9	41.9	41.9	41.9	41.9	41.9
Physical Plant/Central Services	197.7	222.6	222.6	222.6	222.6	222.6	222.6
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,910.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5	3,239.5

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 FY 2018 operating expenditures of \$32.7 million, including \$12.9 million from the State General Fund. The request is a decrease of \$8.6 million, or 20.8 percent, from all funds and \$572,953, or 4.3 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in capital outlay (\$7.4 million).

The **Governor** recommends FY 2018 operating expenditures of \$32.6 million, including \$12.9 million from the State General Fund. The recommendation is a decrease of \$40,556, or 0.1 percent, from all funds and \$25,080, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$32.5 million, including \$12.8 million from the State General Fund. The request is a decrease of \$183,446, or 0.6 percent,

from all funds and \$58,861, or 0.5 percent, from the State General Fund below the FY 2018 request. The decrease is primarily in contractual services (\$257,421) with an offsetting increase in salaries and wages (\$87,912).

The **Governor** recommends FY 2019 operating expenditures of \$32.5 million, including \$12.8 million from the

B. Instructional Services

The Instructional Services program includes all instruction of students.

The **agency** requests FY 2018 operating expenditures of \$154.7 million, including \$55.9 million from the State General Fund. The request is a decrease of \$6.0 million, or 3.7 percent, from all funds and \$1.4 million, or 2.5 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$3.2 million) and contractual services (\$2.7 million).

The **Governor** recommends FY 2018 operating expenditures of \$154.6 million, including \$55.8 million from the State General Fund. The recommendation is a decrease of \$147,676, or 0.1 percent, from all funds and \$54,936, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

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.

State General Fund. The recommendation is a decrease of \$17,832, or 0.1 percent, from all funds and \$11,029, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$156.0 million, including \$56.0 million from the State General Fund. The request is an increase of \$1.3 million, or 0.9 percent, from all funds and \$182,213, or 0.3 percent, from the State General Fund above the FY 2018 request. The increases are primarily in salaries and wages (\$616,651) and contractual services (\$723,240).

The **Governor** recommends FY 2019 operating expenditures of \$156.0 million, including \$56.0 million from the State General Fund. The recommendation is a decrease of \$8,950, or less than 0.1 percent, from all funds and \$3,330, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 operating expenditures of \$17.6 million, including \$7.2 million from the State General Fund. The request is a decrease of \$399,053, or 2.2 percent, from all funds and \$318,675, or 4.2 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$344,415).

The **Governor** recommends FY 2018 operating expenditures of \$17.6 million, including \$7.2 million from the State General Fund. The recommendation is a decrease of \$22,052, or 0.1 percent, from all funds and \$11,730, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$17.7 million, including \$7.2 million from the State General Fund. The request is an increase of \$25,871, or 0.1 percent, from all funds and a decrease of \$36,276, or 0.5 percent, from

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 FY 2018 operating expenditures of \$5.9 million, including \$112,561 from the State General Fund. The request is a decrease of \$40,649, or 0.7 percent, from all funds and \$4,564, or 3.9 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$90,735) with an offsetting increase in contractual services (\$32,289).

The **Governor** recommends FY 2018 operating expenditures of \$5.9 million, including \$112,337 from the State General Fund. The recommendation is a decrease of \$9,035, or 0.2 percent, from all funds and \$224, or 0.2 percent, from the State General Fund below the agency's request. The decrease

the State General Fund from the FY 2018 request. There is an increase in salaries and wages (\$53,214) and contractual services (\$25,468) with offsetting decreases in capital outlay (\$21,803) and other assistance (\$32,367).

The **Governor** recommends FY 2019 operating expenditures of \$17.7 million, including \$7.2 million from the State General Fund. The recommendation is a decrease of \$5,279, less than or 0.1 percent, from all funds and \$2,807, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$5.9 million, including \$112,757 from the State General Fund. The request is an increase of \$16,919, or 0.3 percent, from all funds and \$196, or 0.2 percent, from the State General Fund above the FY 2018 request. The increases are primarily in salaries and wages (\$8,735) and contractual services (\$6,023).

The **Governor** recommends FY 2019 operating expenditures of \$5.9 million, including \$112,669 from the State General Fund. The recommendation is a decrease of \$3,531, or 0.1 percent, from all funds and \$88, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$86.1 million, including \$8.7 million from the State General Fund. The request is a decrease of \$3.0 million, or 3.4 percent, from all funds and \$269,539, or 3.0 percent, from the State General Fund below the FY 2017 revised estimate. The decreases are primarily in salaries and wages (\$2.4 million), contractual services (\$202,653), and capital outlay (\$427,698).

The **Governor** recommends FY 2018 operating expenditures of \$86.0 million, including \$8.7 million from the State General Fund. The recommendation is a decrease of \$113,215, or 0.1 percent, from all funds and \$11,696, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

F. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$9.9 million, including \$2.0 million from the State General Fund. The request is a decrease of \$133,517, or 1.3 percent, from all funds and \$64,604, or 3.2 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily in salaries and wages (\$183,923) with an offsetting increase in contractual services (\$44,821).

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$86.4 million, including \$8.7 million from the State General Fund. The request is an increase of \$272,825, or 0.3 percent, from all funds and \$10,002, or 0.1 percent, from the State General Fund above the FY 2018 request. The increase is primarily in salaries and wages (\$317,592) with an offsetting decrease in contractual services (\$136,478).

The **Governor** recommends FY 2019 operating expenditures of \$86.4 million, including \$8.7 million from the State General Fund. The recommendation is a decrease of \$2,684, or less than 0.1 percent, from all funds and \$277, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** recommends FY 2018 operating expenditures of \$9.9 million, including \$2.0 million from the State General Fund. The recommendation is a decrease of \$11,855, or 0.1 percent, from all funds and \$2,777, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$10.0 million, including \$2.0 million from the State General Fund. The request is an increase of \$33,949, or 0.3 percent, from all funds and a decrease of \$451, or less than 0.1 percent,

from the State General Fund from the FY 2018 request. The increases are primarily in salaries and wages (\$31,918) and commodities (\$1,077).

The **Governor** recommends FY 2019 operating expenditures of \$10.0 million, including \$2.0 million from the

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 FY 2018 operating expenditures of \$7.0 million, including \$4.3 million from the State General Fund. The request is an increase of \$44,335, or 0.6 percent, from all funds above the FY 2017 revised estimate. The increase is in contractual services (\$14,256) and other assistance (\$80,311) with an offsetting decrease in salaries and wages (\$50,232).

The **Governor** recommends FY 2018 operating expenditures of \$7.0 million, including \$4.3 million from the State General Fund. The recommendation is a decrease of

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 FY 2018 operating expenditures of \$3.5 million, all from special revenue funds. The request is an increase of \$599,061, or 20.5 percent, above the FY 2017 revised estimate. The increase is primarily in contractual services (\$326,678) and commodities (\$228,160) with an offsetting decrease in salaries and wages (\$42,931).

State General Fund. The recommendation is a decrease of \$1,460, or less than 0.1 percent, from all funds and \$342, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

\$155, or 0.1 percent, from all funds below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$7.1 million, including \$4.3 million from the State General Fund. The request is an increase of \$59,335, or 0.8 percent, from all funds above the FY 2018 request. The increase is primarily in other assistance.

The **Governor** concurs with the agency's request for FY 2019.

The **Governor** recommends FY 2018 operating expenditures of \$3.5 million, all from special revenue funds. The recommendation is a decrease of \$4,851, or 0.1 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$3.8 million, all from special revenue funds. The request is an increase of \$318,243, or 9.0 percent, from all funds above the FY 2018 request. The increase is primarily in contractual

services (\$201,010), commodities (\$60,572), and capital outlay (\$38,524).

The **Governor** recommends FY 2019 operating expenditures of \$3.8 million, all from special revenue funds. The

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 FY 2018 operating expenditures of \$30.9 million, including \$12.9 million from the State General Fund. The request is a decrease of \$1.2 million, or 3.7 percent, from all funds and \$435,294, or 3.3 percent, from the State General Fund below the FY 2017 revised estimate. The decreases are primarily in salaries and wages (\$292,973), contractual services (\$187,338), and commodities (\$760,379).

The **Governor** recommends FY 2018 operating expenditures of \$30.8 million, including \$12.8 million from the State General Fund. The recommendation is a decrease of \$46,270, or 0.1 percent, from all funds and \$29,081, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

J. Debt Service

The Debt Service program is responsible for payments of interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

recommendation is a decrease of \$4,152, or 0.1 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$31.0 million, including \$12.8 million from the State General Fund. The request is an increase of \$173,048, or 0.6 percent, from all funds and a decrease of \$55,949, or 0.4 percent, from the State General Fund from the FY 2018 request. The increases are primarily in salaries and wages (\$111,641), commodities (\$28,211), and capital outlay (\$33,556).

The **Governor** recommends FY 2019 operating expenditures of \$31.0 million, including \$12.8 million from the State General Fund. The recommendation is a decrease of \$42,997, or 0.1 percent, from all funds and \$27,015, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 operating expenditures of \$2.6 million, including \$284,357 from the State General Fund. This is an increase of \$848,970, or 49.8 percent, from all funds and a decrease of \$32,125, or 10.2 percent, from the State General Fund from the FY 2017 revised estimate. The increase is due to the recent Health Education Building bond sale.

The **Governor** concurs with the agency's request for FY 2018

The **agency** requests FY 2019 operating expenditures of \$2.4 million, including \$250,215 from the State General Fund. This is a decrease of \$153,031, or 6.0 percent, from all funds

and \$34,142, or 12.0 percent, from the State General Fund, below the FY 2018 request. The decrease is due to the pay down of the bonds.

The **Governor** concurs with the agency's request for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 5,152,855	\$ 5,152,855	\$ 316,421	\$ 316,421	\$ 309,548	\$ 309,548
Health Education Building	35,000,000	35,000,000	1,500,000	1,500,000	0	0
Parking	500,000	500,000	500,000	500,000	500,000	500,000
Dental School Planning	0	0	0	800,000	0	800,000
Debt Service - Principal	3,279,581	3,279,581	3,956,787	3,956,787	4,115,167	4,115,167
TOTAL	\$ 43,932,436	\$ 43,932,436	\$ 6,273,208	\$ 7,073,208	\$ 4,924,715	\$ 5,724,715
Financing:						
State General Fund	\$ 1,124,205	\$ 1,124,205	\$ 1,154,067	\$ 1,154,067	\$ 1,194,216	\$ 1,194,216
Educational Building Fund	4,844,297	4,844,297	0	800,000	0	800,000
All Other Funds	37,963,934	37,963,934	5,119,141	5,119,141	3,730,499	3,730,499
TOTAL	\$ 43,932,436	\$ 43,932,436	\$ 6,273,208	\$ 7,073,208	\$ 4,924,715	\$ 5,724,715

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised estimate of \$43.9 million, including \$1.1 million from the State General Fund. This is an increase of \$13.7 million, or 45.5 percent, from all funds and \$44,624, or 4.1 percent, from the

State General Fund above the approved amount. The increase includes \$4.8 million from the Educational Building Fund transferred from the Board of Regents and additional expenditures for the Health Education Building project.

Current Year Governor Recommendation

The **Governor** concurs with the agency's revised estimate in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$6.3 million, including \$1.2 million from the State General Fund. This is a decrease of \$37.7 million, or 85.7 percent, from all funds and an increase of \$29,862, or 2.7 percent, from the State General

Fund from the FY 2017 revised estimate. The decrease is due the reduced expenditures for the Health Education Building project.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request and adds \$800,000, all from the Educational Building Fund for planning and design of a new dental school for the agency for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$4.9 million, including \$1.2 million from the State General Fund. This is a decrease of \$1.3 million, or 21.5 percent, from all funds and an increase of \$40,149, or 3.5 percent, from the State General

Fund from the FY 2018 request. The decrease is due to no expenditures for the Health Education Building project. There is a slight increase in debt service principal payments.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request and adds \$800,000, all from the Educational Building Fund, for planning and design of a new dental school for the agency for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
External research support (in millions)	\$94.4	\$94.7	\$92.9	\$92.9	\$91.9
Percent of students passing professional exam on first try:					
School of Medicine - fourth year	97.0%	96.0%	95.0%	95.0%	95.0%
School of Nursing	95.0%	96.0%	92.0%	93.0%	93.0%

WICHITA STATE UNIVERSITY

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 71,149,663	\$ 71,617,393	\$ 71,580,924	\$ 70,738,088	\$ 70,566,341	\$ 70,873,049	\$ 70,728,132
Other Funds	215,899,777	234,544,229	234,515,146	231,934,440	231,728,745	231,728,685	230,615,444
TOTAL	\$ 287,049,440	\$ 306,161,622	\$ 306,096,070	\$ 302,672,528	\$ 302,295,086	\$ 302,601,734	\$ 301,343,576
Capital Improvements:							
State General Fund	\$ 897,125	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Other Funds	11,739,666	13,634,335	13,634,335	7,086,298	7,086,298	6,998,666	6,998,666
TOTAL	\$ 12,636,791	\$ 13,734,335	\$ 13,734,335	\$ 7,186,298	\$ 7,186,298	\$ 7,098,666	\$ 7,098,666
GRAND TOTAL	\$ 299,686,231	\$ 319,895,957	\$ 319,830,405	\$ 309,858,826	\$ 309,481,384	\$ 309,700,400	\$ 308,442,242
Percentage Change:							
Operating Expenditures							
State General Fund	0.3 %	0.7 %	0.6 %	(1.2) %	(1.4) %	0.2 %	0.2 %
All Funds	(0.7)	6.7	6.6	(1.1)	(1.2)	(0.0)	(0.3)
FTE Positions	2,125.3	2,087.3	2,087.3	2,087.3	2,087.3	2,087.3	2,087.3
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,125.3	2,087.3	2,087.3	2,087.3	2,087.3	2,087.3	2,087.3

AGENCY OVERVIEW

Wichita State University was established as Fairmount College and was 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 is comprised of traditional students ages 18 to 23 who devote themselves full-time to school and campus activities, and the other is comprised of older students who work on a part-time or full-time basis while in school. **A total of 14,474 students attended WSU during the Fall 2016 semester. This is a decrease of 21 students, or 0.1 percent, below the Fall 2015 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that 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 **2001 Legislature** adopted a proposal that provided for state universities to be funded through an operating block grant rather than the multiple line-item appropriations that 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) 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 (ROZs), 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 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 Washburn Institute of Technology. This provision went into effect on July 1, 2013.

The **2012 Legislature** also 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 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** 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 **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent in both FY 2014 and FY 2015. There also was a reduction of all funds expenditures to salaries and wages of approximately 1.1 percent in FY 2014 and less than 0.1 percent in FY 2015.

The **2014 Legislature** added \$3.5 million, all from the State General Fund, for the National Center for Aviation Training equipment and training and deleted \$3.0 million from the Economic Development Initiatives Fund for the same project in FY 2015.

The **2014 Legislature** also 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 in FY 2015.

The **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$141,340 and the February 2015 State General Fund allotment reduced approved expenditures by \$1.5 million in FY 2015.

The **Governor's** March 2016 State General Fund allotment reduced approved expenditures by \$2.2 million in FY 2016.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$2.8 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$319.9 million, including \$71.7 million from the State General Fund. This is an all funds increase of \$14.6 million, or 4.8 percent. The State General Fund amount did not change. The increase is primarily due to increased operating expenditures of \$8.2 million, including salaries and wages (\$3.1 million), contractual services (\$7.4 million), and other assistance (\$2.8 million), with an offsetting decrease in commodities (\$4.4 million). There also is an increase in capital improvements of \$7.8 million due to the transfer of Educational Building Fund from the Board of Regents for rehabilitation and repair.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 expenditures of \$319.8 million, including \$71.7 million from the State General Fund. The recommendation is an all funds decrease of \$65,552, or less than 0.1 percent, and a State General Fund decrease of \$36,469, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's

FY 2018 Agency Request

The **agency** requests an operating budget of \$302.7 million, including \$70.7 million from the State General Fund. This is a decrease of \$3.5 million, or 1.1 percent, from all funds and \$879,305, or 1.2 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily due to decreases in all expenditure categories.

The agency requests a revised estimate of \$13.7 million, including \$100,000 from the State General Fund, for capital improvements. This is an all funds increase of \$6.4 million, or 86.8 percent, and a State General Fund increase of \$100,000 above the approved amount. This is mainly due to the transfer of the Educational Building Fund from the Board of Regents for rehabilitation and repair. There were no approved State General Fund expenditures last year. The agency is requesting the use of aviation research funds for capital improvements to the National Institute for Aviation Research (NIAR) facility.

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement revised estimate in FY 2017.

The agency requests \$7.2 million, including \$100,000 from the State General Fund, for capital improvements. This is an all funds decrease of \$6.5 million, or 47.7 percent. The decrease is primarily due to no Educational Building Fund expenditures. The agency is requesting the use of State General Fund expenditures from the aviation research funds for capital improvements to the NIAR facility.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$302.3 million, including \$70.6 million from the State General Fund. The recommendation is an all funds decrease of \$377,442, or 0.1 percent, and a State General Fund decrease of \$171,747, or 0.2 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of

\$182,117, including \$102,098 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$195,325, including \$69,649 from the State General Fund.

The Governor concurs with the agency's capital improvement budget for FY 2018.

FY 2019 Agency Request

The **agency** requests an operating budget of \$302.6 million, including \$70.9 million from the State General Fund. This is an all funds decrease of \$70,794, or less than 0.1 percent, and a State General Fund increase of \$134,961, or 0.2 percent, from the FY 2018 request. There is an increase in salaries and wages (\$831,858) with offsetting decreases in all other expenditure categories.

The agency requests \$7.1 million, including \$100,000 from the State General Fund, for capital improvements. This is an all funds decrease of \$87,632, or 1.2 percent, below the FY 2018 request. The agency is requesting State General Fund expenditures from the aviation research funds for capital improvements to the NIAR facility.

FY 2019 Governor Recommendation

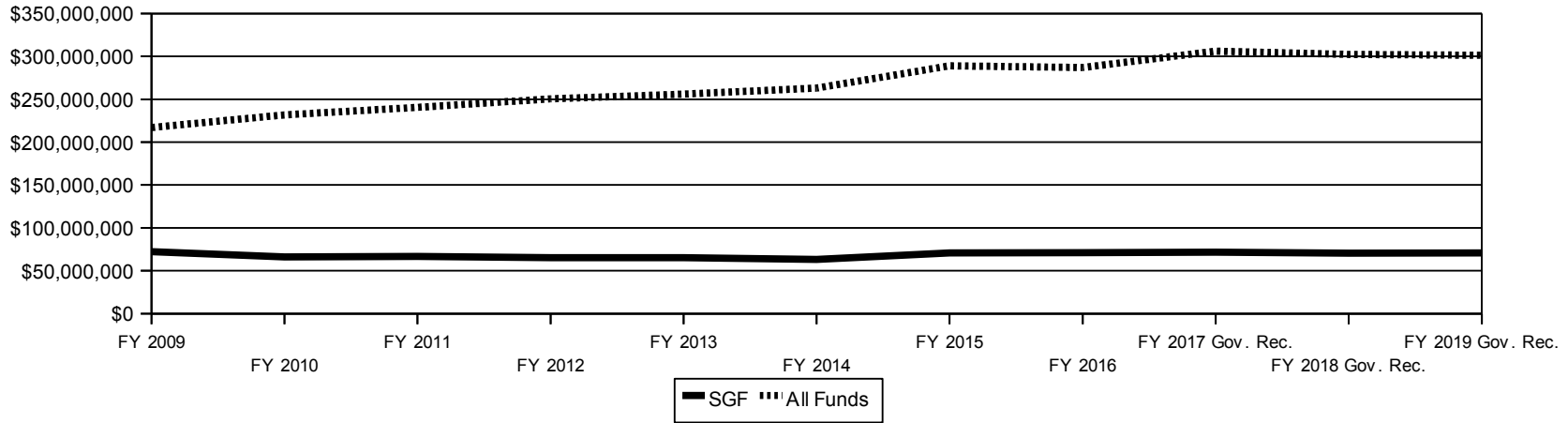
The **Governor** recommends FY 2019 operating expenditures of \$301.3 million, including \$70.7 million from the State General Fund. The recommendation is an all funds decrease of \$1.3 million, or 0.4 percent, and a State General Fund decrease of \$144,917, or 0.2 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of

\$258,158, including \$144,917 from the State General Fund. The recommendation also includes a deletion of \$1.0 million, all from the State General Fund, for the Center of Innovation for Biomaterials in Orthopedic Research (CIBOR).

The Governor concurs with the agency's capital improvement budget for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	71,149,663	0.3	287,049,440	(0.7)	2,125.3
2017 Gov. Rec.	71,580,924	0.6	306,096,070	6.6	2,087.3
2018 Gov. Rec.	70,566,341	(1.4)	302,295,086	(1.2)	2,087.3
2019 Gov. Rec.	70,728,132	0.2	301,343,576	(0.3)	2,087.3
Eleven-Year Change	\$ (1,515,743)	(2.1)%	\$ 84,279,923	38.8 %	246.1

2015: \$10.5 million change from special revenue funds to SGF with no net effect to the budget. 2015 allotments = \$1.6 million; 2016 allotment = \$2.2 million; 2017 allotment = \$2.8 million.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Chg. from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Institutional Support	\$ 19,975,772	\$ 25,912,540	\$ 23,405,315	\$ (2,507,225)	(9.7)%	\$ 25,902,434	\$ 23,360,519	\$ (2,541,915)	(9.8)%
Instructional Services	75,489,698	75,946,951	76,811,063	864,112	1.1	75,938,381	76,712,771	774,390	1.0
Academic Support	29,507,405	27,129,780	26,594,224	(535,556)	(2.0)	27,122,839	26,550,929	(571,910)	(2.1)
Student Services	22,394,244	21,657,142	21,770,736	113,594	0.5	21,648,432	21,728,337	79,905	0.4
Research	54,054,563	61,460,262	60,946,713	(513,549)	(0.8)	61,459,004	60,915,217	(543,787)	(0.9)
Public Service	22,524,740	20,374,279	20,458,261	83,982	0.4	20,373,015	20,443,662	70,647	0.3
Student Aid	31,059,758	37,142,515	37,142,515	0	0.0	37,142,515	37,142,515	0	0.0
Auxiliary	7,364,112	7,299,242	6,869,116	(430,126)	(5.9)	7,296,878	6,860,543	(436,335)	(6.0)
Physical Plant/Central Services	22,163,235	22,973,436	23,243,334	269,898	1.2	22,947,097	23,149,342	202,245	0.9
Debt Service	2,515,913	6,265,475	5,431,251	(834,224)	(13.3)	6,265,475	5,431,251	(834,224)	(13.3)
TOTAL	\$ 287,049,440	\$ 306,161,622	\$ 302,672,528	\$ (3,489,094)	(1.1)%	\$ 306,096,070	\$ 302,295,086	\$ (3,800,984)	(1.2)%
Bv Major Object of Expenditure:									
Salaries and Wages	\$ 173,891,122	\$ 181,695,473	\$ 180,210,312	\$ (1,485,161)	(0.8)%	\$ 181,629,921	\$ 179,832,870	\$ (1,797,051)	(1.0)%
Contractual Services	49,091,632	51,041,296	50,026,837	(1,014,459)	(2.0)	51,041,296	50,026,837	(1,014,459)	(2.0)
Commodities	12,211,373	13,851,102	13,709,778	(141,324)	(1.0)	13,851,102	13,709,778	(141,324)	(1.0)
Capital Outlay	15,226,374	13,677,224	13,663,298	(13,926)	(0.1)	13,677,224	13,663,298	(13,926)	(0.1)
Debt Service	2,515,913	6,265,475	5,431,251	(834,224)	(13.3)	6,265,475	5,431,251	(834,224)	(13.3)
Subtotal - Operations	\$ 252,936,414	\$ 266,530,570	\$ 263,041,476	\$ (3,489,094)	(1.3)%	\$ 266,465,018	\$ 262,664,034	\$ (3,800,984)	(1.4)%
Aid to Local Units	12,707	12,707	12,707	0	0.0	12,707	12,707	0	0.0
Other Assistance	34,100,319	39,618,345	39,618,345	0	0.0	39,618,345	39,618,345	0	0.0
TOTAL	\$ 287,049,440	\$ 306,161,622	\$ 302,672,528	\$ (3,489,094)	(1.1)%	\$ 306,096,070	\$ 302,295,086	\$ (3,800,984)	(1.2)%
Financing:									
State General Fund	\$ 71,149,663	\$ 71,617,393	\$ 70,738,088	\$ (879,305)	(1.2)%	\$ 71,580,924	\$ 70,566,341	\$ (1,014,583)	(1.4)%
General Fees Fund	80,566,986	87,862,688	87,071,635	(791,053)	(0.9)	87,843,476	86,951,694	(891,782)	(1.0)
Restricted Fees Fund	72,403,431	76,553,415	75,912,053	(641,362)	(0.8)	76,547,078	75,848,616	(698,462)	(0.9)
All Other Funds	62,929,360	70,128,126	68,950,752	(1,177,374)	(1.7)	70,124,592	68,928,435	(1,196,157)	(1.7)
TOTAL	\$ 287,049,440	\$ 306,161,622	\$ 302,672,528	\$ (3,489,094)	(1.1)%	\$ 306,096,070	\$ 302,295,086	\$ (3,800,984)	(1.2)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Institutional Support	\$ 23,405,315	\$ 23,504,164	\$ 98,849	0.4 %	\$ 23,360,519	\$ 23,470,842	\$ 110,323	0.5 %
Instructional Services	76,811,063	76,814,764	3,701	0.0	76,712,771	76,779,999	67,228	0.1
Academic Support	26,594,224	26,257,361	(336,863)	(1.3)	26,550,929	26,229,364	(321,565)	(1.2)
Student Services	21,770,736	21,860,949	90,213	0.4	21,728,337	21,825,881	97,544	0.4
Research	60,946,713	60,874,115	(72,598)	(0.1)	60,915,217	59,869,019	(1,046,198)	(1.7)
Public Service	20,458,261	20,500,519	42,258	0.2	20,443,662	20,495,362	51,700	0.3
Student Aid	37,142,515	37,142,515	0	0.0	37,142,515	37,142,515	0	0.0
Auxiliary	6,869,116	6,900,703	31,587	0.5	6,860,543	6,891,390	30,847	0.4
Physical Plant/Central Services	23,243,334	23,448,111	204,777	0.9	23,149,342	23,340,671	191,329	0.8
Debt Service	5,431,251	5,298,533	(132,718)	(2.4)	5,431,251	5,298,533	(132,718)	(2.4)
TOTAL	\$ 302,672,528	\$ 302,601,734	\$ (70,794)	(0.0)%	\$ 302,295,086	\$ 301,343,576	\$ (951,510)	(0.3)%
By Major Object of Expenditure:								
Salaries and Wages	\$ 180,210,312	\$ 181,042,170	\$ 831,858	0.5 %	\$ 179,832,870	\$ 180,784,012	\$ 951,142	0.5 %
Contractual Services	50,026,837	49,760,906	(265,931)	(0.5)	50,026,837	49,360,906	(665,931)	(1.3)
Commodities	13,709,778	13,502,846	(206,932)	(1.5)	13,709,778	13,102,846	(606,932)	(4.4)
Capital Outlay	13,663,298	13,366,227	(297,071)	(2.2)	13,663,298	13,166,227	(497,071)	(3.6)
Debt Service	5,431,251	5,298,533	(132,718)	(2.4)	5,431,251	5,298,533	(132,718)	(2.4)
Subtotal - Operations	\$ 263,041,476	\$ 262,970,682	\$ (70,794)	(0.0)%	\$ 262,664,034	\$ 261,712,524	\$ (951,510)	(0.4)%
Aid to Local Units	12,707	12,707	0	0.0	12,707	12,707	0	0.0
Other Assistance	39,618,345	39,618,345	0	0.0	39,618,345	39,618,345	0	0.0
TOTAL	\$ 302,672,528	\$ 302,601,734	\$ (70,794)	(0.0)%	\$ 302,295,086	\$ 301,343,576	\$ (951,510)	(0.3)%
Financing:								
State General Fund	\$ 70,738,088	\$ 70,873,049	\$ 134,961	0.2 %	\$ 70,566,341	\$ 70,728,132	\$ 161,791	0.2 %
General Fees Fund	87,071,635	87,261,530	189,895	0.2	86,951,694	87,187,523	235,829	0.3
Restricted Fees Fund	75,912,053	75,693,939	(218,114)	(0.3)	75,848,616	75,668,695	(179,921)	(0.2)
All Other Funds	68,950,752	68,773,216	(177,536)	(0.3)	68,928,435	67,759,226	(1,169,209)	(1.7)
TOTAL	\$ 302,672,528	\$ 302,601,734	\$ (70,794)	(0.0)%	\$ 302,295,086	\$ 301,343,576	\$ (951,510)	(0.3)%

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$71,717,393 for Wichita State University. No adjustments have been made subsequently 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	\$ 71,717,393	\$ 71,717,393	\$ 0	\$ 71,680,924	\$ (36,469)
All Other Funds	233,618,310	248,178,564	14,560,254	248,149,481	14,531,171
TOTAL	\$ 305,335,703	\$ 319,895,957	\$ 14,560,254	\$ 319,830,405	\$ 14,494,702
FTE Positions	2,064.9	2,087.3	22.4	2,087.3	22.4

The **agency** requests a revised estimate of \$319.9 million, including \$71.7 million from the State General Fund, in FY 2017, including capital improvements. This is an all funds increase of \$14.6 million, or 4.8 percent. The State General Fund amount did not change. The increase is primarily due to increased operating expenditures of \$8.2 million, including salaries and wages (\$3.1 million), contractual services (\$7.4 million), and other assistance (\$2.8 million), with an offsetting decrease in commodities (\$4.4 million). There also is an increase in capital improvements of \$7.8 million due to the transfer of the

Educational Building Fund from the Board of Regents for rehabilitation and repair.

The **Governor** recommends FY 2017 expenditures of \$319.8 million, including \$71.7 million from the State General Fund. The recommendation is an all funds decrease of \$65,552, or less than 0.1 percent, and a State General Fund decrease of \$36,469, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 302,672,528	\$ 302,295,086	\$ (377,442)
FTE Positions	2,087.3	2,087.3	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (879,305)	\$ (1,014,583)	
All Other Funds	(2,609,789)	(2,786,401)	
TOTAL	<u>\$ (3,489,094)</u>	<u>\$ (3,800,984)</u>	
<i>Percent Change:</i>			
State General Fund	(1.2) %	(1.4) %	
All Other Funds	(1.1)	(1.2)	
TOTAL	<u>(1.1) %</u>	<u>(1.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$302.7 million, including \$70.7 million from the State General Fund. This is a decrease of \$3.5 million, or 1.1 percent, from all funds and \$879,305, or 1.2 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is primarily due to decreases in all expenditure categories.

The **Governor** recommends FY 2018 operating expenditures of \$302.3 million, including \$70.6 million from the State General Fund. The recommendation is an all funds decrease of \$377,442, or 0.1 percent, and a State General Fund decrease of \$171,747, or 0.2 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's

recommendation to hold KPERs employer contributions at the FY 2016 amount, which results in an all funds reduction of \$182,117, including \$102,098 from the State General Fund, and

to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$195,325, including \$69,649 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 3,036,904	\$ 3,036,904	0.0	\$ 0	\$ 0	0.0
Technology Transfer Facility	96,200	96,200	0.0	0	0	0.0
Aviation Infrastructure	168,350	168,350	0.0	0	0	0.0
Aviation Research	240,450	240,450	0.0	0	0	0.0
TOTAL	\$ 3,541,904	\$ 3,541,904	0.0	\$ 0	\$ 0	0.0

The **agency** submitted a 5.0 percent reduced resource budget of \$3.5 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 302,601,734	\$ 301,343,576	\$ (1,258,158)
FTE Positions	2,087.3	2,087.3	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 134,961	\$ 161,791	
All Other Funds	(205,755)	(1,113,301)	
TOTAL	<u>\$ (70,794)</u>	<u>\$ (951,510)</u>	
<i>Percent Change:</i>			
State General Fund	0.2 %	0.2 %	
All Other Funds	(0.1)	(0.5)	
TOTAL	<u>(0.0) %</u>	<u>(0.3) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$302.6 million, including \$70.9 million from the State General Fund. This is a decrease of \$70,794, or less than 0.1 percent, from all funds and a State General Fund increase of \$134,961, or 0.2 percent, from the FY 2018 request. There is an increase in salaries and wages (\$831,858) due to increases in health insurance and

KPERS benefits, with offsetting decreases in all other expenditure categories.

The **Governor** recommends FY 2019 operating expenditures of \$301.3 million, including \$70.7 million from the State General Fund. The recommendation is an all funds

decrease of \$1.3 million, or 0.4 percent, and a State General Fund decrease of \$144,917, or 0.2 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of

\$258,158, including \$144,917 from the State General Fund. The recommendation also includes a deletion of \$1.0 million, all from the State General Fund, for the Center of Innovation for Biomaterials in Orthopedic Research (CIBOR).

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 3,043,652	\$ 3,043,652	0.0	\$ 0	\$ 0	0.0
Technology Transfer Facility	96,200	96,200	0.0	0	0	0.0
Aviation Infrastructure	168,350	168,350	0.0	0	0	0.0
Aviation Research	240,450	240,450	0.0	0	0	0.0
TOTAL	\$ 3,548,652	\$ 3,548,652	0.0	\$ 0	\$ 0	0.0

The **agency** submitted a 5.0 percent reduced resource budget of \$3.5 million, all from the State General Fund, as directed in the budget instructions of the Division of the Budget.

The **Governor** does not recommend the agency's reduced resource budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to

freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$65,552, including \$36,469 from the State General Fund, in FY 2017; by \$182,117, including \$102,098 from the State General Fund, for FY 2018; and by \$258,158, including \$144,917 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$195,325, including \$69,649 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	23.3 %	23.3 %	23.4 %	23.5 %
General Fees Fund	28.8	28.8	28.8	28.9
Restricted Fees Fund	25.1	25.1	25.0	25.1
All Other Funds	22.8	22.8	22.8	22.5
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

General Fees Fund

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 deposited in the restricted fees fund. Tuition is set by the Board of Regents after Session has concluded each year.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 6,958,693	\$ 7,782,295	\$ 7,782,295	\$ 5,657,901	\$ 5,677,113	\$ 5,027,296	\$ 5,166,449
Revenue	84,427,581	87,388,126	87,388,126	87,388,126	87,388,126	87,388,126	87,388,126
Transfers in	144,352	155,219	155,219	155,219	155,219	155,219	155,219
Total Funds Available	\$ 91,530,626	\$ 95,325,640	\$ 95,325,640	\$ 93,201,246	\$ 93,220,458	\$ 92,570,641	\$ 92,709,794
Less: Expenditures	83,462,140	89,512,520	89,493,308	88,018,731	87,898,790	88,223,649	88,149,642
Transfers Out	138,604	155,219	155,219	155,219	155,219	155,219	155,219
Off Budget Expenditures	147,587	0	0	0	0	0	0
Ending Balance	\$ 7,782,295	\$ 5,657,901	\$ 5,677,113	\$ 5,027,296	\$ 5,166,449	\$ 4,191,773	\$ 4,404,933
Ending Balance as Percent of Expenditures	9.3%	6.3%	6.3%	5.7%	5.9%	4.8%	5.0%
Month Highest Ending Balance	August \$ 17,902,310	August \$ 20,882,868	August \$ 20,882,868	August \$ 17,544,263	August \$ 17,544,263	August \$ 18,081,333	August \$ 18,081,333
Month Lowest Ending Balance	December \$ 1,349,195	July \$ 2,234,111	July \$ 2,234,111	July \$ 1,322,211	July \$ 1,322,211	July \$ 1,362,687	July \$ 1,362,687

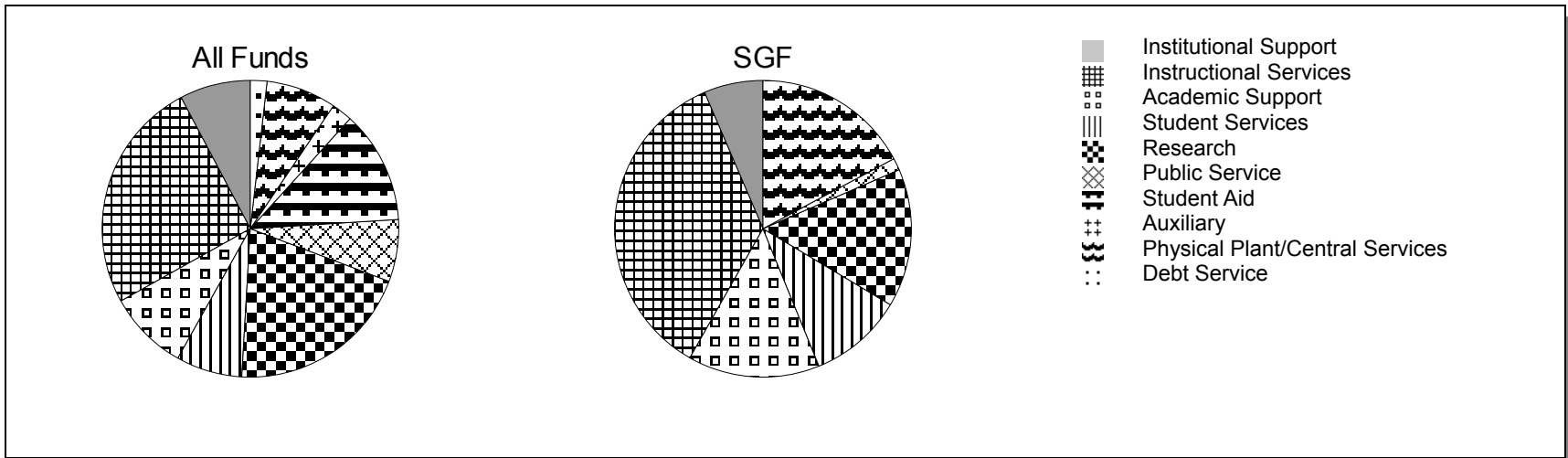
Enrollment Trends

The following table summarizes recent enrollment trends at 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 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2011 to Fall 2016
Headcount	15,100	14,898	14,550	15,003	14,495	14,474	
<i>Change</i>	294	(202)	(348)	453	(508)	(21)	(626)
<i>% Change</i>	2.0%	(1.3)%	(2.3)%	3.1%	(3.4)%	(0.1)%	(4.1)%
FTE Students	11,686	11,684	11,696	11,962	14,017	11,560	
<i>Change</i>	320	(2)	12	266	2,055	(2,457)	(126)
<i>% Change</i>	2.8%	(0.0)%	0.1%	2.3%	17.2%	(17.5)%	(1.1)%
Student Credit Hours	161,810	161,843	161,922	165,132	160,906	160,647	
<i>Change</i>	5,003	33	79	3,210	(4,226)	(259)	(1,163)
<i>% Change</i>	3.2%	0.0%	0.0%	2.0%	(2.6)%	(0.2)%	(0.7)%

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Institutional Support	\$ 23,360,519	7.7 %	\$ 4,557,158	6.5 %
Instructional Services	76,712,771	25.4	24,928,381	35.3
Academic Support	26,550,929	8.8	10,141,241	14.4
Student Services	21,728,337	7.2	7,258,308	10.3
Research	60,915,217	20.2	10,625,988	15.1
Public Service	20,443,662	6.8	927,470	1.3
Student Aid	37,142,515	12.3	0	0.0
Auxiliary	6,860,543	2.3	0	0.0
Physical Plant/Central Services	23,149,342	7.7	12,127,795	17.2
Debt Service	5,431,251	1.8	0	0.0
TOTAL	\$ 302,295,086	100.0 %	\$ 70,566,341	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Institutional Support	159.2	154.0	154.0	154.0	154.0	154.0	154.0
Instructional Services	753.5	728.0	728.0	728.0	728.0	728.0	728.0
Academic Support	239.7	244.1	244.1	244.1	244.1	244.1	244.1
Student Services	225.0	223.5	223.5	223.5	223.5	223.5	223.5
Research	250.5	250.3	250.3	250.3	250.3	250.3	250.3
Public Service	152.3	152.3	152.3	152.3	152.3	152.3	152.3
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	35.5	35.5	35.5	35.5	35.5	35.5	35.5
Physical Plant/Central Services	309.6	299.6	299.6	299.6	299.6	299.6	299.6
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>2,125.3</u>	<u>2,087.3</u>	<u>2,087.3</u>	<u>2,087.3</u>	<u>2,087.3</u>	<u>2,087.3</u>	<u>2,087.3</u>

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 FY 2018 operating expenditures of \$23.4 million, including \$4.6 million from the State General Fund. The request is a decrease of \$2.5 million, or 9.7 percent, from all funds and \$1.4 million, or 23.9 percent, from the State General Fund below the FY 2017 revised estimate. The decrease is attributable to a decrease in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$23.4 million, including \$4.6 million from the State General Fund. The recommendation is a decrease of \$44,796, or 0.2 percent, from all funds and \$13,519, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's

B. Instructional Services

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

The **agency** requests FY 2018 operating expenditures of \$76.8 million, including \$25.0 million from the State General Fund. The request is an increase of \$864,112, or 1.1 percent, from all funds and \$321,992, or 1.3 percent, from the State General Fund above the revised estimate. The increase is primarily due to an increase in salaries and wages (\$690,692).

The **Governor** recommends FY 2018 operating expenditures of \$76.7 million, including \$24.9 million from the State General Fund. The recommendation is a decrease of \$98,292, or 0.1 percent, from all funds and \$35,708, or 0.1

percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$23.5 million, including \$4.6 million from the State General Fund. The request is an increase of \$98,849 or 0.4 percent, from all funds and \$34,527, or 0.8 percent, from the State General Fund above the FY 2018 request. The increase is attributable to an increase in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$23.5 million, including \$4.6 million from the State General Fund. The recommendation is a decrease of \$33,322, or 0.1 percent, from all funds and \$10,063, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$76.8 million, including \$25.1 million from the State General Fund. The request is an increase of \$3,701, or less than 0.1 percent, from all funds and \$119,850, or 0.5 percent, from the State General Fund above the FY 2018 request. The increase is primarily due to salaries and wages (\$235,572) with an offsetting decrease in contractual services (\$233,298).

The **Governor** recommends FY 2019 operating expenditures of \$76.8 million, including \$25.1 million from the State General Fund. The recommendation is a decrease of \$34,765, or less than 0.1 percent, from all funds and \$12,644, or

0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$26.6 million, including \$10.2 million from the State General Fund. The request is a decrease of \$535,556, or 2.0 percent, from all funds and \$142,408, or 1.4 percent, from the State General Fund below the FY 2017 revised estimate. There is a decrease in contractual services (\$691,190) with an offsetting increase in salaries and wages (\$155,634).

The **Governor** recommends FY 2018 operating expenditures of \$26.6 million, including \$10.1 million from the State General Fund. The recommendation is a decrease of \$43,295, or 0.2 percent, from all funds and \$20,577 or 0.2 percent, from the State General Fund below the FY 2018 agency's request. The decrease is due to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$26.3 million, including \$9.9 million from the State General Fund. The request is a decrease of \$336,863, or 1.3 percent, from all funds and \$245,167, or 2.4 percent, from the State General Fund below the FY 2018 request. There are increases in salaries and wages (\$93,344) and contractual services (\$8,152) with offsetting decreases in commodities (\$208,359) and capital outlay (\$230,000).

The **Governor** recommends FY 2019 operating expenditures of \$26.2 million, including \$9.9 million from the State General Fund. The recommendation is a decrease of \$27,997, or 0.1 percent, from all funds and \$13,318, or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 FY 2018 operating expenditures of \$21.8 million, including \$7.3 million from the State General Fund. The request is an increase of \$113,594, or 0.5 percent, from all funds and \$109,583, or 1.5 percent, from the State General Fund above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$21.7 million, including \$7.3 million from the State General Fund. The recommendation is a decrease of \$42,399, or 0.2 percent, from all funds and \$20,041, or 0.3 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$21.9 million, including \$7.3 million from the State General Fund. The request is an increase of \$90,213, or 0.4 percent,

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 FY 2018 operating expenditures of \$60.9 million, including \$10.6 million from the State General Fund. The request is a decrease of \$513,549, or 0.8 percent, from all funds and an increase of \$9,495, or 0.1 percent, from the State General Fund from the FY 2017 revised estimate. The decreases are primarily in salaries and wages (\$282,397) and contractual services (\$269,331).

The **Governor** recommends FY 2018 operating expenditures of \$60.9 million, including \$10.6 million from the State General Fund. The recommendation is a decrease of \$31,496, or 0.1 percent, from all funds and \$649, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

from all funds and \$50,430, or 0.7 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$21.8 million, including \$7.3 million from the State General Fund. The recommendation is a decrease of \$35,068, or 0.2 percent, from all funds and \$16,594, or 0.2 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2019 operating expenditures of \$60.9 million, including \$10.6 million from the State General Fund. The request is a decrease of \$72,598, or 0.1 percent, from all funds and an increase of \$4,305, or less than 0.1 percent, from the State General Fund from the FY 2018 request. There is an increase in salaries and wages (\$77,694) with offsetting decreases in contractual services (\$56,799) and capital outlay (\$93,493).

The **Governor** recommends FY 2019 operating expenditures of \$59.9 million, including \$10.6 million from the State General Fund. The recommendation is a decrease of \$1.0 million, or 1.7 percent, from all funds and \$105, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and deleting funding for the Center of Innovation for Biomaterials in Orthopedic Research (CIBOR).

F. Public Service

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

The **agency** requests FY 2018 operating expenditures of \$20.5 million, including \$928,501 from the State General Fund. The request is an increase of \$83,982, or 0.4 percent, from all funds and \$10,856, or 1.2 percent, from the State General Fund above the FY 2017 revised estimate. The increase is primarily in salaries and wages (\$88,931).

The **Governor** recommends FY 2018 operating expenditures of \$20.4 million, including \$927,470 from the State General Fund. The recommendation is a decrease of \$14,599, or 0.1 percent, from all funds and \$1,031 or 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and

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 FY 2018 operating expenditures of \$37.1 million, all from special revenue funds. This is the same amount as the FY 2017 revised estimate.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of

provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$20.5 million, including \$931,827 from the State General Fund. The request is an increase of \$42,258, or 0.2 percent, from all funds and \$3,326, or 0.4 percent, from the State General Fund above the FY 2018 request. The increase is in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$20.5 million, including \$931,463 from the State General Fund. The recommendation is a decrease of \$5,157, or less than 0.1 percent, from all funds and \$364, or less than 0.1 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's request for FY 2018.

The **agency** requests FY 2019 operating expenditures of \$37.1 million, all from special revenue funds. This is the same amount as the FY 2018 request.

The **Governor** concurs with the agency's request for FY 2019.

the institution such as housing services, food services, and parking services.

The **agency** requests FY 2018 operating expenditures of \$6.9 million, all from special revenue funds. The request is a decrease of \$430,126, or 5.9 percent, below the revised estimate. The decrease is in all expenditure categories.

The **Governor** recommends FY 2018 operating expenditures of \$6.9 million, all from special revenue funds. The recommendation is a decrease of \$8,573, or 0.1 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and provide a moratorium on agency death and disability payments for one quarter.

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 FY 2018 operating expenditures of \$23.2 million, including \$12.2 million from the State General Fund. The request is an increase of \$269,898, or 1.2 percent, from all funds and \$249,505, or 2.1 percent, from the State General Fund above the FY 2017 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2018 operating expenditures of \$23.1 million, including \$12.1 million from the State General Fund. The recommendation is a decrease of \$93,992, or 0.4 percent, from all funds and \$80,222, or 0.7 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the

The **agency** requests FY 2019 operating expenditures of \$6.9 million, all from special revenue funds. The request is an increase of \$31,587, or 0.5 percent, above the FY 2018 request. The increase is in salaries and wages (\$15,573) and contractual services (\$16,014).

The **Governor** recommends FY 2019 operating expenditures of \$6.9 million, all from special revenue funds. The recommendation is a decrease of \$9,313, or 0.1 percent, below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2016 amount and provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 operating expenditures of \$23.4 million, including \$12.4 million from the State General Fund. The request is an increase of \$204,777, or 0.9 percent, from all funds and \$167,690, or 1.4 percent, from the State General Fund above the FY 2018 request. The increase is primarily in salaries and wages.

The **Governor** recommends FY 2019 operating expenditures of \$23.3 million, including \$12.3 million from the State General Fund. The recommendation is a decrease of \$107,440, or 0.5 percent, from all funds and \$91,829, or 0.7 percent, from the State General Fund below the agency's request. The decrease is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** requests FY 2018 operating expenditures of \$5.4 million, all from special revenue funds. This is a decrease of \$834,224 or 13.3 percent, below the FY 2017 revised estimate. Two of the four Engineering Research Lab bonds are paid off and the parking garage bond payments begin for FY 2018.

The **Governor** concurs with the agency's request for FY 2018

The **agency** requests FY 2019 operating expenditures of \$5.3 million, all from special revenue funds. This is a decrease of \$132,718, or 2.4 percent, below the FY 2018 request. The remaining two of the four Engineering Research Lab bonds are paid off in FY 2018.

The **Governor** concurs with the agency's request for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 7,813,479	\$ 7,813,479	\$ 0	\$ 0	\$ 0	\$ 0
NIAR Improvements	100,000	100,000	100,000	100,000	100,000	100,000
New School of Business	0	0	250,000	250,000	0	0
Henrion Hall Renovations	0	0	250,000	250,000	0	0
Raze Fairmount Towers	0	0	100,000	100,000	1,000,000	1,000,000
Miscellaneous Projects	185,500	185,500	185,500	185,500	185,500	185,500
Parking	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service - Principal	5,135,356	5,135,356	5,800,798	5,800,798	5,313,166	5,313,166
TOTAL	\$ 13,734,335	\$ 13,734,335	\$ 7,186,298	\$ 7,186,298	\$ 7,098,666	\$ 7,098,666
Financing:						
State General Fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Educational Building Fund	7,813,479	7,813,479	0	0	0	0
All Other Funds	5,820,856	5,820,856	7,086,298	7,086,298	6,998,666	6,998,666
TOTAL	\$ 13,734,335	\$ 13,734,335	\$ 7,186,298	\$ 7,186,298	\$ 7,098,666	\$ 7,098,666

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised estimate of \$13.7 million, including \$100,000 from the State General Fund. This is an all funds increase of \$6.4 million, or 86.8 percent, and \$100,000 from the State General Fund above the approved amount. This mainly is due to the transfer of the Educational Building Fund from the Board of Regents for

rehabilitation and repair. There were no approved State General Fund expenditures. The agency budgeted the use of aviation research funds for capital improvements to the National Institute for Aviation Research (NIAR) facility in error. These funds should be in the operating budget.

Current Year Governor Recommendation

The **Governor** concurs with the agency’s revised estimate in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$7.2 million, including \$100,000 from the State General Fund. This is an all funds decrease of \$6.5 million, or 47.7 percent. The decrease is primarily due to no Educational Building Fund expenditures. The

agency budgeted the use of State General Fund expenditures from the aviation research funds for capital improvements to the NIAR facility in error. These funds should be in the operating budget.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$7.1 million, including \$100,000 from the State General Fund. This is an all funds decrease of \$87,632, or 1.2 percent, below the FY 2018 request. The decrease is primarily due to a reduction in debt

service. The agency budgeted the use of State General Fund expenditures from the aviation research funds for capital improvements to the NIAR facility in error. These funds should be in the operating budget.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of research grants and contracts awarded	--	1,141	1,198	1,258	1,321
External funding for research, training, and service activities (in millions)	\$56.0	\$74.0	\$78.0	\$82.0	\$86.0
Number of research proposals submitted for grant and contract awards	--	1,047	1,099	1,154	1,212

STATE HISTORICAL SOCIETY

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 3,244,141	\$ 3,948,323	\$ 3,941,083	\$ 3,901,054	\$ 3,874,079	\$ 3,925,690	\$ 3,896,627
Other Funds	3,275,276	2,707,541	2,704,648	2,705,898	2,694,914	2,706,677	2,694,842
TOTAL	\$ 6,519,417	\$ 6,655,864	\$ 6,645,731	\$ 6,606,952	\$ 6,568,993	\$ 6,632,367	\$ 6,591,469
Capital Improvements:							
State General Fund	\$ 219,168	\$ 300,524	\$ 300,524	\$ 325,000	\$ 250,000	\$ 317,000	\$ 250,000
Other Funds	143,066	238,500	238,500	18,000	18,000	63,000	63,000
TOTAL	\$ 362,234	\$ 539,024	\$ 539,024	\$ 343,000	\$ 268,000	\$ 380,000	\$ 313,000
GRAND TOTAL	\$ 6,881,651	\$ 7,194,888	\$ 7,184,755	\$ 6,949,952	\$ 6,836,993	\$ 7,012,367	\$ 6,904,469
Percentage Change:							
Operating Expenditures							
State General Fund	(22.4) %	21.7 %	21.5 %	(1.2) %	(1.7) %	0.6 %	0.6 %
All Funds	(18.7)	2.1	1.9	(0.7)	(1.2)	0.4	0.3
FTE Positions	59.0	62.3	73.3	62.3	73.3	73.3	73.3
Non-FTE							
Perm.Uncl.Pos.	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	65.0	68.3	79.3	68.3	79.3	79.3	79.3

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, 4 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 **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 entirely eliminated 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.

In addition, a **Governor's** July 30, 2015 allotment of \$800,000 reduced the State General Fund operating budget for FY 2016 by 20.0 percent. Agency fee funds filled the gap.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised FY 2017 budget of \$7.2 million in all funds, including \$4.2 million from the State General Fund (including capital improvements). The agency requests operating expenditures of \$6.7 million, including \$3.9 million from the State General Fund. The State General Fund request is the same as the approved budget.

The change from the approved in all other funds category of \$316,819, or 4.5 percent, is attributable to fewer dollars flowing

into the Heritage Trust Fund from mortgage registration fees due to legislative changes in 2014 (HB 2643). Prior law provided that 25/26^{ths} of the revenue be retained by counties, with 1/26th coming to the State for deposit in the Heritage Trust Fund. HB 2643 repealed the requirement that any mortgage registration tax receipts be distributed to the Heritage Trust Fund on and after January 1, 2015.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 total expenditures (including the capital improvement budget) of \$7.2 million from all funds, including \$4.2 million from the State General Fund. The Governor recommends operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund. The

recommendation is an all funds decrease of \$10,133, or 0.2 percent, and a State General Fund decrease of \$7,240, or 0.2 percent, below the agency's FY 2017 revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

FY 2018 Agency Request

The **agency** requests \$6.9 million in all funds for FY 2018, including \$4.2 million from the State General Fund (including capital improvements). The agency requests operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund, which is \$48,912, or 0.7 percent, less than the FY 2017 all funds request, including \$47,269, or 1.2 percent, less from the State General Fund. FY 2018 expenditures do not include the 27th pay period, as was included in the FY 2017 budget. In addition, the KPERS employer contribution rate and the death and disability insurance rates increased in FY 2018. The major adjustment in the all funds category is primarily attributable to less funding estimated in the Heritage Trust Fund

due to a 2014 change in state law lowering mortgage registration fees to that fund.

Reductions also occur in contractual services expenditures because the two major IT projects will be completed prior to FY 2018. This reduction is offset by increases in contractual services of \$60,000 in FY 2018 for implementation of the Kansas Enterprise Electronic Preservation (KEEP) system, which will provide access to the State's permanent records. This system will enable the State Archives to maintain the many records created in a variety of digital formats.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 expenditures of \$6.8 million in all funds, including \$4.1 million from the State General Fund (including capital improvements). The Governor recommends operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund. This is a decrease from the agency's all funds request of \$37,959, or 0.6 percent, and \$29,975, or 0.7 percent, from the State General Fund. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount,

which results in an all funds reduction of \$31,088, including \$22,092 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$6,871, including \$4,883 from the State General Fund.

The Governor also recommends a \$75,000 reduction in the capital improvement request, all from the State General Fund, for the Fort Hays Blockhouse Masonry Repair project.

FY 2019 Agency Request

The **agency** requests \$7.0 million in all funds, including \$4.2 million from the State General Fund (including capital improvement funding). The agency requests operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund, which is an increase of \$24,415, or 0.5 percent, from all funds and an increase of \$24,636, or 0.6

percent, from the State General Fund above the FY 2018 request. The KPERS employer contribution rate and the death and disability insurance rate will increase in FY 2019.

A technical correction has been requested by the agency related to the FTE count for this fiscal year, which would not change from the prior fiscal year.

In addition, the request includes a reduction in contractual services for FY 2019 due to expected utility cost savings because of steps taken to lower the agency's use of electricity. Steps taken to lower utility costs include replacing current lighting with LED lights throughout the collection bays.

FY 2019 Governor Recommendation

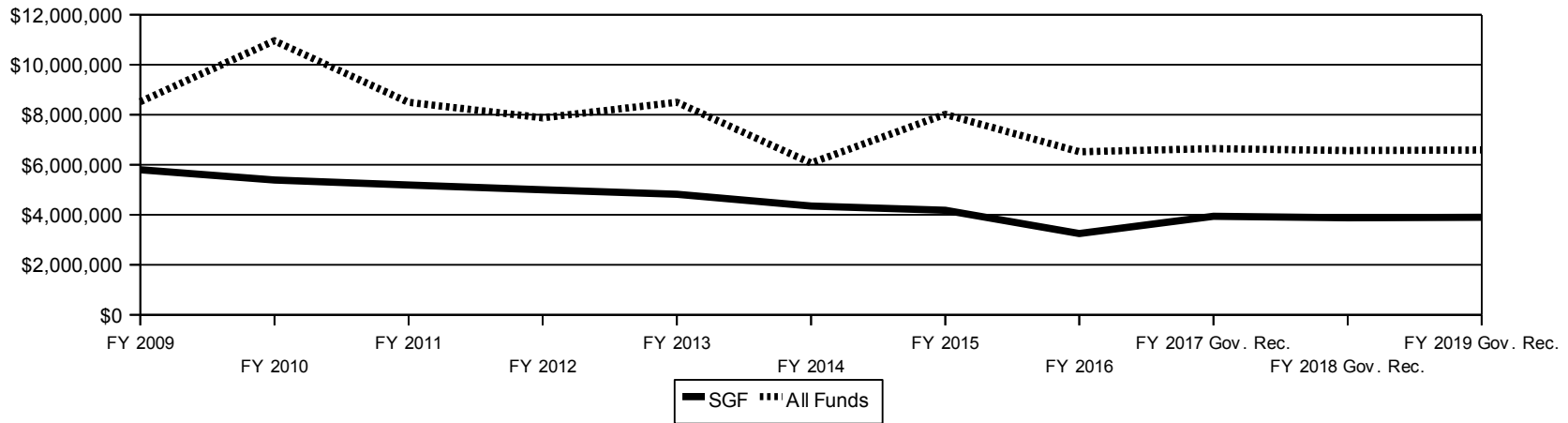
The **Governor** recommends FY 2019 all funds expenditures of \$6.9 million, including \$4.1 million from the State General Fund (including capital improvements). The Governor recommends operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund. The recommendation is an all funds decrease of \$40,898, or 0.6 percent, and a State General Fund decrease of \$29,063, or 0.7 percent, below the agency's FY 2019 request. The decrease is attributable to the

Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$40,898, including \$29,063 from the State General Fund.

The Governor also recommends a capital improvements reduction of \$67,000 from the State General Fund for the Kaw Mission Rehabilitation project.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	3,244,141	(22.4)	6,519,417	(18.7)	59.0
2017 Gov. Rec.	3,941,083	21.5	6,645,731	1.9	73.3
2018 Gov. Rec.	3,874,079	(1.7)	6,568,993	(1.2)	73.3
2019 Gov. Rec.	3,896,627	0.6	6,591,469	0.3	73.3
Eleven-Year Change	\$ (1,900,658)	(32.8)%	\$ (1,930,298)	(22.7)%	(60.8)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 1,971,664	\$ 2,421,462	\$ 2,241,884	\$ (179,578)	(7.4) %	\$ 2,418,691	\$ 2,231,158	\$ (187,533)	(7.8) %
Cultural Resources	2,793,331	2,437,155	2,428,487	(8,668)	(0.4)	2,434,013	2,416,838	(17,175)	(0.7)
Education and Museum	685,552	737,536	801,667	64,131	8.7	735,861	795,527	59,666	8.1
State Archives	1,068,870	1,059,711	1,134,914	75,203	7.1	1,057,166	1,125,470	68,304	6.5
TOTAL	\$ 6,519,417	\$ 6,655,864	\$ 6,606,952	\$ (48,912)	(0.7) %	\$ 6,645,731	\$ 6,568,993	\$ (76,738)	(1.2) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 3,812,344	\$ 4,154,033	\$ 4,201,863	\$ 47,830	1.2 %	\$ 4,143,900	\$ 4,163,904	\$ 20,004	0.5 %
Contractual Services	1,030,617	1,313,484	1,198,463	(115,021)	(8.8)	1,313,484	1,198,463	(115,021)	(8.8)
Commodities	146,811	129,750	133,250	3,500	2.7	129,750	133,250	3,500	2.7
Capital Outlay	40,455	19,500	44,000	24,500	125.6	19,500	44,000	24,500	125.6
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 5,030,227	\$ 5,616,767	\$ 5,577,576	\$ (39,191)	(0.7) %	\$ 5,606,634	\$ 5,539,617	\$ (67,017)	(1.2) %
Aid to Local Units	161,203	206,000	196,000	(10,000)	(4.9)	206,000	196,000	(10,000)	(4.9)
Other Assistance	1,327,987	833,097	833,376	279	0.0	833,097	833,376	279	0.0
TOTAL	\$ 6,519,417	\$ 6,655,864	\$ 6,606,952	\$ (48,912)	(0.7) %	\$ 6,645,731	\$ 6,568,993	\$ (76,738)	(1.2) %
Financing:									
State General Fund	\$ 3,244,141	\$ 3,948,323	\$ 3,901,054	\$ (47,269)	(1.2) %	\$ 3,941,083	\$ 3,874,079	\$ (67,004)	(1.7) %
All Other Funds	3,275,276	2,707,541	2,705,898	(1,643)	(0.1)	2,704,648	2,694,914	(9,734)	(0.4)
TOTAL	\$ 6,519,417	\$ 6,655,864	\$ 6,606,952	\$ (48,912)	(0.7) %	\$ 6,645,731	\$ 6,568,993	\$ (76,738)	(1.2) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 2,241,884	\$ 2,253,929	\$ 12,045	0.5 %	\$ 2,231,158	\$ 2,242,373	\$ 11,215	0.5 %
Cultural Resources	2,428,487	2,479,839	51,352	2.1	2,416,838	2,467,288	50,450	2.1
Education and Museum	801,667	811,345	9,678	1.2	795,527	804,729	9,202	1.2
State Archives	1,134,914	1,087,254	(47,660)	(4.2)	1,125,470	1,077,079	(48,391)	(4.3)
TOTAL	\$ 6,606,952	\$ 6,632,367	\$ 25,415	0.4 %	\$ 6,568,993	\$ 6,591,469	\$ 22,476	0.3 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 4,201,863	\$ 4,263,158	\$ 61,295	1.5 %	\$ 4,163,904	\$ 4,222,260	\$ 58,356	1.4 %
Contractual Services	1,198,463	1,135,458	(63,005)	(5.3)	1,198,463	1,135,458	(63,005)	(5.3)
Commodities	133,250	133,250	0	0.0	133,250	133,250	0	0.0
Capital Outlay	44,000	44,000	0	0.0	44,000	44,000	0	0.0
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 5,577,576	\$ 5,575,866	\$ (1,710)	(0.0) %	\$ 5,539,617	\$ 5,534,968	\$ (4,649)	(0.1) %
Aid to Local Units	196,000	186,000	(10,000)	(5.1)	196,000	186,000	(10,000)	(5.1)
Other Assistance	833,376	870,501	37,125	4.5	833,376	870,501	37,125	4.5
TOTAL	\$ 6,606,952	\$ 6,632,367	\$ 25,415	0.4 %	\$ 6,568,993	\$ 6,591,469	\$ 22,476	0.3 %
Financing:								
State General Fund	\$ 3,901,054	\$ 3,925,690	\$ 24,636	0.6 %	\$ 3,874,079	\$ 3,896,627	\$ 22,548	0.6 %
All Other Funds	2,705,898	2,706,677	779	0.0	2,694,914	2,694,842	(72)	(0.0)
TOTAL	\$ 6,606,952	\$ 6,632,367	\$ 25,415	0.4 %	\$ 6,568,993	\$ 6,591,469	\$ 22,476	0.3 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$4,248,847 for the State Historical Society in FY 2017. One adjustments has been made subsequently 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 \$60,524, based on the reappropriation of FY 2016 funding, which was not spent in FY 2016 and has shifted to FY 2017 due to a request by the Division of the Budget for release of encumbrances.

	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	\$ 4,248,847	\$ 4,248,847	\$ 0	\$ 4,241,607	\$ (7,240)
All Other Funds	3,367,860	2,946,041	(421,819)	2,943,148	(424,712)
TOTAL	\$ 7,616,707	\$ 7,194,888	\$ (421,819)	\$ 7,184,755	\$ (431,952)
FTE Positions	95.5	62.3	(33.3)	73.3	(22.3)

The **agency** requests a revised FY 2017 budget of \$7.2 million in all funds, including \$4.2 million from the State General Fund. The State General Fund request is identical to the approved budget.

The change from the approved in all other funds category is attributable to fewer dollars flowing into the Heritage Trust Fund from mortgage registration fees due to legislative changes in 2014 (HB 2643). Prior law provided that 25/26^{ths} of the revenue be retained by counties, with 1/26th coming to the State for deposit in the Heritage Trust Fund. HB 2643 repealed the

requirement that any mortgage registration tax receipts be distributed to the Heritage Trust Fund on and after January 1, 2015.

The difference in the FTE count from the legislative approved number reflects a number of positions left unfilled and not included in the agency's budget request.

The **Governor** recommends a total budget for FY 2017 of \$7.2 million, including \$4.2 from the State General Fund. The Governor recommends operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund. This is a decrease from the agency's all funds request of \$37,959, or 0.6 percent, and \$29,975, or 0.7 percent, from the State General

Fund. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$31,088, including \$22,092 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$6,871, including \$4,883 from the State General Fund.

The Governor also recommends a \$75,000 reduction in the capital improvement request, all from the State General Fund, for the Fort Hays Blockhouse Masonry Repair project.

Finally, the Governor's recommendation regarding FTE corrects the agency's FTE count.

Supplemental Detail

The **agency** made no supplemental requests for FY 2017.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,606,952	\$ 6,568,993	\$ (37,959)
FTE Positions	62.3	73.3	11.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ (47,269)	\$ (67,004)	
All Other Funds	(1,643)	(9,734)	
TOTAL	<u>\$ (48,912)</u>	<u>\$ (76,738)</u>	
<i>Percent Change:</i>			
State General Fund	(1.2) %	(1.7) %	
All Other Funds	(0.1)	(0.4)	
TOTAL	<u>(0.7) %</u>	<u>(1.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$6.6 million in all funds for FY 2018, including \$3.9 million from the State General Fund (excluding capital improvements). This request is a total of \$48,912 less than the FY 2017 all funds request, including \$47,269 less from the State General Fund. In spite of the decrease in the State General Fund request, the capital outlay request from the State General Fund is \$25,000 more than in FY 2017. Agency officials attribute this to a need to replace computers and servers, which

could not be done in FY 2017 because of the contract related to website improvement. In addition, there is a request for a \$75,000 enhancement in the capital improvement budget (described below).

The **Governor** recommends \$6.8 million in all funds, including \$4.1 million from the State General Fund (including capital improvements). The Governor recommends operating

expenditures of \$6.6 million, including \$3.9 million from the State General Fund. This is a decrease from the agency's all funds request of \$37,959, or 0.6 percent, and \$29,975, or 0.7 percent, from the State General Fund. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount, which results in an all funds reduction of \$31,088, including \$22,092 from the State General Fund, and to provide a moratorium on employer

contributions for death and disability for one quarter, which results in an all funds reduction of \$6,871, including \$4,883, from the State General Fund.

The Governor also recommends a \$75,000 reduction in the capital improvement request, all from the State General Fund, for the Fort Hays Blockhouse Masonry Repair project.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Fort Hays Blockhouse Masonry Repair	\$ 75,000	\$ 75,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$75,000, all from the State General Fund, for the repair of one of the major historic buildings at the Fort Hays State Historic Site. This building—the Blockhouse—is a stone hexagonal-shaped room. The large stone blocks making up this building are deteriorating, according to agency officials.

This project was part of the agency's capital improvement plan submitted on July 1, 2016.

The **Governor** did not recommend funding the agency's enhancement request.

FY 2018 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvements - Rehab and Repair Projects	\$ (12,500)	\$ (12,500)	0.0	\$ 0	\$ 0	0.0
Salaries and Wages	(185,542)	(185,542)	0.0	0	0	0.0
Contractual Services	(6,486)	(6,486)	0.0	0	0	0.0
Aid to Local and Other Assistance	(3,025)	(3,025)	0.0	0	0	0.0
TOTAL	\$ (207,553)	\$ (207,553)	0.0	\$ 0	\$ 0	0.0

The **agency** estimates the 5.0 percent reduced resource target as \$207,553 from the State General Fund with reductions in capital improvements, pass-through aid to the Kansas Humanities Council and Kansas Heritage Center, and salary

and wage reductions related to three historic sites that would be reduced to staffing for May through October only.

The **Governor** did not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,632,367	\$ 6,591,469	\$ (40,898)
FTE Positions	73.3	73.3	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 24,636	\$ 22,548	
All Other Funds	779	(72)	
TOTAL	<u>\$ 25,415</u>	<u>\$ 22,476</u>	
<i>Percent Change:</i>			
State General Fund	0.6 %	0.6 %	
All Other Funds	0.0	(0.0)	
TOTAL	<u>0.4 %</u>	<u>0.3 %</u>	
Change in FTE Positions	11.0	0.0	

The **agency** requests \$6.6 million in all funds for FY 2019, including \$3.9 million from the State General Fund. This is a \$25,415 all funds increase above the FY 2018 budget request, including \$24,636 from the State General Fund. The 11.0 FTE positions increase may be corrected in the Governor's budget request, as requested by agency officials. Contractual costs in FY 2019 are estimated to be lower than FY 2018 because of

lowered utility costs as a result of energy-saving measures undertaken by the agency.

The **Governor** recommends FY 2019 all funds expenditures (including capital improvements) of \$6.9 million, including \$4.1 million from the State General Fund. The Governor

recommends operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund. The recommendation is an all funds decrease of \$40,898, or 0.6 percent, and a State General Fund decrease of \$29,063, or 0.7 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all

funds reduction of \$40,898, including \$29,063 from the State General Fund.

The Governor also recommends a capital improvements reduction of \$67,000 from the State General Fund for the Kaw Mission Rehabilitation project.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvements - Kaw Mission Rehabilitation	\$ 67,000	\$ 67,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests one State General Fund enhancement for FY 2019 in the amount of \$67,000. This enhancement would re-purpose the Kaw Mission State Historic Site as the agency's Santa Fe Trail Interpretive Center, accommodating the addition of the Last Chance Store as a state historic site. According to the agency's estimate, the entire

project would cost approximately \$350,000, with the majority of the funding provided by private donations.

The **Governor** did not recommend funding the agency's enhancement request.

FY 2019 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvements - Rehab and Repair Projects	\$ (12,500)	\$ (12,500)	0.0	\$ 0	\$ 0	0.0
Salaries and Wages	(186,774)	(186,774)	0.0	0	0	0.0
Contractual Services	(6,486)	(6,486)	0.0	0	0	0.0
Aid to Local and Other Assistance	(3,025)	(3,025)	0.0	0	0	0.0
TOTAL	\$ (208,785)	\$ (208,785)	0.0	\$ 0	\$ 0	0.0

The **agency** estimates the 5.0 percent reduced resource target as \$208,785 from the State General Fund with reductions in capital improvements, pass-through aid to the Kansas Humanities Council and Kansas Heritage Center, and salary and wage reductions related to three historic sites that would be reduced to staffing for May through October only.

The **Governor** did not recommend the agency's reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$34,360, including \$24,438 from the State General Fund; FY 2018 longevity payments total \$36,880, including \$26,125 from the State General Fund; and FY 2019 longevity payments total \$36,880.**

Kansas Public Employees Retirement System (KPERs) Adjustments.

KPERs Employer Contributions. The employer retirement contribution rate for KPERs State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to

freeze KPERs employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERs would reduce expenditures by \$10,133, including \$7,240 from the State General Fund, in FY 2017; by \$31,088, including \$22,092 from the State General Fund, for FY 2018; and by \$40,898, including \$29,063 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$6,871, including \$4,883 from the State General Fund, for FY 2018.**

KPERs Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERs State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERs State and the KPERs School group. The KPERs State group has a considerably lower UAL than the KPERs School group and the actuarial recommended contribution rate for the KPERs State group is consistently below the combined KPERs State and School rate.

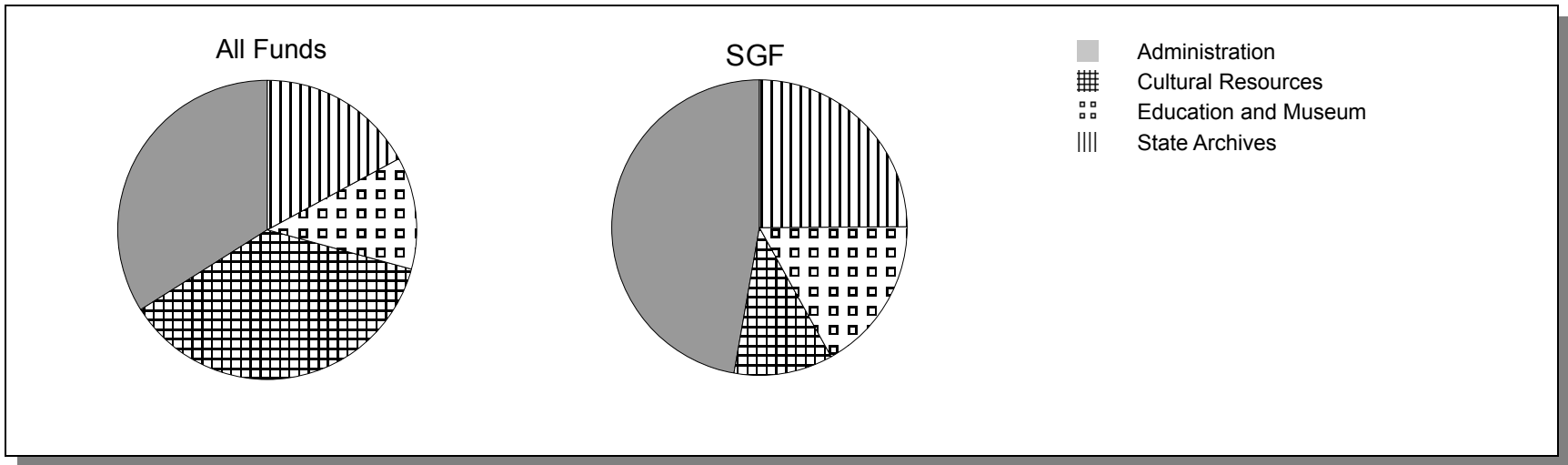
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	59.1 %	59.3 %	59.2 %	59.1 %
All Other Funds	40.9	40.7	40.8	40.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 2,231,158	34.0 %	\$ 1,829,754	47.2 %
Cultural Resources	2,416,838	36.8	420,151	10.8
Education and Museum	795,527	12.1	659,456	17.0
State Archives	1,125,470	17.1	964,718	24.9
TOTAL	\$ 6,568,993	100.0 %	\$ 3,874,079	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	16.5	18.5	18.5	18.5	18.5	13.0	13.0
Cultural Resources	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Education and Museum	10.5	11.8	11.8	11.8	11.8	17.3	17.3
State Archives	17.0	17.0	28.0	17.0	28.0	28.0	28.0
TOTAL	59.0	62.3	73.3	62.3	73.3	73.3	73.3

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 the Topeka facility, which includes the state's historical collections; providing utilities for all 58 buildings, and providing the information technology infrastructure needed to deliver all agency programs and services. In addition, the program administers pass-through moneys 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,016,674	\$ 1,171,277	\$ 1,168,506	\$ 1,212,520	\$ 1,201,794	\$ 1,227,670	\$ 1,216,114
Contractual Services	782,274	1,086,684	1,086,684	841,063	841,063	837,958	837,958
Commodities	91,518	84,000	84,000	83,800	83,800	83,800	83,800
Capital Outlay	29,558	19,000	19,000	44,000	44,000	44,000	44,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,920,024</i>	<i>\$ 2,360,961</i>	<i>\$ 2,358,190</i>	<i>\$ 2,181,383</i>	<i>\$ 2,170,657</i>	<i>\$ 2,193,428</i>	<i>\$ 2,181,872</i>
Aid to Local Units	8,504	10,000	10,000	10,000	10,000	10,000	10,000
Other Assistance	43,136	50,501	50,501	50,501	50,501	50,501	50,501
TOTAL	\$ 1,971,664	\$ 2,421,462	\$ 2,418,691	\$ 2,241,884	\$ 2,231,158	\$ 2,253,929	\$ 2,242,373
Financing:							
State General Fund	\$ 1,694,556	\$ 1,862,390	\$ 1,860,168	\$ 1,838,234	\$ 1,829,754	\$ 1,834,304	\$ 1,825,169
All Other Funds	277,108	559,072	558,523	403,650	401,404	419,625	417,204
TOTAL	\$ 1,971,664	\$ 2,421,462	\$ 2,418,691	\$ 2,241,884	\$ 2,231,158	\$ 2,253,929	\$ 2,242,373
FTE Positions	16.5	18.5	18.5	18.5	18.5	13.0	13.0
Non-FTE Uncl.Perm.Pos.	1.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	17.5	18.5	18.5	18.5	18.5	13.0	13.0

The **agency** requests \$2.4 million in all funds, including \$1.9 million from the State General Fund, for its revised FY 2017 budget. The agency's State General Fund request for FY 2017 is \$5,431 less than the approved State General Fund budget. Comparing the FY 2016 actual expenditures with the FY 2017 revised budget, the largest increase appears in contractual services. According to agency officials, professional fees of \$273,620 are included in this area covering the cost of contractors to complete two IT projects: Review and Compliance Database (the agency is required to review contractor specifications for projects requiring federal permits for historic project renovation), and the Content Management System related to the agency's website. The 27th pay period also is included in the FY 2017 request, but not in the FY 2016 budget; thus, there is an increase in FY 2017.

The lower aid to local units of government and other assistance categories in the FY 2016 actual expenditures includes Governor allotments; otherwise, the amounts remain the same to the grantees from year to year.

The **Governor** recommends a FY 2017 budget of \$2.4 million, including \$1.9 million from the State General Fund. The decrease in the all funds budget is \$2,771, including \$2,222 from the State General Fund, attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 expenditures of \$2.2 million in all funds, including \$1.8 million from the State General Fund.

This budget request is similar to the FY 2017 request, except the contractual services expenditures will be less because the two major IT projects described earlier will be completed.

The **Governor** recommends a FY 2018 budget of \$2.2 million, including \$1.8 million from the State General Fund. The decrease in the all funds budget is \$10,726, including \$8,480 from the State General Fund, attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 expenditures of \$2.3 million from all funds, including \$1.8 million from the State General Fund. This budget request is similar to the FY 2017 request, except the contractual services expenditures will be less because the two major IT projects described earlier will be completed. Agency officials also are requesting fewer dollars in contractual services for FY 2019, expecting utility cost savings because of steps taken to lower the agency's use of electricity. Steps taken to lower utility costs include replacing current lighting with LED lights throughout the collection bays.

The **Governor** recommends a FY 2019 budget of \$2.2 million, including \$1.8 million from the State General Fund. The decrease in the all funds budget is \$11,556, including \$9,135 from the State General Fund, attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. Cultural Resources

The goal of the Cultural Resources Division 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 re-purposing historic structures. This Division also preserves and operates 16 state-owned historic sites. The State of Kansas has owned state historic sites since 1899. State statutes determine the legislative process for obtaining additional sites. The most recent addition is The Last Chance Store in Council Grove, which was 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 large part (83.0 percent in FY 2017) through federal allocations. Enacted by the 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); the Director of the Cultural Resources Division is the deputy of the SHPO.

The State of Kansas also has adopted legislation protecting 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 Society 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,163,854	\$ 1,280,159	\$ 1,277,017	\$ 1,281,112	\$ 1,269,463	\$ 1,305,239	\$ 1,292,688
Contractual Services	175,688	166,500	166,500	167,100	167,100	167,200	167,200
Commodities	11,072	11,400	11,400	11,400	11,400	11,400	11,400
Capital Outlay	5,167	500	500	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,355,781</i>	<i>\$ 1,458,559</i>	<i>\$ 1,455,417</i>	<i>\$ 1,459,612</i>	<i>\$ 1,447,963</i>	<i>\$ 1,483,839</i>	<i>\$ 1,471,288</i>
Aid to Local Units	152,699	196,000	196,000	186,000	186,000	176,000	176,000
Other Assistance	1,284,851	782,596	782,596	782,875	782,875	820,000	820,000
TOTAL	\$ 2,793,331	\$ 2,437,155	\$ 2,434,013	\$ 2,428,487	\$ 2,416,838	\$ 2,479,839	\$ 2,467,288
Financing:							
State General Fund	\$ 299,716	\$ 421,582	\$ 420,592	\$ 423,838	\$ 420,151	\$ 428,867	\$ 424,894
All Other Funds	2,493,615	2,015,573	2,013,421	2,004,649	1,996,687	2,050,972	2,042,394
TOTAL	\$ 2,793,331	\$ 2,437,155	\$ 2,434,013	\$ 2,428,487	\$ 2,416,838	\$ 2,479,839	\$ 2,467,288

FTE Positions	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Non-FTE Uncl.Perm.Pos.	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL	20.0	20.0	20.0	20.0	20.0	20.0	20.0

The **agency** requests \$2.4 million in all funds, including \$421,582 from the State General Fund. The FY 2017 revised budget is \$373,000 less than the approved budget, including \$33,000 less requested from the State General Fund. The largest area of expenditures is salaries and wages, where a 27th pay period occurs in FY 2017.

The **Governor** recommends a FY 2017 budget of \$2.4 million in all funds, including \$420,592 from the State General Fund. This is a decrease of \$3,142 in all funds, including \$990 from the State General Fund, below the agency request. This decrease is attributable to the Governor’s recommendation to hold KPERs employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 expenditures of \$2.4 million in all funds, including \$423,838 from the State General Fund. This budget request is similar to FY 2017, with changes in aid to local units of government and other assistance based on anticipated federal revenues. There are no State General Funds used for aid to local units of government or other assistance in this Division.

The **Governor** recommends a FY 2018 budget of \$2.4 million in all funds, including \$420,151 from the State General

Fund. This is a decrease of \$11,649 in all funds, including \$3,687 from the State General Fund, less than the agency’s request. This difference is attributable to the Governor’s recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 expenditures of \$2.5 million in all funds, including \$428,867 from the State General Fund, reflecting similar expenditures from year to year. This budget request is similar to FY 2018, with changes in aid to local units of government and other assistance based on anticipated federal revenues. There is no money from the State General Fund for aid to local units of government or other assistance in this Division.

The **Governor** recommends a FY 2019 budget of \$2.5 million in all funds, including \$424,894 from the State General Fund. This is a decrease of \$12,551 in all funds, including \$3,973 from the State General Fund, less than the agency’s request. This difference is attributable to the Governor’s recommendation to hold KPERs employer contributions at the FY 2016 amount.

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 K-12 classrooms. 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. The Capitol Visitor Center also is 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 638,087	\$ 697,536	\$ 695,861	\$ 700,167	\$ 694,027	\$ 709,845	\$ 703,229
Contractual Services	20,288	18,000	18,000	85,000	85,000	85,000	85,000
Commodities	21,736	22,000	22,000	16,500	16,500	16,500	16,500
Capital Outlay	5,441	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 685,552</i>	<i>\$ 737,536</i>	<i>\$ 735,861</i>	<i>\$ 801,667</i>	<i>\$ 795,527</i>	<i>\$ 811,345</i>	<i>\$ 804,729</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 685,552	\$ 737,536	\$ 735,861	\$ 801,667	\$ 795,527	\$ 811,345	\$ 804,729
Financing:							
State General Fund	\$ 612,816	\$ 693,942	\$ 692,372	\$ 665,139	\$ 659,456	\$ 674,763	\$ 668,639
All Other Funds	72,736	43,594	43,489	136,528	136,071	136,582	136,090
TOTAL	\$ 685,552	\$ 737,536	\$ 735,861	\$ 801,667	\$ 795,527	\$ 811,345	\$ 804,729
FTE Positions	10.5	11.8	11.8	11.8	11.8	17.3	17.3
Non-FTE Uncl.Perm.Pos.	0.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	10.5	12.8	12.8	12.8	12.8	18.3	18.3

The **agency** requests \$737,536 in all funds, including \$693,942 from the State General Fund, for its FY 2017 revised budget. The FY 2017 request includes an increase of \$59,449 in salaries and wages, primarily due to the 27th pay period in FY 2017.

The **Governor** recommends a FY 2017 budget of \$735,861 in all funds, including \$692,371 from the State General Fund. This is a decrease of \$1,675 in all funds, including \$1,570 from the State General Fund, below the agency request. This decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 expenditures of \$801,667 in all funds, including \$665,139 from the State General Fund. The largest increase in FY 2018 is in contractual services where a \$67,000 estimate for professional fees is included from fee funds for an online curriculum to meet state requirements on teaching Kansas history, government, economics, and geography. This project would continue into FY 2019, thus the continuing increased contractual services budget request.

The **Governor** recommends a FY 2018 budget of \$795,527 in all funds, including \$659,456 from the State General Fund. This is a decrease of \$6,140 in all funds, including \$5,683 from the State General Fund, less than the agency's request. This difference is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 expenditures of \$811,345, including \$674,763 from the State General Fund. The only increase is related to employee benefits.

The **Governor** recommends a FY 2019 budget of \$804,729 in all funds, including \$668,639 from the State General Fund. This is a decrease of \$6,616 in all funds, including \$6,124 from the State General Fund, less than the agency's request. This difference is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

D. State Archives

The State Archives Division was established as part of the 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 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 the closure with clean-up work, consisting primarily of reviewing and revising state agency records retention and disposal schedules.

STATE ARCHIVES							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 993,729	\$ 1,005,061	\$ 1,002,516	\$ 1,008,064	\$ 998,620	\$ 1,020,404	\$ 1,010,229
Contractual Services	52,367	42,300	42,300	105,300	105,300	45,300	45,300
Commodities	22,485	12,350	12,350	21,550	21,550	21,550	21,550
Capital Outlay	289	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,068,870</u>	<u>\$ 1,059,711</u>	<u>\$ 1,057,166</u>	<u>\$ 1,134,914</u>	<u>\$ 1,125,470</u>	<u>\$ 1,087,254</u>	<u>\$ 1,077,079</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 1,068,870</u>	<u>\$ 1,059,711</u>	<u>\$ 1,057,166</u>	<u>\$ 1,134,914</u>	<u>\$ 1,125,470</u>	<u>\$ 1,087,254</u>	<u>\$ 1,077,079</u>

Financing:							
State General Fund	\$ 637,053	\$ 970,409	\$ 967,951	\$ 973,843	\$ 964,718	\$ 987,756	\$ 977,925
All Other Funds	431,817	89,302	89,215	161,071	160,752	99,498	99,154
TOTAL	\$ 1,068,870	\$ 1,059,711	\$ 1,057,166	\$ 1,134,914	\$ 1,125,470	\$ 1,087,254	\$ 1,077,079
FTE Positions	17.0	17.0	28.0	17.0	28.0	28.0	28.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	17.0	17.0	28.0	17.0	28.0	28.0	28.0

The **agency** requests \$1.1 million in all funds, including \$970,409 from the State General Fund, for FY 2017. The large increase in the State General Fund portion from the FY 2016 actual expenditures to estimated expenditures for FY 2017 is due to the addition of the Historic Research Collections Division being placed in the State Archives Division during the agency's major divisional reorganization effort.

The **Governor** recommends a FY 2017 budget of \$1.1 million in all funds, including \$67,951 from the State General Fund. This is a decrease of \$2,545 in all funds, including \$2,458 from the State General Fund, below the agency request. This decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2018 expenditures of \$1.1 million in all funds, including \$967,951 from the State General Fund. This is an increase of \$75,203 in all funds, including \$3,434 from the State General Fund, which is attributed primarily to contractual services. Agency fee funds will pay approximately \$60,000 in FY 2018 for implementation of the Kansas Enterprise Electronic Preservation (KEEP) system, which will provide access to the state's permanent records. This system will enable the State Archives to maintain the many records created in a variety of digital formats. The addition of the Historic Research Collections Division being placed in the State

Archives Division during the agency's major divisional reorganization effort will remain in FY 2018.

The agency is requesting a technical correction related to the FTE count, which has not changed for several years.

The **Governor** recommends a FY 2018 budget of \$1.1 million in all funds, including \$964,718 from the State General Fund. This is a decrease of \$9,444 in all funds, including \$9,125 from the State General Fund, less than the agency's request. This difference is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 expenditures of \$1.1 million in all funds, including \$987,756 from the State General Fund. This is an all funds decrease of \$47,660 and a State General Fund increase of \$13,883 from the FY 2018 request.

The **Governor** recommends a FY 2019 budget of \$1.1 million in all funds, including \$977,925 from the State General Fund. This is a decrease of \$10,175 in all funds, including \$9,831 from the State General Fund, less than the agency's request. This difference is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Statewide Emergency Repairs	\$ 273,374	\$ 273,374	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Hollenberg Pony Express Station	72,500	72,500	0	0	0	0
Last Chance Store Restoration	92,000	92,000	0	0	0	0
Red Rocks Slate Roof Replacement	74,000	74,000	0	0	0	0
Fort Hays Repair of Blockhouse	0	0	75,000	0	0	0
Cottonwood Ranch Roof Repair	0	0	18,000	18,000	0	0
Kaw Mission Rehabilitation	0	0	0	0	100,000	33,000
Red Rocks: Repoint Masonry on Mother's House	0	0	0	0	30,000	30,000
Kansas Museum of History: Boiler Tubes Replacement	27,150	27,150	0	0	0	0
TOTAL	\$ 539,024	\$ 539,024	\$ 343,000	\$ 268,000	\$ 380,000	\$ 313,000
Financing:						
State General Fund	\$ 300,524	\$ 300,524	\$ 325,000	\$ 250,000	\$ 317,000	\$ 250,000
All Other Funds	238,500	238,500	18,000	18,000	63,000	63,000
TOTAL	\$ 539,024	\$ 539,024	\$ 343,000	\$ 268,000	\$ 380,000	\$ 313,000

Current Year Agency Estimate

FY 2017–Current Year. The agency estimates capital improvement expenditures of \$539,024, including \$300,524 from the State General Fund. Of the State General Fund total, \$60,524 was reappropriated from FY 2016 at the request of the Division of the Budget. Of that reappropriation amount, \$27,150

is to replace boiler tubes at the Kansas Museum of History and \$33,374 is for the Statewide Emergency Repair category. The agency routinely allocates \$250,000 per year for statewide emergency repairs; however, for FY 2017, that allocation was reduced by \$10,000 *via* allotments.

Current Year Governor Recommendation

The **Governor** recommends FY 2017 capital improvement funding from all funds of \$539,024, including \$300,524 from the State General Fund.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$343,000 in all funds, including \$325,000 from the State General Fund. This request is lower than the FY 2017 request, absent the reappropriation by \$135,500, primarily due to the completion of the Last Chance Store restoration.

Budget Year Governor Recommendation

The **Governor** recommends FY 2018 capital improvement funding from all funds of \$268,000, including \$250,000 from the State General Fund. The Governor did not include a recommendation to fund \$75,000 from the State General Fund for the Blockhouse.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$380,000 in all funds, including \$317,000 from the State General Fund. The agency requests an enhancement of \$67,000 from the State General Fund for the Kaw Mission Rehabilitation to be used with

\$33,000 of private donations. According to agency officials, the Kaw Mission State Historic Site will be re-purposed as the agency's Santa Fe Trail Interpretive Center to accommodate the addition of the Last Chance Store as a state historic site.

Budget Year Governor Recommendation

The **Governor** recommends a FY 2019 capital improvement budget of \$313,000, including \$250,000 from the State General Fund. The Governor did not recommend funding the agency's request for \$67,000 from the State General Fund for the Kaw Mission. The remaining \$33,000 for this project would come from private funding.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of visitors to the Kansas Museum of History, State Capitol, and historic sites	130,000	115,087	116,000	116,000	116,000
Number of teachers trained in Kansas history curriculum	500	560	600	600	600
Number of properties on the National Register of Historic Places	1,565	1,587	1,607	1,631	1,657

STATE LIBRARY

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 4,042,473	\$ 3,864,035	\$ 3,860,928	\$ 3,842,753	\$ 3,831,561	\$ 3,852,423	\$ 3,838,968
Other Funds	1,863,129	1,976,636	1,975,904	1,880,599	1,877,821	1,855,539	1,852,709
TOTAL	\$ 5,905,602	\$ 5,840,671	\$ 5,836,832	\$ 5,723,352	\$ 5,709,382	\$ 5,707,962	\$ 5,691,677
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 5,905,602	\$ 5,840,671	\$ 5,836,832	\$ 5,723,352	\$ 5,709,382	\$ 5,707,962	\$ 5,691,677

Percentage Change:

Operating Expenditures

State General Fund	(2.7) %	(4.4) %	(4.5) %	(0.6) %	(0.8) %	0.3 %	0.2 %
All Funds	(11.6)	(1.1)	(1.2)	(2.0)	(2.2)	(0.3)	(0.3)
FTE Positions							
	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Non-FTE							
Perm. Uncl. Pos.	9.0	8.0	9.0	9.0	9.0	9.0	9.0
TOTAL	30.0	29.0	30.0	30.0	30.0	30.0	30.0

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, *et seq.* 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.

MAJOR ISSUES FROM PRIOR YEARS

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 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; and
- **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.

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 2017 Agency Estimate

The **agency** estimates a budget of \$5.8 million, including \$3.9 million from the State General Fund, which is the same as the approved State General Fund budget for FY 2017. The special revenue funds estimate is \$487,115, or 7.7 percent, less

than the approved budget primarily because of a lowered estimate from federal revenue sources. Agency staff indicated the agency's major federal grant covers a two-year period at a time, so yearly estimates can vary.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$5.8 million, including \$3.9 million from the State General Fund. The recommendation is an all funds decrease of \$3,839, or 0.1 percent, and a State General Fund decrease of \$3,107, or 0.1 percent, below the agency's revised

FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$3,839, including \$3,107 from the State General Fund.

FY 2018 Agency Request

The **agency** requests \$5.7 million, including \$3.9 million from the State General Fund for FY 2018. This request is \$117,319, or 2.0 percent, less than its FY 2017 request. The

State General Fund request is \$21,282, or 0.6 percent, less than the approved amount for FY 2017. Differences in spending from federal funding sources vary from year to year.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$5.7 million, including \$3.8 million from the State General Fund. The recommendation is an all funds decrease of \$13,970, or 0.2 percent, and a State General Fund decrease of \$11,192, or 0.3 percent, below the agency's FY

2018 request. Both of these decreases are attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

FY 2019 Agency Request

The **agency** requests \$5.7 million, including \$3.9 million from the State General Fund, for FY 2019. This request is \$15,390, or 0.3 percent, less than the agency's request for FY

2018 primarily because of a lowered estimate for federal funding. The request includes a State General Fund increase of \$9,670, or 3.0 percent, above the FY 2018 request.

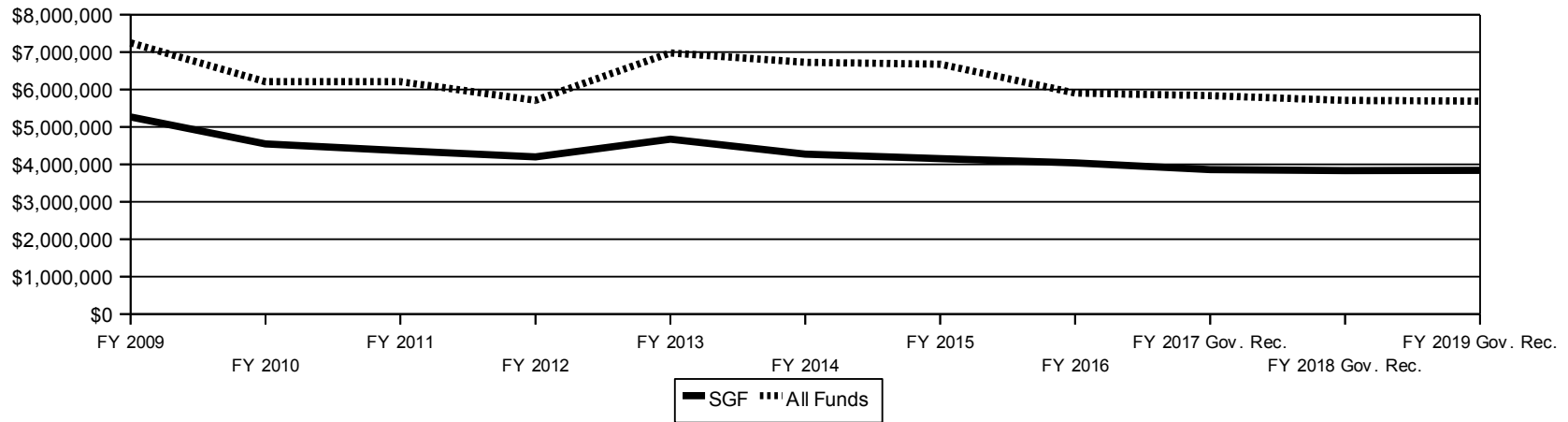
FY 2019 Governor Recommendation

The **Governor** recommends FY 2019 operating expenditures of \$5.7 million, including \$3.8 million from the State General Fund. The recommendation is an all funds decrease of \$16,285, or 0.2 percent, and a State General Fund

decrease of \$13,455, or 0.3 percent, below the agency's FY 2019 request. The decreases are attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	4,042,473	(2.7)	5,905,602	(11.6)	21.0
2017 Gov. Rec.	3,860,928	(4.5)	5,836,832	(1.2)	21.0
2018 Gov. Rec.	3,831,561	(0.8)	5,709,382	(2.2)	21.0
2019 Gov. Rec.	3,838,968	0.2	5,691,677	(0.3)	21.0
Eleven-Year Change	\$ (1,425,215)	(27.1)%	\$ (1,557,195)	(21.5)%	(4.0)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 5,391,977	\$ 5,242,732	\$ 5,139,997	\$ (102,735)	(2.0) %	\$ 5,239,933	\$ 5,129,780	\$ (110,153)	(2.1) %
Services to Blind & Handicapped	513,625	597,939	583,355	(14,584)	(2.4)	596,899	579,602	(17,297)	(2.9)
TOTAL	\$ 5,905,602	\$ 5,840,671	\$ 5,723,352	\$ (117,319)	(2.0) %	\$ 5,836,832	\$ 5,709,382	\$ (127,450)	(2.2) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,451,772	\$ 1,458,065	\$ 1,435,006	\$ (23,059)	(1.6) %	\$ 1,454,226	\$ 1,421,036	\$ (33,190)	(2.3) %
Contractual Services	2,640,425	2,591,718	2,560,051	(31,667)	(1.2)	2,591,718	2,560,051	(31,667)	(1.2)
Commodities	171,004	167,529	168,030	501	0.3	167,529	168,030	501	0.3
Capital Outlay	133,277	136,400	129,700	(6,700)	(4.9)	136,400	129,700	(6,700)	(4.9)
Subtotal - Operations	\$ 4,396,478	\$ 4,353,712	\$ 4,292,787	\$ (60,925)	(1.4) %	\$ 4,349,873	\$ 4,278,817	\$ (71,056)	(1.6) %
Aid to Local Units	1,508,224	1,486,959	1,430,565	(56,394)	(3.8)	1,486,959	1,430,565	(56,394)	(3.8)
Other Assistance	900	0	0	0	--	0	0	0	--
TOTAL	\$ 5,905,602	\$ 5,840,671	\$ 5,723,352	\$ (117,319)	(2.0) %	\$ 5,836,832	\$ 5,709,382	\$ (127,450)	(2.2) %
Financing:									
State General Fund	\$ 4,042,473	\$ 3,864,035	\$ 3,842,753	\$ (21,282)	(0.6) %	\$ 3,860,928	\$ 3,831,561	\$ (29,367)	(0.8) %
All Other Funds	1,863,129	1,976,636	1,880,599	(96,037)	(4.9)	1,975,904	1,877,821	(98,083)	(5.0)
TOTAL	\$ 5,905,602	\$ 5,840,671	\$ 5,723,352	\$ (117,319)	(2.0) %	\$ 5,836,832	\$ 5,709,382	\$ (127,450)	(2.2) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 5,139,997	\$ 5,127,204	\$ (12,793)	(0.2) %	\$ 5,129,780	\$ 5,115,221	\$ (14,559)	(0.3)%
Services to Blind & Handicapped	583,355	580,758	(2,597)	(0.4)	579,602	576,456	(3,146)	(0.5)
TOTAL	<u>\$ 5,723,352</u>	<u>\$ 5,707,962</u>	<u>\$ (15,390)</u>	<u>(0.3) %</u>	<u>\$ 5,709,382</u>	<u>\$ 5,691,677</u>	<u>\$ (17,705)</u>	<u>(0.3)%</u>
By Major Object of Expenditure:								
Salaries and Wages	\$ 1,435,006	\$ 1,413,487	\$ (21,519)	(1.5) %	\$ 1,421,036	\$ 1,397,202	\$ (23,834)	(1.7)%
Contractual Services	2,560,051	2,574,754	14,703	0.6	2,560,051	2,574,754	14,703	0.6
Commodities	168,030	163,030	(5,000)	(3.0)	168,030	163,030	(5,000)	(3.0)
Capital Outlay	129,700	129,700	0	0.0	129,700	129,700	0	0.0
Subtotal - Operations	\$ 4,292,787	\$ 4,280,971	\$ (11,816)	(0.3) %	\$ 4,278,817	\$ 4,264,686	\$ (14,131)	(0.3)%
Aid to Local Units	1,430,565	1,426,991	(3,574)	(0.2)	1,430,565	1,426,991	(3,574)	(0.2)
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	<u>\$ 5,723,352</u>	<u>\$ 5,707,962</u>	<u>\$ (15,390)</u>	<u>(0.3) %</u>	<u>\$ 5,709,382</u>	<u>\$ 5,691,677</u>	<u>\$ (17,705)</u>	<u>(0.3)%</u>
Financing:								
State General Fund	\$ 3,842,753	\$ 3,852,423	\$ 9,670	0.3 %	\$ 3,831,561	\$ 3,838,968	\$ 7,407	0.2 %
All Other Funds	1,880,599	1,855,539	(25,060)	(1.3)	1,877,821	1,852,709	(25,112)	(1.3)
TOTAL	<u>\$ 5,723,352</u>	<u>\$ 5,707,962</u>	<u>\$ (15,390)</u>	<u>(0.3) %</u>	<u>\$ 5,709,382</u>	<u>\$ 5,691,677</u>	<u>\$ (17,705)</u>	<u>(0.3)%</u>

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$3,864,035 for the State Library in FY 2017. No adjustments have been made subsequently 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	\$ 3,864,035	\$ 3,864,035	\$ 0	\$ 3,860,928	\$ (3,107)
All Other Funds	2,463,751	1,976,636	(487,115)	1,975,904	(487,847)
TOTAL	\$ 6,327,786	\$ 5,840,671	\$ (487,115)	\$ 5,836,832	\$ (490,954)
FTE Positions	21.0	21.0	0.0	21.0	0.0

The **agency** requests a revised budget estimate for FY 2017 of \$5.8 million in all funds, including \$3.9 million from the State General Fund. The State General Fund request is the same as the approved budget. The special revenue funds request is \$487,115, or 7.7 percent, less than the approved because of a lessened amount of federal funding realized after the FY 2017 budget was approved.

The **Governor** recommends a FY 2017 budget of \$5.8 million in all funds, including \$3.9 million from the State General Fund. The recommendation is an all funds decrease of \$3,839, or 0.1 percent, and a State General Fund decrease of \$3,107, or 0.1 percent, below the agency's revised FY 2017 estimate. The State General Fund decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$3,839 and a State General Fund reduction of \$3,107.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,723,352	\$ 5,709,382	\$ (13,970)
FTE Positions	21.0	21.0	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ (21,282)	\$ (29,367)	
All Other Funds	(96,037)	(98,083)	
TOTAL	<u>\$ (117,319)</u>	<u>\$ (127,450)</u>	
<i>Percent Change:</i>			
State General Fund	(0.6) %	(0.8) %	
All Other Funds	(4.9)	(5.0)	
TOTAL	<u>(2.0) %</u>	<u>(2.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** estimates a budget of \$5.8 million, including \$3.9 million from the State General Fund, which is the same as the approved State General Fund budget for FY 2017. The special revenue funds estimate is \$487,115, or 7.7 percent, less than the approved budget primarily because of a lowered estimate from federal revenue sources. Agency staff indicated the agency's major federal grant covers a two-year period at a time, so yearly estimates can vary.

The **Governor** recommends FY 2018 operating expenditures of \$5.7 million, including \$3.8 million from the State General Fund. The recommendation is an all funds decrease of \$13,970, or 0.2 percent, and a State General Fund decrease of \$11,192, or 0.3 percent, below the agency's FY 2018 request. Both of these decreases are attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

FY 2018 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Contractual Services	\$ (192,138)	\$ (192,138)	0.0	\$ 0	\$ 0	0.0

The **agency** submits a reduced resource amount of \$192,138 from the State General Fund. According to the agency, \$185,000 of this amount would be accommodated by the savings realized by the completion of the Mango Languages database (language acquisition database) content purchase in FY 2016, resulting in no further annual fee. The remaining

amount of \$7,138 would be realized through reductions in database and subscriptions.

The **Governor** did not recommend the agency’s reduced resource budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,707,962	\$ 5,691,677	\$ (16,285)
FTE Positions	21.0	21.0	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 9,670	\$ 7,407	
All Other Funds	(25,060)	(25,112)	
TOTAL	<u>\$ (15,390)</u>	<u>\$ (17,705)</u>	
<i>Percent Change:</i>			
State General Fund	0.3 %	0.2 %	
All Other Funds	(1.3)	(1.3)	
TOTAL	<u>(0.3) %</u>	<u>(0.3) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$5.7 million, including \$3.9 million from the State General Fund for FY 2019. This request is \$15,390, or 0.3 percent, less than the agency's request for FY 2018 primarily because of a lowered estimate for federal funding. The request includes a state General Fund increase of \$9,670, or 3.0 percent, above the FY 2018 request.

The **Governor** recommends FY 2019 operating expenditures of \$5.7 million, including \$3.8 million from the State General Fund. The recommendation is an all funds decrease of \$16,285, or 0.3 percent, and a State General Fund decrease of \$13,455, or 0.3 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency’s reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Contractual Services	\$ (192,621)	\$ (192,621)	0.0	\$ 0	\$ 0	0.0

The **agency** submits a reduced resource amount of \$192,621 from the State General Fund. According to the agency, \$185,000 of this amount would be accommodated by the savings realized by the completion of the Mango Languages database (language acquisition database) content purchase in FY 2016, resulting in no further annual fee. The remaining

amount of \$7,621 would be realized through reductions in database and subscriptions.

The **Governor** did not recommend the agency’s reduced resource budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$7,200, including \$5,825 from the State General Fund; FY 2018 longevity payments total \$7,320, including \$5,873 from the State General Fund; and FY 2019 longevity payments total \$7,320, including \$6,019 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$3,839, including \$3,107 from the State General Fund, in FY 2017; by \$11,442, including \$9,167 from the State General Fund, for FY 2018; and by \$16,285, including \$13,455 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$2,528, including \$2,025 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

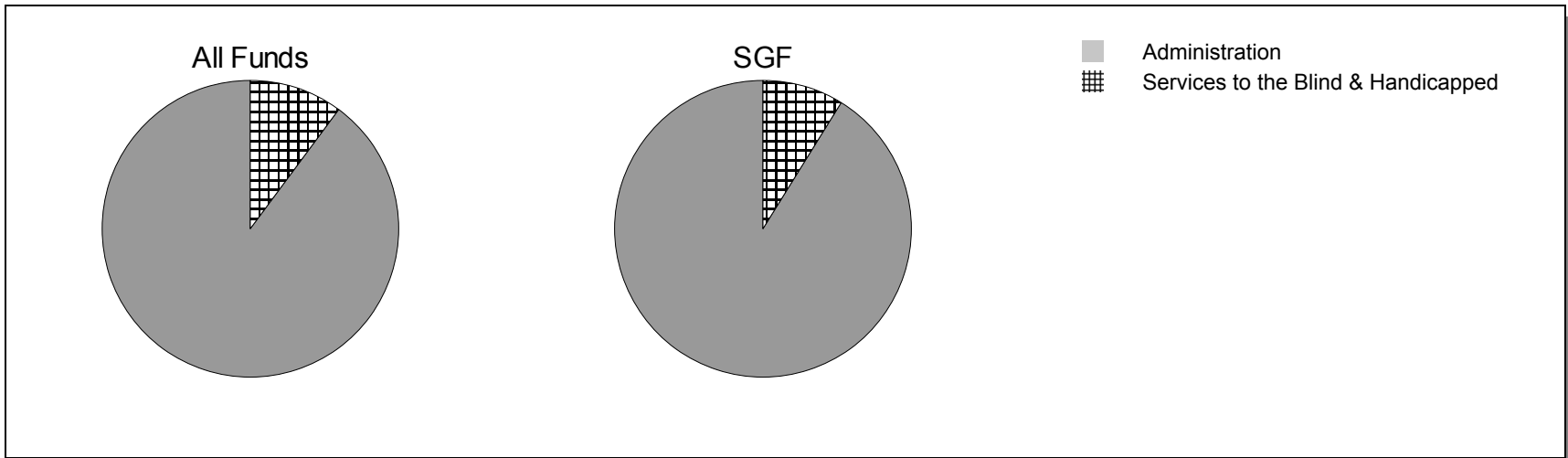
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	67.1 %	67.1 %	67.5 %	67.4 %
All Other Funds	32.9	32.9	32.5	32.6
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 5,129,780	89.8 %	\$ 3,492,717	91.2 %
Services to the Blind & Handicapped	579,602	10.2	338,844	8.8
TOTAL	\$ 5,709,382	100.0 %	\$ 3,831,561	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Services to Blind & Handicapped	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL	21.0	21.0	21.0	21.0	21.0	21.0	21.0

A. Administration

The Administration program provides services including: reference and information for the Legislature and state government; consultation to libraries throughout the State; administration of state and federal aid to libraries; facilitating

access to statewide online library resources; supporting statewide inter-library loan and inter-library cooperation and communication; and administering the State Library's website.

ADMINISTRATION PROGRAM							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,120,977	\$ 1,061,904	\$ 1,059,105	\$ 1,052,366	\$ 1,042,149	\$ 1,031,594	\$ 1,019,611
Contractual Services	2,527,556	2,459,824	2,459,824	2,429,730	2,429,730	2,446,283	2,446,283
Commodities	168,907	165,509	165,509	165,500	165,500	160,500	160,500
Capital Outlay	133,277	136,400	136,400	129,700	129,700	129,700	129,700
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,950,717</i>	<i>\$ 3,823,637</i>	<i>\$ 3,820,838</i>	<i>\$ 3,777,296</i>	<i>\$ 3,767,079</i>	<i>\$ 3,768,077</i>	<i>\$ 3,756,094</i>
Aid to Local Units	1,440,360	1,419,095	1,419,095	1,362,701	1,362,701	1,359,127	1,359,127
Other Assistance	900	0	0	0	0	0	0
TOTAL	<u>\$ 5,391,977</u>	<u>\$ 5,242,732</u>	<u>\$ 5,239,933</u>	<u>\$ 5,139,997</u>	<u>\$ 5,129,780</u>	<u>\$ 5,127,204</u>	<u>\$ 5,115,221</u>
Financing:							
State General Fund	\$ 3,641,150	\$ 3,498,660	\$ 3,495,985	\$ 3,502,483	\$ 3,492,717	\$ 3,525,291	\$ 3,513,308
All Other Funds	1,750,827	1,744,072	1,743,948	1,637,514	1,637,063	1,601,913	1,601,913
TOTAL	<u>\$ 5,391,977</u>	<u>\$ 5,242,732</u>	<u>\$ 5,239,933</u>	<u>\$ 5,139,997</u>	<u>\$ 5,129,780</u>	<u>\$ 5,127,204</u>	<u>\$ 5,115,221</u>
FTE Positions	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Non-FTE Uncl.Perm.Pos.	4.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL	<u>21.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>

The **agency** requests \$5.2 million in all funds for FY 2017, including \$3.5 million from the State General Fund. This request is \$149,245 less than the actual FY 2016 expenditures primarily due to leaving one position unfilled and converting the cost of the Mango Languages database from a lease arrangement to a purchase agreement.

The **Governor** recommends a FY 2017 budget of \$5.2 million from all funds, including \$3.5 million from the State General Fund. The only difference in the agency request and the Governor's recommendation is a decrease of \$2,799 from all funds below the FY 2017 revised request, which is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests \$5.1 million in all funds, including \$3.5 million from the State General Fund, for FY 2018. The budget request is lower than the amount estimated in FY 2017 because of the change in the Mango Languages database agreement. Requests for State General Funds stays relatively constant with increases related to growing costs associated with employee benefits, such as health insurance.

The **Governor** recommends a FY 2018 budget of \$5.1 million from all funds, including \$3.5 million from the State General Fund. The difference is a decrease of \$10,217 in salaries and wages below the FY 2018 request, which is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$5.1 million in all funds, including \$3.5 million from the State General Fund, for FY 2019. An increase in employee benefit costs is the main cause of the increases this fiscal year.

The **Governor's** recommendation for the FY 2019 budget is \$5.1 million in all fund, including \$3.5 million from the State General Fund. The difference in the Governor's recommendation and the agency request is a decrease of \$11,983 in salaries and wages below the FY 2019 request, which is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. Services to the Blind and Handicapped

The State Library provides services for the blind and handicapped through the Talking Books Service Program, which is 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 a patron's home.

SERVICES TO THE BLIND AND HANDICAPPED PROGRAM SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 330,795	\$ 396,161	\$ 395,121	\$ 382,640	\$ 378,887	\$ 381,893	\$ 377,591
Contractual Services	112,869	131,894	131,894	130,321	130,321	128,471	128,471
Commodities	2,097	2,020	2,020	2,530	2,530	2,530	2,530
Capital Outlay	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
<i>Subtotal - Operations</i>	<u>\$ 445,761</u>	<u>\$ 530,075</u>	<u>\$ 529,035</u>	<u>\$ 515,491</u>	<u>\$ 511,738</u>	<u>\$ 512,894</u>	<u>\$ 508,592</u>
Aid to Local Units	67,864	67,864	67,864	67,864	67,864	67,864	67,864
Other Assistance	-	-	-	-	-	-	-
TOTAL	<u>\$ 513,625</u>	<u>\$ 597,939</u>	<u>\$ 596,899</u>	<u>\$ 583,355</u>	<u>\$ 579,602</u>	<u>\$ 580,758</u>	<u>\$ 576,456</u>
Financing:							
State General Fund	\$ 401,323	\$ 365,375	\$ 364,943	\$ 340,270	\$ 338,844	\$ 327,132	\$ 325,660
All Other Funds	112,302	232,564	231,956	243,085	240,758	253,626	250,796
TOTAL	<u>\$ 513,625</u>	<u>\$ 597,939</u>	<u>\$ 596,899</u>	<u>\$ 583,355</u>	<u>\$ 579,602</u>	<u>\$ 580,758</u>	<u>\$ 576,456</u>
FTE Positions	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Non-FTE Uncl. Perm. Pos.	5.0	5.0	6.0	6.0	6.0	6.0	6.0
TOTAL	<u>9.0</u>	<u>9.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>

The **agency** requests nearly \$600,000 in all funds for FY 2017, including \$365,375 from the State General Fund. The

State General Fund request is \$11,000 more than the approved amount. However, the total request was \$1,500 less than the

approved amount. Additional costs associated with employee benefits and a 27th pay period caused an increase in salary and wage budgets for FY 2017 compared to FY 2016.

The **Governor** recommends a FY 2017 budget of \$596,899 in all funds, including \$364,943 from the State General Fund. The Governor's recommendation is \$1,040 less than the FY 2017 agency request in salaries and wages, which is due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** request for FY 2018 is \$583,355 from all funds, including \$340,270 from the State General Fund. The State General Fund request for FY 2018 is \$25,105 less than the FY 2017 estimate.

The **Governor's** recommendation for FY 2018 is \$579,602 in all funds, including \$338,844 from the State General Fund. The Governor's recommendation is \$3,753 less than the FY 2018 agency request due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

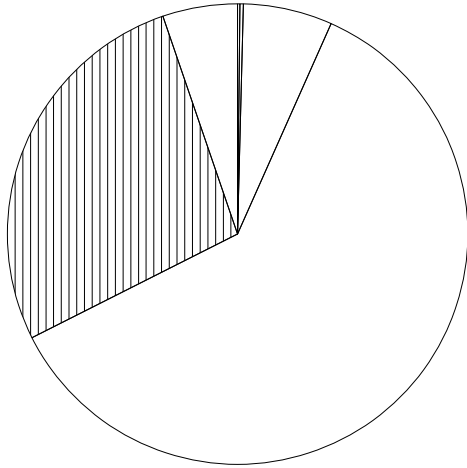
The **agency** request for FY 2019 is \$580,758 from all funds. The FY 2019 State General Fund request is \$13,138 less than the FY 2018 request.

The **Governor's** recommendation for FY 2019 is \$576,456 in all funds, including \$325,660 from the State General Fund. The Governor's recommendation is \$4,302 less than the FY 2019 agency request due to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

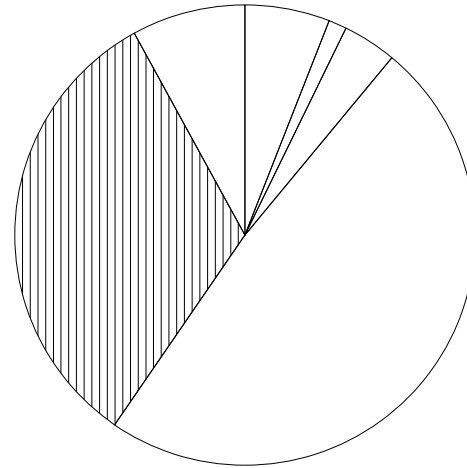
PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of children participating in summer reading programs	102,000	98,540	100,000	100,000	100,000
Number of books and materials circulated in Talking Books Services	N/A	232,064	260,000	271,000	288,000
Number of users of Talking Books Services	6,000	5,291	6,000	6,000	6,000
Number of Database searches/queries	145,600,000	164,860,266	168,260,000	169,840,000	171,540,000
Items loaned through Inter Library Loan	N/A	970,334	980,000	990,000	1,090,000

HUMAN SERVICES

State General Fund



All Funds



Human Services is the function of government that 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.

The Governor's FY 2018 recommendation for the Human Services function totals \$5.0 billion from all funding sources, including \$1.7 billion from the State General Fund. The Governor's FY 2019 recommendation for the Human Services function totals \$5.2 billion from all funding sources, including \$1.7 billion from the State General Fund.

Agencies in this Function:

<i>Kansas Department of Health and Environment</i>	2233
<i>Department for Children and Families</i>	2296
<i>Kansas Department for Aging and Disability Services</i>	2350
<i>Kansas Neurological Institute</i>	2415
<i>Parsons State Hospital and Training Center</i>	2456
<i>Larned State Hospital</i>	2497
<i>Osawatomie State Hospital</i>	2546
<i>Kansas Commission on Veterans' Affairs Office</i>	2587
<i>Kansas Department of Labor</i>	2640
<i>Kansas Guardianship Program</i>	2686

The FY 2018 recommendation represents a State General Fund increase of \$33.7 million, or 2.0 percent, from FY 2017. Expenditures from all funds decrease by \$201.7 million, or 3.9 percent, from FY 2017.

The FY 2019 recommendation represents a State General fund decrease of \$40.5 million, or 2.4 percent, from FY 2018. Expenditures from all funds increase by \$272.0 million, or 5.5 percent, from FY 2018.

A total of 5,671.0 FTE positions are recommended by the Governor for the Human Services function for FY 2018, an increase of 8.0 FTE positions from FY 2017. Of all state FTE positions, 15.3 percent are in this function. A total of 5,671.0 FTE positions are recommended by the Governor for the Human Services function for FY 2019, the same amount as FY 2018. Of all state FTE positions, 15.3 percent are in this function.

Agencies in this function comprise 27.2 percent of the total State General Fund budget for FY 2018, an increase from 26.7 percent from FY 2017. They comprise 32.4 percent of expenditures from all funding sources in FY 2018, a decrease from 32.5 percent in FY 2017. Agencies in this function comprise 27.0 percent of the total State General Fund budget for FY 2019, a decrease from 27.2 percent from FY 2018. They comprise 33.1 percent of expenditures from all funding sources for FY 2019, an increase from 32.4 percent for FY 2018.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 695,993,675	\$ 653,921,542	\$ 679,085,044	\$ 1,193,802,728	\$ 1,277,056,927	\$ 1,193,897,495	\$ 1,229,651,228
Other Funds	1,825,083,361	1,851,696,105	1,931,993,732	2,528,434,916	2,557,940,025	2,522,574,057	2,874,327,336
TOTAL	\$ 2,521,077,036	\$ 2,505,617,647	\$ 2,611,078,776	\$ 3,722,237,644	\$ 3,834,996,952	\$ 3,716,471,552	\$ 4,103,978,564
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 2,521,077,036	\$ 2,505,617,647	\$ 2,611,078,776	\$ 3,722,237,644	\$ 3,834,996,952	\$ 3,716,471,552	\$ 4,103,978,564
Percentage Change:							
Operating Expenditures							
State General Fund	(9.3) %	(6.0) %	(2.4) %	82.6 %	88.1 %	0.0 %	(3.7) %
All Funds	7.1	(0.6)	3.6	48.6	46.9	(0.2)	7.0
FTE Positions	688.3	688.3	688.3	688.3	688.3	688.3	688.3
Non-FTE							
Perm.Uncl.Pos.	403.0	403.0	403.0	403.0	400.0	403.0	399.0
TOTAL	1,091.3	1,091.3	1,091.3	1,091.3	1,088.3	1,091.3	1,087.3

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, the Division of Health Care Finance, and the Division of Environmental Services.

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 five-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.

In **2011**, the Governor signed Executive Reorganization Order (ERO) No. 38, 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 in FY 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies and 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 (CIF), 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 and 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.

In 2011, 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 \$50.0 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 included 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, and transferred programs from the Kansas Department of Health and Environment (KDHE) to the 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; and
- 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 of \$500,000, all from the State General Fund, for the Medicaid Reform Health Savings Account (HSA) 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), as well as to 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 approval from the federal Centers for Medicare and Medicaid Services to implement three pilot programs designed to support Kansans who might otherwise be enrolled in Medicaid. Two of the proposed pilots focus 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 **Governor's** December 2014 State General Fund allotment reduced approved expenditures by \$1.0 million in 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 Order No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families (DCF) to the KDHE effective January 1, 2016. The Governor indicated this reorganization was anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. The associated savings were to 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 the Department of Children and Families. 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.

House Sub. for SB 112 (2015) included language stating that no state agency shall expend any state moneys for FY 2015, FY 2016, and FY 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 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 1.00 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 2.00 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 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.

The **Governor's** November 2015 State General Fund allotment reduced approved expenditures by \$15.8 million in FY 2016.

The **2016 Legislature** passed SB 248, which prescribes the priority for expenditures and grants for family planning services finances with federal Title X funds. The bill specifies KDHE, Division of Public Health, shall make any expenditure or grant first to public entities, including state, county, and local health departments and health clinics, and second, if funds remain, to non-public entities that are hospitals or federal qualified health centers that provide comprehensive primary and preventative care in addition to family planning services. This codified in statute a proviso which has been included in the appropriation bills since 2011.

The **2016 Legislature** passed House Sub. for SB 402, which includes provisions related to what is known as step therapy and removes the prohibition from requiring a Medicaid recipient to use or fail with a drug usage or drug therapy prior to allowing the recipient to receive the product or therapy recommended by the recipient's physician (a practice commonly referred to as step therapy); provides for patient protections for individuals on a drug therapy commenced prior to the effective date of the bill, including a 30-day trial limit on drug usage or drug therapy used for the treatment of multiple sclerosis; provides for a 72-hour expedited appeal process on a physician request for an override; requires KDHE to study, review, and report to the Legislature on the use of step therapy in Medicaid and the savings under the program; provides for a step therapy exemption; and requires any policy or rule and regulation related to the implementation of the program be reviewed and approved by the Medicaid Drug Utilization Review Board prior to implementation by KDHE with the additional requirement any

policy or rule and regulation regarding any medication used to treat mental illness also is reviewed and approved by the Mental Health Medication Advisory Committee.

The **2016 Legislature** passed HB 2615, which amends and creates law regarding charitable health care providers, the Acupuncture Practice Act and the Physical Therapy Practice Act, the Behavioral Sciences Regulatory Board, the Interstate Medical Licensure Compact, and the Independent Practice of Midwifery Act. The bill allows charitable health care providers and dentists to fulfill one hour of continuing education credit for performance of two hours of gratuitous service to medically indigent persons if the provider signs an agreement with the Secretary of Health and Environment to provide gratuitous services. Health care providers are allowed to fulfill a maximum of 20 continuing educational credits through gratuitous service per licensure period, and dentists are allowed to fulfill a maximum of 6 continuing educational credits through gratuitous service per licensure period. The bill also creates the

Independent Practice of Midwifery Act (Midwifery Act). Effective January 1, 2017, the Midwifery Act will allow certified nurse-midwives to practice without a collaborative practice agreement with a person licensed to practice medicine and surgery within a limited scope practice as set forth in the bill. The bill also prohibits nurse-midwives engaged in the independent practice of midwifery from performing or inducing abortions or from prescribing drugs for an abortion.

The **2016 Legislature** added language directing no expenditures can be made during FY 2016 and FY 2017 to proceed with integration of the Medicaid Home and Community Based Services waivers if the proposed integration is planned to occur prior to FY 2019. In addition, reports are required to the Legislature during FY 2017.

The **Governor's** May 2016 State General Fund allotment reduced approved expenditures by \$39.9 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** submits a revised estimate of \$2.5 billion for operating expenditures in FY 2017, including \$20.5 million for the Administration function, \$149.7 million for the Public Health function, \$2.3 billion for the Health Care Finance function, and \$62.2 million for the Environment function. The estimate is an increase of \$48.8 million, or 2.0 percent, above the approved amount. The increased estimate is primarily due to increases in contractual services fees related to the medical assistance programs due to increases in expenditures related to the eligibility determination backlog, the Kansas Eligibility and

Enforcement System (KEES) project, and a new claims payment system.

The agency estimate includes 688.3 FTE positions, an increase of 203.4 FTE positions, and 403.0 non-FTE unclassified positions, a decrease of 193.8 non-FTE unclassified positions, from the FY 2017 approved amount. This reflects the policy change of filling vacant positions and switching unclassified temporary positions to permanent positions.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$2.6 billion, including \$679.1 million from the State General Fund. The recommendation is an all funds increase of \$105.5 million, or 4.2 percent, and a State General Fund increase of \$25.2 million, or 3.8 percent, above the agency's revised FY 2017 estimate. The Governor's recommendation includes the following adjustments:

- Deleted \$196,370, including \$30,808 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount;

- Added \$109.0 million, including \$26.7 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates; and
- Deleted \$3.3 million, including \$1.5 million from the State General Fund, for a decrease in Medicare Part B Premiums due to a change at the federal level.

FY 2018 Agency Request

The **agency** requests \$3.7 billion for operating expenditures for FY 2018. The request is an increase of \$1.2 billion, or 48.6 percent, above the FY 2017 revised estimate. The request includes \$20.4 million for the Administration function, \$146.9 million for the Public Health function, \$3.5 billion for the Health Care Finance function, and \$61.4 million for the Environment function. The increase above the FY 2017 revised estimate is due to increases in the medical assistance program. Beginning in FY 2018, all KanCare will be included in the KDHE budget;

this will include KanCare medical expenditures previously included in the budgets for the Kansas Department for Aging and Disability Services (KDADS) and the Kansas Department of Corrections (DOC), although those agencies will maintain responsibility for their program policies and performance. The agency request includes 688.3 FTE positions and 403.0 non-FTE unclassified positions, the same as the FY 2017 revised estimate.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$3.8 billion, including \$1.3 billion from the State General Fund. The recommendation is an all funds increase of \$112.8 million, or 3.0 percent, and a State General Fund increase of \$83.3 million, or 7.0 percent, above the agency's FY 2018 request.

The Governor's recommendations include the following adjustments:

- Deleted \$585,458, including \$91,792 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount;

- Deleted \$129,557, including \$20,349 from the State General Fund, in order to provide a moratorium on employer contributions for death and disability for one quarter;
- Deleted \$1.0 million, all from the State General Fund, for reduced resource options;
- Added \$18.1 million, including \$30.2 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates;
- Added \$62.0 million, including \$27.9 million from the State General Fund, to reflect revenues raised by adjusting the HMO privilege fee (commonly referred to as the MCO privilege fee) to 5.77 percent;
- Added \$10.8 million, all from the State General Fund, to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds;
- Added \$2.2 million, all from the State General Fund, for Medicare Part D phased-down state contribution increases;
- Added \$88.2 million, including \$49.4 million from the State General Fund, for additional Medicaid

Home and Community Based Services Waiver expenditures. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process for FY 2018;

- Deleted \$19.0 million, including \$7.0 million from the State General Fund, associated with the delay of KanCare renewal;
- Deleted \$3.3 million, including \$1.5 million from the State General Fund, for a decrease in Medicare Part B premiums due to a change at the federal level;
- Deleted \$23.8 million, all from the State General Fund, for a shift of Indian Health Services expenditures to federal funding as a result of the federal Affordable Care Act;
- Deleted \$5.5 million, including \$1.7 million from the State General Fund, for the elimination of payments for unmet spenddown in the Medical Assistance Program;
- Deleted \$652,500, including \$202,500 from the State General Fund, for a policy change in drug test billing; and
- Deleted \$191,237, all from the State Water Plan Fund, due to decreased revenues in that fund.

FY 2019 Agency Request

The **agency** requests \$3.7 billion for operating expenditures for FY 2019. The request is a decrease of \$5.8 million, or 0.2 percent, below the FY 2018 request. The request includes \$20.7 million for the Administration function, \$146.2 million for the Public Health function, \$3.5 billion for the Health Care Finance function, and \$61.6 million for the Environment function. The

decrease from the FY 2018 request is primarily in contractual services for professional service fees in the Health Care Finance Program. The agency request includes 688.3 FTE positions and 403.0 non-FTE unclassified positions, the same as the FY 2018 request.

FY 2019 Governor Recommendation

The **Governor** recommends FY 2019 operating expenditures of \$4.1 billion, including \$1.2 billion from the State General Fund. The recommendation is an all funds increase of \$387.5 million, or 10.4 percent, and a State General Fund increase of \$35.8 million, or 3.0 percent, above the agency's FY 2019 request. The Governor's recommendation includes the following adjustments:

- Deleted \$770,229, including \$120,761 from the State General Fund, to hold KPERs employer contributions at the FY 2016 amount;
- Deleted \$1.0 million, all from the State General Fund, for reduced resource options;
- Added \$60.5 million, including \$190.2 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates;
- Added \$124.0 million, including \$55.8 million from the State General Fund, to reflect revenues

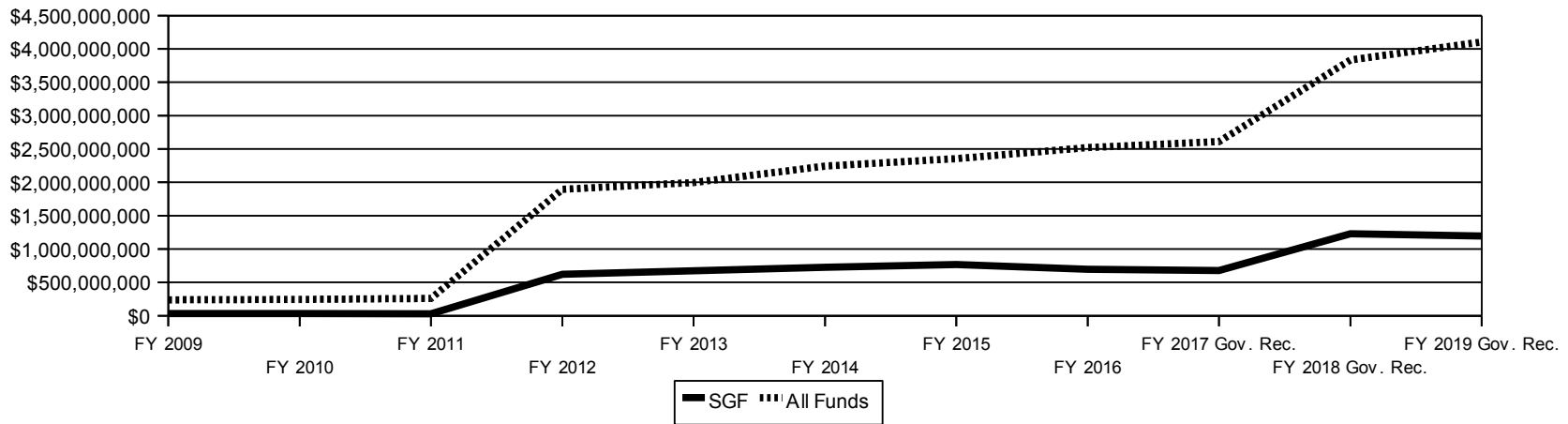
raised by adjusting the HMO privilege fee (commonly referred to as the MCO privilege fee) to 5.77 percent;

- Added \$65.6 million, including \$29.5 million from the State General Fund, to restore the 4.0 percent reduction to non-hospital providers;
- Added \$118.3 million, including \$53.2 million from the State General Fund, to restore the 4.0 percent reduction to hospitals;
- Added \$10.8 million, all from the State General Fund, to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds;
- Added \$3.7 million, all from the State General Fund, for Medicare Part D phased-down state contribution increases;

- Added \$88.0 million, including \$49.3 million from the State General Fund, for additional Home and Community Based Services Waiver expenditures. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process for FY 2019;
- Deleted \$34.0 million, including \$14.0 million from the State General Fund, associated with the delay of KanCare renewal;
- Deleted \$7.3 million, including \$3.3 million from the State General Fund, for a decrease in Medicare Part B Premiums due to a change at the federal level;
- Deleted \$23.8 million, all from the State General Fund, for a shift of Indian Health Services expenditures to federal funding as a result of the federal Affordable Care Act;
- Deleted \$5.5 million, including \$1.7 million from the State General Fund, for the elimination of payments for unmet spenddown in the Medical Assistance Program;
- Deleted \$652,500, including \$202,500 from the State General Fund, for a policy change in drug test billing;
- Deleted \$212.0 million, all from the State General Fund, reflecting a shift of funding to the Medical Assistance Fee Fund, assuming a statutory change for depository designation for the HMO privilege fee;
- Deleted \$27.0 million, all from the State General Fund, for return of the state share to the FY 2017 level;
- Deleted \$73.5 million, all from the State General Fund, to reflect an adjustment of hospital provider tax rates from 1.83 percent to 4.65 percent; and
- Added \$9,123, all from the State Water Plan Fund, due to expected revenues into the Fund.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	695,993,675	(9.3)	2,521,077,036	7.1	688.3
2017 Gov. Rec.	679,085,044	(2.4)	2,611,078,776	3.6	688.3
2018 Gov. Rec.	1,277,056,927	88.1	3,834,996,952	46.9	688.3
2019 Gov. Rec.	1,229,651,228	(3.7)	4,103,978,564	7.0	688.3
Eleven-Year Change	\$ 1,195,701,095	3,521.9 %	\$ 3,864,989,269	1,617.2 %	(195.8)

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.

The large change in expenditures from FY 2017 to FY 2018 reflects the shift of all KanCare expenditures previously included in the budgets for the Kansas Department for Aging and Disability Services and the Kansas Department of Corrections to the Kansas Department of Health and Environment.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 17,997,308	\$ 20,495,913	\$ 20,437,301	\$ (58,612)	(0.3) %	\$ 20,474,915	\$ 20,156,061	\$ (318,854)	(1.6)%
Public Health	145,959,842	149,702,851	146,872,948	(2,829,903)	(1.9)	149,646,594	146,617,376	(3,029,218)	(2.0)
Health Care Finance	2,301,053,478	2,273,240,542	3,493,523,023	1,220,282,481	53.7	2,378,859,304	3,607,510,260	1,228,650,956	51.6
Environment	56,066,408	62,178,341	61,404,372	(773,969)	(1.2)	62,097,963	60,713,255	(1,384,708)	(2.2)
TOTAL	\$ 2,521,077,036	\$ 2,505,617,647	\$ 3,722,237,644	\$ 1,216,619,997	48.6 %	\$ 2,611,078,776	\$ 3,834,996,952	\$ 1,223,918,176	46.9 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 61,382,015	\$ 73,564,618	\$ 72,755,857	\$ (808,761)	(1.1) %	\$ 73,368,248	\$ 71,794,635	\$ (1,573,613)	(2.1)%
Contractual Services	177,087,256	221,370,159	184,196,345	(37,173,814)	(16.8)	221,370,159	183,838,980	(37,531,179)	(17.0)
Commodities	7,238,048	4,385,204	4,248,980	(136,224)	(3.1)	4,385,204	4,248,980	(136,224)	(3.1)
Capital Outlay	9,436,593	2,185,292	1,878,603	(306,689)	(14.0)	2,185,292	1,878,603	(306,689)	(14.0)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 255,143,912	\$ 301,505,273	\$ 263,079,785	\$ (38,425,488)	(12.7) %	\$ 301,308,903	\$ 261,761,198	\$ (39,547,705)	(13.1)%
Aid to Local Units	50,921,323	39,691,391	39,272,694	(418,697)	(1.1)	39,691,391	39,222,694	(468,697)	(1.2)
Other Assistance	2,215,011,801	2,164,420,983	3,419,885,165	1,255,464,182	58.0	2,270,078,482	3,534,013,060	1,263,934,578	55.7
TOTAL	\$ 2,521,077,036	\$ 2,505,617,647	\$ 3,722,237,644	\$ 1,216,619,997	48.6 %	\$ 2,611,078,776	\$ 3,834,996,952	\$ 1,223,918,176	46.9 %
Financing:									
State General Fund	\$ 695,993,675	\$ 653,921,542	\$ 1,193,802,728	\$ 539,881,186	82.6 %	\$ 679,085,044	\$ 1,277,056,927	\$ 597,971,883	88.1 %
State Water Plan Fund	1,874,158	1,827,260	1,804,825	(22,435)	(1.2)	1,825,568	1,607,454	(218,114)	(11.9)
Children's Initiatives Fund	7,115,714	6,975,463	6,975,463	0	0.0	6,975,463	0	(6,975,463)	(100.0)
Special Revenue Funds	330,180,395	358,426,278	353,332,054	(5,094,224)	(1.4)	368,389,617	310,473,755	(57,915,862)	(15.7)
Federal Funds	1,485,913,094	1,484,467,104	2,166,322,574	681,855,470	45.9	1,554,803,084	2,245,858,816	691,055,732	44.4
TOTAL	\$ 2,521,077,036	\$ 2,505,617,647	\$ 3,722,237,644	\$ 1,216,619,997	48.6 %	\$ 2,611,078,776	\$ 3,834,996,952	\$ 1,223,918,176	46.9 %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 20,437,301	\$ 20,681,425	\$ 244,124	1.2 %	\$ 20,156,061	\$ 20,394,416	\$ 238,355	1.2 %
Public Health	146,872,948	146,177,849	(695,099)	(0.5)	146,617,376	145,906,354	(711,022)	(0.5)
Health Care Finance	3,493,523,023	3,488,018,283	(5,504,740)	(0.2)	3,607,510,260	3,876,597,108	269,086,848	7.5
Environment	61,404,372	61,593,995	189,623	0.3	60,713,255	61,080,686	367,431	0.6
TOTAL	\$ 3,722,237,644	\$ 3,716,471,552	\$ (5,766,092)	(0.2) %	\$ 3,834,996,952	\$ 4,103,978,564	\$ 268,981,612	7.0 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 72,755,857	\$ 74,452,389	\$ 1,696,532	2.3 %	\$ 71,794,635	\$ 73,493,819	\$ 1,699,184	2.4 %
Contractual Services	184,196,345	177,017,326	(7,179,019)	(3.9)	183,838,980	176,801,571	(7,037,409)	(3.8)
Commodities	4,248,980	4,219,155	(29,825)	(0.7)	4,248,980	4,219,155	(29,825)	(0.7)
Capital Outlay	1,878,603	1,802,141	(76,462)	(4.1)	1,878,603	1,802,141	(76,462)	(4.1)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 263,079,785	\$ 257,491,011	\$ (5,588,774)	(2.1) %	\$ 261,761,198	\$ 256,316,686	\$ (5,444,512)	(2.1) %
Aid to Local Units	39,272,694	39,119,525	(153,169)	(0.4)	39,222,694	39,069,525	(153,169)	(0.4)
Other Assistance	3,419,885,165	3,419,861,016	(24,149)	(0.0)	3,534,013,060	3,808,592,353	274,579,293	7.8
TOTAL	\$ 3,722,237,644	\$ 3,716,471,552	\$ (5,766,092)	(0.2) %	\$ 3,834,996,952	\$ 4,103,978,564	\$ 268,981,612	7.0 %
Financing:								
State General Fund	\$ 1,193,802,728	\$ 1,193,897,495	\$ 94,767	0.0 %	\$ 1,277,056,927	\$ 1,229,651,228	\$ (47,405,699)	(3.7) %
State Water Plan Fund	1,804,825	1,810,349	5,524	0.3	1,607,454	1,812,862	205,408	12.8
Children's Initiatives Fund	6,975,463	6,975,463	0	0.0	0	0	0	--
Special Revenue Funds	353,332,054	353,866,529	534,475	0.2	310,473,755	459,788,673	149,314,918	48.1
Federal Funds	2,166,322,574	2,159,921,716	(6,400,858)	(0.3)	2,245,858,816	2,412,725,801	166,866,985	7.4
TOTAL	\$ 3,722,237,644	\$ 3,716,471,552	\$ (5,766,092)	(0.2) %	\$ 3,834,996,952	\$ 4,103,978,564	\$ 268,981,612	7.0 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$653.2 million for the Kansas Department of Health and Environment in FY 2017. One adjustment has been made subsequently 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 \$1,655,316, 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 \$654.9 million. 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	\$ 654,893,322	\$ 653,921,542	\$ (971,780)	\$ 679,085,044	\$ 24,191,722
All Other Funds	1,801,902,239	1,851,696,105	49,793,866	1,931,993,732	130,091,493
TOTAL	\$ 2,456,795,561	\$ 2,505,617,647	\$ 48,822,086	\$ 2,611,078,776	\$ 154,283,215
FTE Positions	485.0	688.3	203.3	688.3	203.3

The **agency** submits a revised estimate of \$2.5 billion for operating expenditures in FY 2017, including \$20.5 million for the Administration function, \$149.7 million for the Public Health

function, \$2.3 billion for the Health Care Finance function, and \$62.2 million for the Environment function. The estimate is an increase of \$48.8 million, or 2.0 percent, above the approved

amount, largely due to increases in contractual services fees related to the medical assistance programs due to increases in expenditures related to the eligibility determination backlog, the Kansas Eligibility and Enforcement System (KEES) project, and a new claims payment system.

The agency estimate includes 688.3 FTE positions, an increase of 203.4 FTE positions, and 403.0 non-FTE unclassified positions, a decrease of 193.8 non-FTE unclassified positions, from the FY 2017 approved amount. This reflects the policy change of filling vacant positions and switching unclassified temporary positions to permanent positions. The revised estimate includes the following funding sources of note:

- State General Fund expenditures of \$653.9 million, a decrease of \$971,780, or 0.1 percent, below the FY 2017 approved amount;
- State Water Plan Fund expenditures of \$1.8 million, an increase of \$7,788, or 0.4 percent, above the FY 2017 approved amount;
- Children's Initiatives Fund expenditures of \$7.0 million, the same as the FY 2017 approved amount; and
- Federal funds expenditures of \$1.5 billion, an increase of \$36.7 million, or 2.5 percent, above the FY 2017 approved amount.

The agency requests expenditure authority for federal funding of \$638,036 from the federal Centers for Disease Control and Prevention in FY 2017 for the establishment of

cancer prevention and control activities in partnership with the Cancer Center at the University of Kansas Medical Center. The agency also requests expenditure authority for federal funding of \$400,000 from the federal Centers for Disease Control and Prevention in FY 2017 to enhance the agency's birth defects surveillance system, to implement active surveillance for microcephaly and other selected outcomes potentially linked to Zika virus infection.

The **Governor** recommends FY 2017 operating expenditures of \$2.6 billion, including \$679.1 million from the State General Fund. The recommendation is an all funds increase of \$105.5 million, or 4.2 percent, and a State General Fund increase of \$25.2 million, or 3.8 percent, above the agency's revised FY 2017 estimate. The Governor's recommendation includes the following adjustments:

- Deleted \$196,370, including \$30,808 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount;
- Added \$109.0 million, including \$26.7 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates; and
- Deleted \$3.3 million, including \$1.5 million from the State General Fund for a decrease in Medicare Part B Premiums due to changes at the federal level.

In addition, the Governor authorized the requested federal fund expenditures (\$638,036) through Executive Directive.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY				
	Agency Request		Governor's Recommendation	Difference
	_____		_____	_____
Total Request/Recommendation	\$ 3,722,237,644		\$ 3,834,996,952	\$ 112,759,308
FTE Positions	688.3		688.3	0.0
<i>Change from FY 2017:</i>				
<i>Dollar Change:</i>				
State General Fund	\$ 539,881,186		\$ 597,971,883	
All Other Funds	676,738,811		625,946,293	
TOTAL	<u>\$ 1,216,619,997</u>		<u>\$ 1,223,918,176</u>	
<i>Percent Change:</i>				
State General Fund	82.6 %		88.1 %	
All Other Funds	36.5		32.4	
TOTAL	<u>48.6 %</u>		<u>46.9 %</u>	
Change in FTE Positions	0.0		0.0	

The **agency** requests \$3.7 billion for operating expenditures for FY 2018. The request is an increase of \$1.2 billion, or 48.6 percent, above the FY 2017 revised estimate. The request includes \$20.4 million for the Administration function, \$146.9 million for the Public Health function, \$3.5 billion for the Health Care Finance function, and \$61.4 million for the Environment function. The increase above the FY 2017 revised estimate is due to increases in the medical assistance programs. Beginning

in FY 2018, all KanCare expenditures will be included in the KDHE budget; this will include KanCare medical expenditures previously included in the budgets for the Kansas Department for Aging and Disability Services (KDADS) and the Kansas Department of Corrections (DOC), although those agencies will maintain responsibility for their program policies and performance. The agency request includes 688.3 FTE positions and 403.0 non-FTE unclassified positions, the same as the FY

2017 revised estimate. The request includes the following funding sources of note:

- State General Fund expenditures of \$1.2 billion, an increase of \$539.9 million, or 82.6 percent, above the FY 2017 revised estimate;
- State Water Plan Fund expenditures of \$1.8 million, a decrease of \$22,435, or 1.2 percent, below the FY 2017 revised estimate;
- Children's Initiatives Fund expenditures of \$7.0 million, the same as the FY 2017 revised estimate; and
- Federal funds expenditures of \$2.2 billion, an increase of \$682.1 million, or 45.8 percent, above the FY 2017 revised estimate.

Categories of expenditures in the FY 2018 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$72.8 million for salaries and wages for FY 2018. This is a decrease of \$808,761, or 1.1 percent, below the FY 2017 revised estimate. Federal and fee funds provide funding for 84.9 percent of salaries and wages in this agency;
- **Contractual Services.** The agency requests expenditures of \$184.2 million for contractual services for FY 2018. This is a decrease of \$37.2 million, or 16.8 percent, below the FY 2017 revised estimate, primarily due to decreases in

professional service fee expenditures. Contractual services expenditures include rents and capital surcharge, financial management system fees, and Enterprise Application fees. Along with professional services and contracts, the expenditures provide for printing public health materials and enrollment packets, communication expenditures, limited travel, and contracts with local health entities;

- **Commodities.** The agency requests expenditures of \$4.2 million for commodities for FY 2018. This is a decrease of \$136,224, or 3.1 percent, below the FY 2017 revised estimate. These expenditures include office supplies, scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food-borne illnesses, educating the public regarding various public health programs such as the Breast and Cervical Cancer program, tobacco use prevention, nutrition resources, and disability prevention. Other scientific supplies purchased are items such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenditures also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as Phenylketonuria (PKU) treatment products and vaccine purchases;
- **Capital Outlay.** The agency requests expenditures of \$1.9 million for capital outlay for FY 2018. This is a decrease of \$306,689, or 14.0 percent, below the FY 2017 revised estimate.

The largest expenditures in this category are for projected replacement of technology items as well as system upgrades. It also includes durable medical equipment, such as wheelchairs and braces, purchased for Special Health Services program-eligible youth. This decrease is largely attributable to the Division of Environment's Laboratory program for mobile laboratory equipment and scientific equipment;

- **Aid to Local Units of Government.** The agency requests expenditures of \$39.3 million for aid to local units of government for FY 2018. This is a decrease of \$418,697, or 1.1 percent, below the FY 2017 revised estimate. 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 Women, Infants, and Children (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 programs (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care); and the 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 (\$847,041) and other programs within the Division, such as Healthy Start (\$204,848) and the direct assistance portion of the Infant Toddler program (\$1.7 million); and

- **Other Assistance.** The agency requests expenditures of \$3.4 billion for other assistance for FY 2018. This is an increase of \$1.3 billion, or 58.0 percent, above the FY 2017 revised estimate. 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 change is due to consolidation of Medicaid expenditures from other agencies into the medical assistance programs.

The **Governor** recommends FY 2018 operating expenditures of \$3.8 billion, including \$1.3 billion from the State General Fund. The recommendation is an all funds increase of \$112.8 million, or 3.0 percent, and a State General Fund increase of \$83.3 million, or 7.0 percent, above the agency's FY 2018 request. The Governor's recommendation includes the following adjustments:

- Deleted \$585,458, including \$91,792 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount;
- Deleted \$129,557, including \$20,349 from the State General Fund, in order to provide a

moratorium on employer contributions for death and disability for one quarter;

- Deleted \$1.0 million, all from the State General Fund, for reduced resource options;
- Added \$18.1 million, including \$30.2 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates;
- Added \$62.0 million, including \$27.9 million from the State General Fund, to reflect revenues raised by adjusting the HMO privilege fee (commonly referred to as the MCO privilege fee) to 5.77 percent;
- Added \$10.8 million, all from the State General Fund, to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds;
- Added \$2.2 million, all from the State General Fund, for Medicare Part D phased-down state contribution increases due to changes at the federal level;
- Added \$88.2 million, including \$49.4 million from the State General Fund, for additional Medicaid Home and Community Based Services Waiver

expenditures. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process for FY 2018;

- Deleted \$19.0 million, including \$7.0 million from the State General Fund, for the delay of KanCare renewal;
- Deleted \$3.3 million, including \$1.5 million from the State General Fund, for a decrease in Medicare Part B Premiums due to changes at the federal level;
- Deleted \$23.8 million, all from the State General Fund, for a shift of Indian Health Services expenditures to federal funding as a result of the federal Affordable Care Act;
- Deleted \$5.5 million, including \$1.7 million from the State General Fund, for the elimination of payments for unmet spenddown in the Medical Assistance Program;
- Deleted \$652,500, including \$202,500 from the State General Fund, for a policy change in drug test billing; and
- Deleted \$191,237, all from the State Water Plan Fund, due to decreased revenues in that fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2018 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Administration						
Contractual Service Fees Reduction	\$ (204,353)	\$ (204,353)	0.0	\$ (204,353)	\$ (204,353)	0.0
Public Health						
Immunization Carry Forward*	0	0	0.0	0	0	0.0
Immunization Reduction	(50,000)	(50,000)	0.0	(50,000)	(50,000)	0.0
Transition of Ryan White Funds	(47,682)	0	0.0	(47,682)	0	0.0
Primary Care Grant Reduction	(378,535)	(378,535)	0.0	0	0	0.0
Health Care Finance						
Medicaid Operations Alternate Funding	(538,252)	0	0.0	(538,252)	0	0.0
Environment						
Environmental Field Services Reductions	(121,789)	(121,789)	0.0	(121,789)	(121,789)	0.0
Laboratory Reductions	(44,567)	(44,567)	0.0	(44,567)	(44,567)	0.0
Remediation Reduction	(42,510)	(42,510)	0.0	(42,510)	(42,510)	0.0
TOTAL	\$ (1,427,688)	\$ (841,754)	0.0	\$ (1,049,153)	\$ (463,219)	0.0

*This change results in State General Fund savings of \$329,607 as described in the Public Health Section below.

The **agency** submits for consideration reduced resources totaling \$1.4 million from the State General Fund and a reduction of 3.0 non-FTE positions for FY 2018. This includes State General Fund reductions of \$204,353 from the Administration function, \$476,217 from the Public Health function, \$538,252 from the Health Care Finance function, and

\$208,866 and 3.0 non-FTE unclassified permanent positions from the Environment function.

Administration

Contractual Service Fees Reduction. The agency will reduce the amount of State General Fund spent on fees for building rent in contractual services in the Division of Management and Budget within the Administration function.

The **Governor** recommends the contractual service fees reduction in the Administration program.

Public Health

Immunization Carry Forward. The agency suggests that a carry-forward balance from FY 2016 due to increased federal reimbursement for Medicaid beneficiaries be used in place of a new appropriation. While this would not reduce total State General Fund expenditures, it would remove \$329,607 in new appropriations from the agency in the Immunization program, resulting in total submitted options of \$1.8 million in reduced resources.

The **Governor** recommends the immunization carry forward be utilized in place of new appropriation.

Immunization Reduction. Because the appropriation for the Immunization Aid to Local program has historically been underspent, a \$50,000 reduction would align the appropriation to actuals over the last three years and would not have a detrimental impact on the program or aid recipients.

The **Governor** recommends the immunization reduction totaling \$50,000, all from the State General Fund.

Transition of Ryan White Funds. The agency has experienced an increase in drug rebates from the AIDS Drug

Assistance Program, which must be spent on program-related items and are available for match from the Ryan White Program. The funding change would result in a State General Fund reduction of \$47,682.

The **Governor** recommends the transition of funding for the Ryan White Program, resulting in a State General Fund reduction of \$47,682.

Primary Care Grant Reduction. An agency reduced resource requirement of 5.0 percent requires the reduction of \$378,535 from the Primary Care Grant program, which would be passed directly on to grantees in the form of a reduction of total available grants under the program.

The **Governor** does not recommend this reduced resource option.

Health Care Finance

Medicaid Operations Alternate Funding. The agency has determined that due to increases in administrative burden over the past few years, it would be detrimental to the Medicaid program to reduce funding at this time. If necessary, the agency requests the 5.0 percent reduction of \$538,252 from the State General Fund be replaced with funding from the Association Assistance Plan Fund, which has sufficient balances to absorb the expenditures for FY 2018.

The **Governor** recommends Medicaid operations alternate funding totaling \$538,252, all from the State General Fund.

Environment

Environmental Field Services Reductions. This reduction would require consolidating some management functions in the Bureau of Environmental Field Services Topeka office. This would require the reduction of 2.0 non-FTE positions. The funding change would result in a State General Fund reduction of \$121,789.

The **Governor** recommends the reduction in the Bureau of Environmental Field Services and the reduction of the non-FTE positions.

Laboratory Reductions. This reduction would require the Kansas Health and Environmental Laboratory to continue a contract with the State of Iowa related to radiation chemistry

testing. The continuation of this contract would eliminate 1.0 non-FTE regular, unclassified position. The funding change would result in a State General Fund reduction of \$44,567.

The **Governor** recommends the reduction in the Environmental Laboratory and the reduction of the non-FTE position.

Remediation Reduction. This reduction would increase shrinkage budgeted in the Bureau of Remediation. The agency reviewed turnover and the time to fill positions in the Bureau of Remediation to reach this reduction option. The funding change would result in a State General Fund reduction of \$42,510.

The **Governor** recommends increasing shrinkage in the Bureau of Remediation.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 3,716,471,552	\$ 4,103,978,564	\$ 387,507,012
FTE Positions	688.3	688.3	0.0
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 94,767	\$ (47,405,699)	
All Other Funds	(5,860,859)	316,387,311	
TOTAL	<u>\$ (5,766,092)</u>	<u>\$ 268,981,612</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	(3.7) %	
All Other Funds	(0.2)	12.4	
TOTAL	<u>(0.2) %</u>	<u>7.0 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$3.7 billion for operating expenditures for FY 2019. The request is a decrease of \$5.8 million, or 0.2 percent, below the FY 2018 request. The request includes \$20.7 million for the Administration function, \$146.2 million for the Public Health function, \$3.5 billion for the Health Care Finance function, and \$61.6 million for the Environment function. The agency request includes 688.3 FTE positions and 403.0 non-FTE unclassified positions, the same as the FY 2018 request.

The request includes the following funding sources of note:

- State General Fund expenditures of \$1.2 billion, an increase of \$94,767, or less than 0.1 percent, above the FY 2018 request;

- State Water Plan Fund expenditures of \$1.8 million, an increase of \$5,524, or 0.3 percent, above the FY 2018 request;
- Children's Initiatives Fund expenditures of \$7.0 million, the same as the FY 2018 request; and
- Federal funds expenditures of \$2.2 billion, a decrease of \$6.7 million, or 0.3 percent, below the FY 2018 request.

Categories of expenditures in the FY 2019 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$74.5 million for salaries and wages for FY 2019. This is an increase of \$1.7 million, or 2.3 percent, above the FY 2018 request, primarily due to increases in employer contributions for fringe benefits. Federal and fee funds provide funding for 84.9 percent of salaries and wages in this agency;
- **Contractual Services.** The agency requests expenditures of \$177.0 million for contractual services for FY 2019. This is a decrease of \$7.2 million, or 3.9 percent, below the FY 2018 request, primarily due to decreases in professional service fee expenditures. These expenditures include rents and capital surcharge, financial management system fees, and Enterprise Application fees. Along with professional services and contracts, the expenditures provide for printing public health materials and enrollment packets,

communication expenditures, limited travel, and contracts with local health entities;

- **Commodities.** The agency requests expenditures of \$4.2 million for commodities for FY 2019. This is a decrease of \$29,825, or 0.7 percent, below the FY 2018 request. These expenditures include offices supplies, scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food-borne illnesses, educating the public regarding various public health programs such as the Breast and Cervical Cancer program, tobacco use prevention, nutrition resources, and disability prevention. Other scientific supplies purchased are items such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenditures 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.** The agency requests expenditures of \$1.8 million for capital outlay for FY 2019. This is a decrease of \$76,462, or 4.1 percent, below the FY 2018 request. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment, such as wheelchairs and braces, purchased for Special Health Services program-eligible youth;

- **Aid to Local Units of Government.** The agency requests expenditures of \$39.1 million for aid to local units of government for FY 2019. This is a decrease of \$153,169, or 0.4 percent, below the FY 2017 revised estimate. 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 programs (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care); and the 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 (\$847,041) and other programs within the Division, such as Healthy Start (\$204,848) and the direct assistance portion of the Infant Toddler program (\$1.7 million); and

- **Other Assistance.** The agency requests expenditures of \$3.4 billion for other assistance for FY 2019. This is a decrease of \$24,149, or less than 0.1 percent, below the FY 2017 revised estimate. 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 2019 operating expenditures of \$4.1 billion, including \$1.2 billion from the State General Fund. The recommendation is an all funds increase of \$387.5 million, or 10.4 percent, and a State General Fund increase of \$35.8 million, or 3.0 percent, above the agency's FY 2019 request. The Governor's recommendation includes the following adjustments:

- Deleted \$770,229, including \$120,761 from the State General Fund, to hold KPERs employer contributions at the FY 2016 amount;
- Deleted \$1.0 million, all from the State General Fund, for reduced resource options;
- Added \$60.5 million, including \$190.2 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates;
- Added \$124.0 million, including \$55.8 million from the State General Fund, to reflect revenues raised by adjusting the HMO privilege fee (commonly referred to as the MCO privilege fee) to 5.77 percent;

- Added \$65.6 million, including \$29.5 million from the State General Fund, to restore the 4.0 percent reduction to non-hospital Medicaid providers;
- Added \$118.3 million, including \$53.2 million from the State General Fund, to restore the 4.0 percent reduction to hospitals for Medicaid services;
- Added \$10.8 million, all from the State General Fund, to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds;
- Added \$3.7 million, all from the State General Fund, for Medicare Part D phased-down state contribution increases due to changes at the federal level;
- Added \$88.0 million, including \$49.3 million from the State General Fund, for additional Medicaid Home and Community Based Services Waiver expenditures. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process for FY 2019;
- Deleted \$34.0 million, including \$14.0 million from the State General Fund, for the delay of KanCare renewal;
- Deleted \$7.3 million, including \$3.3 million from the State General Fund, for a decrease in Medicare Part B premiums due to changes at the federal level;
- Deleted \$23.8 million, all from the State General Fund, for a shift of Indian Health Services expenditures to federal funding as a result of the federal Affordable Care Act;
- Deleted \$5.5 million, including \$1.7 million from the State General Fund, for the elimination of payments for unmet spenddown in the Medical Assistance Program;
- Deleted \$652,500, including \$202,500 from the State General Fund, for a policy change in drug test billing;
- Deleted \$212.0 million, all from the State General Fund, reflecting a shift of funding to the Medical Assistance Fee Fund, assuming a statutory change for depository designation for the HMO privilege fee;
- Deleted \$27.0 million, all from the State General Fund, to reflect an estimated return of the state share to the FY 2017 level;
- Deleted \$73.5 million, all from the State General Fund, to reflect an adjustment of hospital provider tax rates from 1.83 percent to 4.65 percent; and
- Added \$9,123, all from the State Water Plan Fund, due to expected revenues in that Fund.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Administration						
Contractual Service Fees Reduction	\$ (204,353)	\$ (204,353)	0.0	\$ (204,353)	\$ (204,353)	0.0
Public Health						
Immunization Carry Forward*	0	0	0.0	0	0	0.0
Immunization Reduction	(50,000)	(50,000)	0.0	(50,000)	(50,000)	0.0
Transition of Ryan White Funds	(47,682)	0	0.0	(47,682)	0	0.0
Primary Care Grant Reduction	(378,535)	(378,535)	0.0	0	0	0.0
Health Care Finance						
Medicaid Operations Alternate Funding	(538,252)	0	0.0	(538,252)	0	0.0
Environment						
Environmental Field Services	(121,789)	(121,789)	0.0	(121,789)	(121,789)	0.0
Laboratory Reductions	(44,567)	(44,567)	0.0	(44,567)	(44,567)	0.0
Remediation Reduction	(42,510)	(42,510)	0.0	(42,510)	(42,510)	0.0
TOTAL	\$ (1,427,688)	\$ (841,754)	0.0	\$ (1,049,153)	\$ (463,219)	0.0

*This change results in State General Fund savings of \$329,607 as described in the Public Health Section below.

The **agency** submits for consideration reduced resources totaling \$1.4 million from the State General Fund and a reduction of 3.0 non-FTE positions for FY 2019. This includes State General Fund reductions of \$204,353 from the Administration function, \$476,217 from the Public Health function, \$538,252 from the Health Care Finance function, and

\$208,866 and 3.0 non-FTE positions from the Environment function. These are the same reduced resources submitted for FY 2018.

Administration

Contractual Service Fees Reduction. The agency will reduce the amount of State General Fund spent on fees for building rent in contractual services in the Division of Management and Budget within the Administration function.

The **Governor** recommends the contractual service fees reduction in the Administration program.

Public Health

Immunization Carry Forward. The agency suggests that a carry-forward balance from FY 2016 due to increased federal reimbursement for Medicaid beneficiaries be used in place of a new appropriation. While this would not reduce total State General Fund expenditures, it would remove \$329,607 in new appropriations from the agency in the Immunization program, resulting in a total submitted options of \$1.8 million in reduced resources.

The **Governor** recommends the immunization carry forward be utilized in place of a new appropriation.

Immunization Reduction. Because the appropriation for the Immunization Aid to Local program has historically been underspent, a \$50,000 reduction would align the appropriation to actuals over the last three years and would not have a detrimental impact on the program or aid recipients.

The **Governor** recommends the immunization reduction totaling \$50,000, all from the State General Fund.

Transition of Ryan White Funds. The agency has experienced an increase in drug rebates from the AIDS Drug

Assistance Program, which must be spent on program-related items and are available for match from the Ryan White Program. The funding change would result in a State General Fund reduction of \$47,682.

The **Governor** recommends the transition of funding for the Ryan White Program, resulting in a State General Fund reduction of \$47,682.

Primary Care Grant Reduction. An agency reduced resource requirement of 5.0 percent requires the reduction of \$378,535 from the Primary Care Grant program, which would be passed directly on to grantees in the form of a reduction of total available grants under the program.

The **Governor** does not recommend this reduced resource option.

Health Care Finance

Medicaid Operations Alternate Funding. The agency has determined that due to increases in administrative burden over the past few years, it would be detrimental to the Medicaid program to reduce funding at this time. If necessary, the agency requests the 5.0 percent reduction of \$538,252 from the State General Fund be replaced with funding from the Association Assistance Plan Fund, which has sufficient balances to absorb the expenditures for FY 2019.

The **Governor** recommends Medicaid operations alternate funding totaling \$538,252, all from the State General Fund.

Environment

Environmental Field Services Reductions. This reduction would require consolidating some management functions in the Bureau of Environmental Field Services Topeka office. This would require the reduction of 2.0 non-FTE classified position and 1.0 non-FTE unclassified permanent position. The funding change would result in a State General Fund reduction of \$121,789.

The **Governor** recommends the reduction for the Bureau of Environmental Field Services and the reduction of the non-FTE positions.

Laboratory Reductions. This reduction would require the Kansas Health and Environmental Laboratory to continue a

contract with the State of Iowa related to radiation chemistry testing. The continuation of this contract would eliminate 1.0 non-FTE unclassified position. The funding change would result in a State General Fund reduction of \$44,567.

The **Governor** recommends the reduction for the Environmental Laboratory.

Remediation Reduction. This reduction would increase shrinkage budgeted in the Bureau of Remediation. The agency reviewed turnover and the time to fill positions in the Bureau of Remediation to reach this reduction option. The funding change would result in a State General Fund reduction of \$42,510.

The **Governor** recommends increasing shrinkage for the Bureau of Remediation.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$196,958, including \$30,672 from the State General Fund; FY 2018 and FY 2019 longevity payments total \$206,758, including \$31,683 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to

freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$203,081, including \$30,808 from the State General Fund, in FY 2017; by \$605,540, including \$91,792 from the State General Fund, for FY 2018; and by \$796,650, including \$120,761 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$133,995, including \$20,349 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

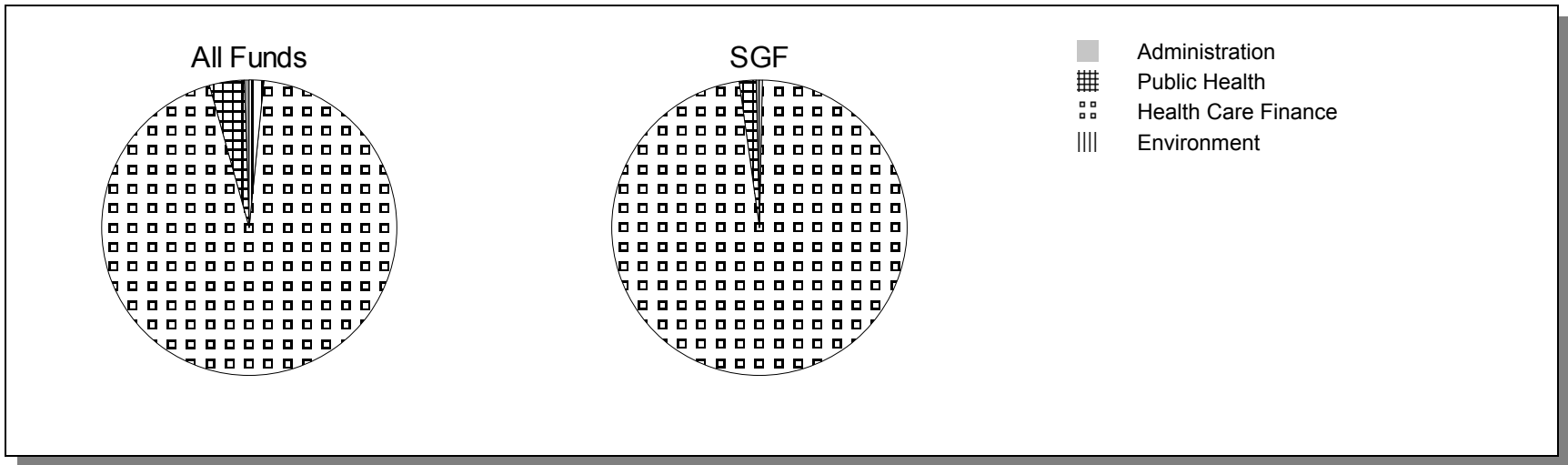
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	32.1 %	33.3 %	32.1 %	30.0 %
State Water Plan Fund	0.1	0.1	0.1	0.1
Children's Initiatives Fund	0.2	0.0	0.2	0.0
Special Revenue Funds	9.5	8.1	9.5	11.2
Federal Funds	58.2	58.6	58.1	58.8
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding. State Water Plan Fund totals less than 0.1 percent.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM-- GOVERNOR'S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 20,156,061	0.5 %	\$ 4,714,528	0.4 %
Public Health	146,617,376	3.8	23,322,387	1.8
Health Care Finance	3,607,510,260	94.1	1,245,087,409	97.5
Environment	60,713,255	1.6	3,932,603	0.3
TOTAL	\$ 3,834,996,952	100.0 %	\$ 1,277,056,927	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Administration	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Public Health	165.3	165.3	165.3	165.3	165.3	165.3	165.3
Health Care Finance	183.0	183.0	183.0	183.0	183.0	183.0	183.0
Environment	284.1	284.1	284.1	284.1	284.1	284.1	284.1
TOTAL	688.3	688.3	688.3	688.3	688.3	688.3	688.3

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 also are 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
SUMMARY OF EXPENDITURES FY 2016 – 2019

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 6,323,529	\$ 7,793,592	\$ 7,772,594	\$ 7,706,850	\$ 7,629,963	\$ 7,753,093	\$ 7,670,437
Contractual Services	11,521,552	12,421,676	12,421,676	12,534,531	12,330,178	12,732,793	12,528,440
Commodities	36,986	79,350	79,350	59,125	59,125	58,744	58,744
Capital Outlay	51,982	136,795	136,795	136,795	136,795	136,795	136,795
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 17,934,049</i>	<i>\$ 20,431,413</i>	<i>\$ 20,410,415</i>	<i>\$ 20,437,301</i>	<i>\$ 20,156,061</i>	<i>\$ 20,681,425</i>	<i>\$ 20,394,416</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	63,259	64,500	64,500	0	0	0	0
TOTAL	<u>\$ 17,997,308</u>	<u>\$ 20,495,913</u>	<u>\$ 20,474,915</u>	<u>\$ 20,437,301</u>	<u>\$ 20,156,061</u>	<u>\$ 20,681,425</u>	<u>\$ 20,394,416</u>
Financing:							
State General Fund	\$ 3,848,347	\$ 5,211,879	\$ 5,204,938	\$ 4,944,294	\$ 4,714,528	\$ 5,007,566	\$ 4,775,896
All Other Funds	14,148,961	15,284,034	15,269,977	15,493,007	15,441,533	15,673,859	15,618,520
TOTAL	<u>\$ 17,997,308</u>	<u>\$ 20,495,913</u>	<u>\$ 20,474,915</u>	<u>\$ 20,437,301</u>	<u>\$ 20,156,061</u>	<u>\$ 20,681,425</u>	<u>\$ 20,394,416</u>
FTE Positions	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Non-FTE Uncl.Perm.Pos.	45.0	45.0	45.0	45.0	45.0	45.0	45.0
TOTAL	<u>101.0</u>	<u>101.0</u>	<u>101.0</u>	<u>101.0</u>	<u>101.0</u>	<u>101.0</u>	<u>101.0</u>

The **agency** requests FY 2018 operating expenditures of \$20.4 million for the Administration program, a decrease of \$58,612, or 0.3 percent, below the FY 2017 revised estimate. The request includes the following funding of note:

- State General Fund expenditures of \$4.9 million, a decrease of \$267,585, or 5.1 percent, below the FY 2017 revised estimate; and

- Federal funds expenditures of \$3.7 million, an increase of \$81,151, or 2.2 percent, above the FY 2017 revised estimate.

Categories of expenditures in the FY 2018 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$7.7 million for salaries and

wages for FY 2018. This is a decrease of \$86,742, or 1.1 percent, below the FY 2017 revised estimate. The decrease is primarily due to a decrease in unclassified regular and temporary pay;

- **Contractual Services.** The agency requests expenditures of \$12.5 million for contractual services for FY 2018. This is an increase of \$112,855, or 0.9 percent, above the FY 2017 revised estimate due to increases in service fees. The largest expenditures in this category are for rents and security, capital surcharge, financial management system fees and Enterprise Application fees;
- **Commodities.** The agency requests expenditures of \$59,125 for commodities for FY 2018, largely for office supplies. This is a decrease of \$20,225, or 25.5 percent, below the FY 2017 revised estimate due to reductions in scientific supplies expenditures;
- **Capital Outlay.** The agency requests expenditures of \$136,795 for capital outlay for FY 2018. This is the same amount as the FY 2017 revised estimate. The largest expenditures in this category are for projected replacements of technology items and system upgrades; and
- **Other Assistance.** The agency did not request expenditures for other assistance for FY 2018. This is a decrease of \$64,500, or 100.0 percent, below the FY 2017 revised estimate due to the expiration of a Voluntary Retirement Incentive Program in FY 2018.

The **Governor** recommends operating expenditures of \$20.2 million, including \$4.7 million from the State General Fund, for the Administration program for FY 2018. This is an all funds decrease of \$281,240, or 1.4 percent, and a State General Fund decrease of \$229,766, or 4.6 percent, below the FY 2018 agency request. The decrease is attributable to the reduced resource option of reducing State General Fund expenditures for building rent fees in contractual services and the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **agency** requests FY 2019 operating expenditures of \$20.7 million for the Administration program, an increase of \$244,124, or 1.2 percent, above the FY 2018 request. The request includes the following funding of note:

- State General Fund expenditures of \$5.0 million, an increase of \$63,272, or 1.3 percent, above the FY 2017 request; and
- Federal funds expenditures of \$3.8 million, an increase of \$111,573, or 29.9 percent, above the FY 2018 request.

Categories of expenditures in the FY 2019 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$7.8 million for salaries and wages for FY 2019. This is an increase of \$46,243, or 0.6 percent, above the FY 2018 request, largely due to increases in employer contribution retirement plan rates;
- **Contractual Services.** The agency requests expenditures of \$12.7 million for contractual

services for FY 2019. This is an increase of \$198,262, or 1.6 percent, above the the FY 2018 request. The increase is primarily due to increases in service fees charged to the agency;

- **Commodities.** The agency requests expenditures of \$58,744 for commodities for FY 2019. This is a decrease of \$381, or 0.6 percent, below the FY 2018 request; and
- **Capital Outlay.** The agency requests expenditures of \$136,795 for capital outlay for FY

2019. This is the same amount as the FY 2018 request.

The **Governor** recommends operating expenditures of \$20.4 million, including \$4.8 million from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$287,009, or 1.4 percent, and a State General Fund decrease of \$231,670, or 4.6 percent, below the FY 2019 agency request. The decrease is attributable to the reduced resource option of reducing State General Fund expenditures for building rent fees in contractual services and the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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. The assessment function is the systematic collecting, analyzing, and distributing of information on various aspects of health, trends in health, and health-related problems. The policy development function utilizes scientific knowledge in making important health policy decisions. Finally, the assurances function makes certain 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.

The **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.

The **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 8

and total number of staff to 70. The Bureau provides leadership for the agency in the 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.

The **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.

The **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, and 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.

The **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 up 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 Maternal and Child Health 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) mothers and their young children (infants to 5 years old). In FY 2015, the Healthy Homes and Lead Hazard Prevention Program (HHLHPP) was transferred to the Bureau of Family Health 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 the Bureau of Family Health to the Department for Children and Families, effective July 1, 2015, in response to Executive Reorganization Order No. 43.

The **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 hotline, 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 health care-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							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 17,720,960	\$ 21,186,764	\$ 21,130,507	\$ 20,963,641	\$ 20,758,069	\$ 21,210,898	\$ 20,989,403
Contractual Services	25,686,626	25,923,986	25,923,986	24,079,376	24,079,376	23,371,510	23,371,510
Commodities	1,046,506	1,717,459	1,717,459	1,675,295	1,675,295	1,652,604	1,652,604
Capital Outlay	730,760	562,730	562,730	319,109	319,109	283,360	283,360
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 45,184,852</i>	<i>\$ 49,390,939</i>	<i>\$ 49,334,682</i>	<i>\$ 47,037,421</i>	<i>\$ 46,831,849</i>	<i>\$ 46,518,372</i>	<i>\$ 46,296,877</i>
Aid to Local Units	36,314,742	36,212,103	36,212,103	35,793,406	35,743,406	35,640,237	35,590,237
Other Assistance	64,460,248	64,099,809	64,099,809	64,042,121	64,042,121	64,019,240	64,019,240
TOTAL	<u>\$ 145,959,842</u>	<u>\$ 149,702,851</u>	<u>\$ 149,646,594</u>	<u>\$ 146,872,948</u>	<u>\$ 146,617,376</u>	<u>\$ 146,177,849</u>	<u>\$ 145,906,354</u>
Financing:							
State General Fund	\$ 15,432,175	\$ 16,893,929	\$ 16,891,010	\$ 16,455,279	\$ 23,322,387	\$ 16,464,894	\$ 23,331,178
All Other Funds	130,527,667	132,808,922	132,755,584	130,417,669	123,294,989	129,712,955	122,575,176
TOTAL	<u>\$ 145,959,842</u>	<u>\$ 149,702,851</u>	<u>\$ 149,646,594</u>	<u>\$ 146,872,948</u>	<u>\$ 146,617,376</u>	<u>\$ 146,177,849</u>	<u>\$ 145,906,354</u>
FTE Positions	165.3	165.3	165.3	165.3	165.3	165.3	165.3
Non-FTE Uncl.Perm.Pos.	171.0	171.0	171.0	171.0	171.0	171.0	171.0
TOTAL	<u>336.3</u>	<u>336.3</u>	<u>336.3</u>	<u>336.3</u>	<u>336.3</u>	<u>336.3</u>	<u>336.3</u>

The **agency** requests FY 2018 operating expenditures of \$146.9 million for the Public Health program, a decrease of \$2.8 million, or 1.9 percent, below the FY 2017 revised estimate. The request includes the following funding of note:

- State General Fund expenditures of \$16.5 million, a decrease of \$438,650, or 2.6 percent, below the FY 2017 revised estimate. 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, pediatric

diagnostic and treatment services within the Special Health Services section, services provided to indigent Kansans with tuberculosis, vaccine purchases, Mothers and Infants Services, Healthy Start, Primary Health, the Childcare Licensing Inspection program, family planning activities, AIDS testing, child health, targeted infant mortality, and immunization programs;

- Children’s Initiatives Fund expenditures of \$7.0 million, the same amount as the FY 2017 revised estimate. Children’s Initiatives Fund-financed activities include Healthy Start, the Infants and

Toddlers program, smoking prevention, Newborn Hearing Aid Loner program, and SIDS network grant; and

- Federal Funds expenditures of \$115.3 million, a decrease of \$2.3 million, or 2.0 percent, below the FY 2017 revised estimate. The largest single item funded from federal sources is the Women, Infants, and Children (WIC) program that provides \$60.1 million for assistance and benefit payments to individuals eligible for the program. A majority of the salary request, 73.8 percent, for the Division of Health is financed through federal funds. Other major expenditure categories financed through federal funds include professional services and professional, scientific, and office supplies. Aid to local units of government and other assistance also are significantly funded through federal funds.

Categories of expenditures in the FY 2018 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$21.0 million for salaries and wages for FY 2018. This is a decrease of \$223,123, or 1.1 percent, below the FY 2017 revised estimate, primarily due to reductions in unclassified regular and temporary pay;
- **Contractual Services.** The agency requests expenditures of \$24.1 million for contractual services for FY 2018. This is a decrease of \$1.8 million, or 7.1 percent, below the FY 2017 revised estimate. Major expenditures 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. The decrease was primarily due to decreases in professional fees;

- **Commodities.** The agency requests expenditures of \$1.7 million for commodities for FY 2018. This is a decrease of \$42,164, or 2.5 percent, below the FY 2017 revised estimate. 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, educating the public regarding various public health programs such as the Breast and Cervical Cancer program, tobacco use prevention, nutrition resources, and disability prevention. Other scientific supplies purchased are items such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenditures also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs;
- **Capital Outlay.** The agency requests expenditures of \$319,109 for capital outlay for FY 2018. This is a decrease of \$243,621, or 43.3 percent, below the FY 2017 revised estimate due to decreased expenditures on software and passenger cars. The largest expenditures in this category are for projected routine replacements of technology items and systems. Other

equipment purchased includes durable medical equipment, such as wheelchairs and braces, for program-eligible youth under the Special Health Services program;

- **Aid to Local Units of Government.** The agency requests expenditures of \$35.8 million for aid to local units of government for FY 2018. This is a decrease of \$418,697, or 1.2 percent, below the FY 2017 revised estimate. 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 underserved 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 programs (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 of government funding through programs such as the Comprehensive Tobacco Use Prevention program, Healthy Start, and the Infant and Toddlers program; and
- **Other Assistance** expenditures of \$64.0 million, a decrease of \$57,688, or 0.1 percent, below the

FY 2017 revised estimate. The major expenditure in this category is the Women, Infants, and Children (WIC) program. It also includes the Primary Care program and the Infant Toddler Services IDEA Part C program.

The **Governor** recommends operating expenditures of \$146.7 million, including \$23.3 million from the State General Fund, for the Public Health program for FY 2018. This is an all funds decrease of \$255,572, or 0.2 percent, and a State General Fund increase of \$6.9 million, or 41.7 percent, from the FY 2018 agency request. The decrease reflects the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and provide a moratorium on employer contributions for death and disability for one quarter. In addition the Governor recommends the agency reduce resources in the Immunization Program and AIDS Drug Assistance Program. The State General Fund increase is due to the replacement of Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

The **agency** requests FY 2019 operating expenditures of \$146.2 million for the Public Health program, a decrease of \$695,099, or 0.5 percent, below the FY 2018 request. The request includes the following funding of note:

- State General Fund expenditures of \$16.5 million, an increase of \$9,615, or 0.1 percent, above the FY 2018 request;
- Children's Initiatives Fund expenditures of \$7.0 million, the same as the FY 2018 request; and
- Federal funds expenditures of \$114.5 million, a decrease of \$769,328, or 0.7 percent, below the FY 2018 request.

Categories of expenditures in the FY 2019 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$21.2 million of salaries and wages for FY 2019. This is an increase of \$247,257, or 1.2 percent, above the FY 2018 request. The agency continues the same level of staffing as FY 2018, and the increase reflects changes to employer contributions for fringe benefits;
- **Contractual Services.** The agency requests expenditures of \$23.4 million for contractual services for FY 2019. This is a decrease of \$707,866, or 2.9 percent, below the FY 2018 request, primarily due to decreased expenditures for professional fees;
- **Commodities.** The agency requests expenditures of \$1.7 million for commodities for FY 2019. This is a decrease of \$22,691, or 1.4 percent, below the FY 2018 request;
- **Capital Outlay.** The agency requests expenditures of \$283,360 for capital outlay for FY

2019. This is a decrease of \$35,749, or 11.2 percent, below the FY 2018 request;

- **Aid to Local Units of Government.** The agency requests expenditures of \$35.6 million for aid to local units of government for FY 2019. This is a decrease of \$153,169, or 0.4 percent, below the FY 2018 request; and
- **Other Assistance.** The agency requests expenditures of \$64.0 million for other assistance for FY 2019. This is a decrease of \$22,881, or less than 0.1 percent, below the FY 2018 request.

The **Governor** recommends operating expenditures of \$145.9 million, including \$23.3 million from the State General Fund, for the Public Health program for FY 2019. This is an all funds decrease of \$271,495, or 0.2 percent, and a State General Fund increase of \$6.9 million, or 41.7 percent, from the FY 2019 agency request. The decrease reflects the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to reduce resources in the Immunization Program and AIDS Drug Assistance Program. The State General Fund increase is due to the replacement of Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

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 and 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 the 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; and
- 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 55.0 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 45.0 percent of the cost of Medicaid services. Under Title XXI, the federal government provides approximately 92.2 percent of the cost up to a maximum allotment, and the State provides the remaining 7.8 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, the 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 other health insurance.

In FY 2016, the agency spent nearly \$2.0 billion purchasing health care for more than 425,000 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 75.0 percent of the people served were low-income children and families, although spending for these populations comprises only 34.0 percent of total spending on medical care. Services for people with disabilities and the aging population comprise the majority of expenditures. Medicaid pays for approximately 40.0 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 Division of Health Care Finance. A Pharmacy unit is also part of Clinical Policy Improvement and is responsible for overseeing managed care operations (MCOs) and FFS pharmacy operations, including managing the Drug Utilization Review and Preferred Drug List processes.

The Medicaid Initiatives Unit within Clinical Policy Improvement is responsible for research, development and training for new Medicaid initiatives. The unit also serves as a liaison for KanCare with the Division of Public Health when initiatives overlap between Public Health and KanCare.

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 in July 2015 with a full range of medical assistance eligibility functionality. In early 2017, Phase 3 will implement the human services components. After all phases are completed, the project will go into post implementation and ongoing operations mode.

The Out-Stationed Eligibility Specialist and Presumptive Medical Disability Determination Unit (OSW/PMDD) includes a group of 30 eligibility workers that are set up in local communities and provide application assistance and outreach. The out-stationed Eligibility Specialist workers provide local application processing for children, families, and pregnant women. The Intake Manager Specialists work to process Home and Community Based Services applications in a timely manner and help guide consumers through the financial and functional eligibility process. The Presumptive Medical Disability Determination 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 200 operational contracts and is 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 also are included in this section.

It also is 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.

The **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.

The **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 (KHIIS), 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.

The **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.

The **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.

The **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 participated in the transition planning related to Executive Reorganization Order No. 43 and completed 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.

State Employee Benefit Plan

The **State Employee Health Benefit Plan (SEHBP)** administers health benefits for state employees, retirees, non-state group members, and state employees with workers' 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 SEHBP 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 SEHBP. As of July 1, 2016, non-state public employers included 31 school districts; 83 cities, counties or townships; 22 extension offices or libraries; 17 public hospitals; 9 housing authorities, and 10 miscellaneous local government entities. The number of members in the groups range from 1 to 1,057. There

are 24 groups who have more than 200, and 39 have between 100 and 200 members.

ENROLLMENT FIGURES	
<u>Group</u>	<u>Participants</u>
Active State of Kansas employees	33,690
Active Non-State Public Employees (education and local units)	6,665
Direct bill/Retiree member	11,017
COBRA member	246
Total	<u>51,618</u>
Note: Total may not add due to rounding.	

Currently, 89.0 percent of active state employees and 81.0 percent of the non-state public employer population are enrolled. For the active state population, 47.0 percent are enrolled in single coverage and 53.0 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. 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 7,239 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 Benefit 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; and
- 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.

The **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, 257 accident reports are received monthly. In FY 2016, the SSIF spent about \$21.9 million on claims expenses with about 84.0 percent for medical services and 16.0 percent for indemnity. Payments to injured workers are reflected in the other assistance expenditures in the non-reportable budget.

**HEALTH CARE FINANCE
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 11,398,337	\$ 14,496,244	\$ 14,457,507	\$ 14,345,708	\$ 14,204,166	\$ 15,363,525	\$ 15,211,013
Contractual Services	120,047,326	160,285,145	160,285,145	124,918,124	124,918,124	118,394,351	118,394,351
Commodities	3,438,862	35,000	35,000	35,000	35,000	34,985	34,985
Capital Outlay	5,619,474	489,101	489,101	694,361	694,361	695,592	695,592
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 140,503,999</i>	<i>\$ 175,305,490</i>	<i>\$ 175,266,753</i>	<i>\$ 139,993,193</i>	<i>\$ 139,851,651</i>	<i>\$ 134,488,453</i>	<i>\$ 134,335,941</i>
Aid to Local Units	12,319,593	0	0	0	0	0	0
Other Assistance	2,148,229,886	2,097,935,052	2,203,592,551	3,353,529,830	3,467,658,609	3,353,529,830	3,742,261,167
TOTAL	<u>\$ 2,301,053,478</u>	<u>\$ 2,273,240,542</u>	<u>\$ 2,378,859,304</u>	<u>\$ 3,493,523,023</u>	<u>\$ 3,607,510,260</u>	<u>\$ 3,488,018,283</u>	<u>\$ 3,876,597,108</u>
Financing:							
State General Fund	\$ 672,363,861	\$ 627,523,272	\$ 652,706,580	\$ 1,168,225,844	\$ 1,245,087,409	\$ 1,168,215,293	\$ 1,197,581,896
All Other Funds	1,628,689,617	1,645,717,270	1,726,152,724	2,325,297,179	2,362,422,851	2,319,802,990	2,679,015,212
TOTAL	<u>\$ 2,301,053,478</u>	<u>\$ 2,273,240,542</u>	<u>\$ 2,378,859,304</u>	<u>\$ 3,493,523,023</u>	<u>\$ 3,607,510,260</u>	<u>\$ 3,488,018,283</u>	<u>\$ 3,876,597,108</u>
FTE Positions	183.0	183.0	183.0	183.0	183.0	183.0	183.0
Non-FTE Uncl.Perm.Pos.	44.0	44.0	44.0	44.0	44.0	44.0	44.0
TOTAL	<u>227.0</u>	<u>227.0</u>	<u>227.0</u>	<u>227.0</u>	<u>227.0</u>	<u>227.0</u>	<u>227.0</u>

The **agency** requests FY 2018 operating expenditures of \$3.5 billion for the Health Care Finance program, an increase of \$1.2 billion, or 53.7 percent, above the FY 2017 revised estimate due to increases in the medical assistance programs. Beginning in FY 2018, all KanCare expenditures will be included in the KDHE budget; this will include KanCare medical expenditures previously included in the budgets for the Kansas Department for Aging and Disability Services (KDADS) and the Kansas Department of Corrections (DOC), although those

agencies will maintain responsibility for their program policies and performance. This program also has off budget expenditures of \$37.0 million for the Health Benefits and Workers Compensation programs. The request includes the following funding of note:

- State General Fund expenditures of \$1.2 billion, an increase of \$540.7 million, or 86.2 percent, above the FY 2017 revised estimate; and

- Federal funds expenditures of \$2.0 billion, an increase of \$684.4 million, or 50.9 percent, above the FY 2017 revised estimate. There are two main federal funds included in this division: Medicaid and Children's Health Insurance Program (CHIP).

Categories of expenditures in the FY 2018 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$14.3 million for salaries and wages for FY 2018. This is a decrease of \$150,536, or 1.0 percent, below the FY 2017 revised estimate;
- **Contractual Services.** The agency requests expenditures of \$124.9 million for contractual services for FY 2018. This is a decrease of \$35.4 million, or 22.1 percent, below the approved amount, largely due to decreases in professional service fees. Major expenditures 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.** The agency requests expenditures of \$35,000 for commodities for FY 2018, largely for office supplies, which is the same as the FY 2017 revised estimate;
- **Capital Outlay.** The agency requests expenditures of \$694,361 for capital outlay for FY

2018. This is an increase of \$205,260, or 42.0 percent, above the FY 2017 revised estimate, primarily due to microcomputer equipment expenditures. The largest expenditures in this category are for projected replacements of technology items, software, and system upgrades; and

- **Other Assistance.** The agency requests expenditures of \$3.4 billion for other assistance for FY 2018. This is an increase of \$1.3 billion, or 59.9 percent, above the FY 2017 revised estimate, largely due to increases in the medical assistance programs, which are the the major expenditures in this category.

The **Governor** recommends operating expenditures of \$3.6 billion, including \$1.2 billion from the State General Fund, for the Health Care Finance program for FY 2018. This is an all funds increase of \$114.0 million, or 3.3 percent, and a State General Fund increase of \$76.9 million, or 6.6 percent, above the FY 2018 agency request. The increase is due to the following adjustments in the Governor's recommendation:

- Added \$18.1 million, including \$30.2 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates;
- Added \$62.0 million, including \$27.9 million from the State General Fund, to reflect revenues raised by adjusting the HMO privilege fee (commonly referred to as the MCO privilege fee) to 5.77 percent;

- Added \$3.8 million, all from the State General Fund, for to replace Children’s Initiatives Fund moneys that will no longer be available due to the Governor’s recommendation to securitize the tobacco settlement proceeds;
- Added \$2.2 million, all from the State General Fund, for Medicare Part D phased-down state contribution increases due to a change at the federal level; and
- Added \$88.2 million, including \$49.4 million from the State General Fund, for additional Medicaid Home and Community Based Services Waiver expenditures. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process for FY 2018.

The increases were partially offset by the following reductions:

- Deleted \$19.0 million, including \$7.0 million from the State General Fund, for the delay of KanCare renewal;
- Deleted \$3.3 million, including \$1.5 million from the State General Fund, for a decrease in Medicare Part B Premiums due to a change at the federal level;
- Deleted \$23.8 million, all from the State General Fund, for a shift of Indian Health Services expenditures to federal funding as a result of the federal Affordable Care Act;

- Deleted \$5.5 million, including \$1.7 million from the State General Fund, for the elimination of payments for unmet spenddown in the Medical Assistance Program;
- Deleted \$652,500, including \$202,500 from the State General Fund, for a policy change in drug test billing; and
- Deleted \$538,252, all from the State General Fund, for the Medicaid operations alternate funding reduced resource option.

In addition, the Governor recommended to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests FY 2019 operating expenditures of \$3.5 billion for the Health Care Finance program, a decrease of \$5.5 million, or 0.2 percent, below the FY 2018 request. This program also has off budget expenditures of \$37.2 million for the Health Benefits and Workers Compensation programs. The request includes the following funding of note:

- State General Fund expenditures of \$1.2 billion, a decrease of \$10,551, or less than 0.1 percent, below the FY 2018 request; and
- Federal funds expenditures of \$2.0 billion, a decrease of \$5.6 million, or 0.3 percent, below the FY 2018 request.

Categories of expenditures in the FY 2019 request are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$15.4 million for salaries and wages for FY 2019. This is an increase of \$1.0 million, or 7.1 percent, above the FY 2018 request. The agency continues the same level of staffing as FY 2018, and the increase reflects changes to employer contributions for fringe benefits;
- **Contractual Services.** The agency requests expenditures of \$118.4 million for contractual services for FY 2019. This is a decrease of \$6.5 million, or 5.2 percent, below the FY 2018 request due to a reduction in professional service fee expenditures;
- **Commodities.** The agency requests expenditures of \$34,985 for commodities for FY 2019. This is a decrease of \$15, or less than 0.1 percent, below the FY 2018 request;
- **Capital Outlay.** The agency requests expenditures of \$695,592 for capital outlay for FY 2019. This is an increase of \$1,231, or 0.2 percent, above the FY 2018 request; and
- **Other Assistance.** The agency requests expenditures of \$3.4 billion for other assistance for FY 2019. This is the same amount requested for FY 2018.

The **Governor** recommends operating expenditures of \$3.9 billion, including \$1.2 billion from the State General Fund, for the Health Care Finance program for FY 2019. This is an all funds

increase of \$388.6 million, or 11.1 percent, and a State General Fund increase of \$29.4 million, or 2.5 percent, above the FY 2019 agency request. The increase is due to the following adjustments in the Governor's recommendation:

- Added \$60.5 million, including \$190.2 million from the State General Fund, to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates;
- Added \$124.0 million, including \$55.8 million from the State General Fund, to reflect revenues raised by adjusting the HMO privilege fee (commonly referred to as the MCO privilege fee) to 5.77 percent;
- Added \$65.6 million, including \$29.5 million from the State General Fund, to restore the 4.0 percent reduction to non-hospital Medicaid providers;
- Added \$118.3 million, including \$53.2 million from the State General Fund, to restore the 4.0 percent reduction on Medicaid services to hospitals;
- Added \$3.8 million, all from the State General Fund, to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds;
- Added \$3.7 million, all from the State General Fund, for Medicare Part D phased-down state

contribution increases due to a change at the federal level; and

- Added \$88.0 million, including \$49.3 million from the State General Fund, for additional Medicaid Home and Community Based Services Waiver expenditures. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process for FY 2019.

The increases were partially offset by the following reductions:

- Deleted \$34.0 million, including \$14.0 million from the State General Fund, for the delay of KanCare renewal;
- Deleted \$7.3 million, including \$3.3 million from the State General Fund, for a decrease in Medicare Part B Premiums due to a change at the federal level;
- Deleted \$23.8 million, all from the State General Fund, for a shift of Indian Health Services expenditures to federal funding as a result of the federal Affordable Care Act;

- Deleted \$5.5 million, including \$1.7 million from the State General Fund, for the elimination of payments for unmet spenddown in the Medical Assistance Program;
- Deleted \$652,500, including \$202,500 from the State General Fund, for a policy change in drug test billing;
- Deleted \$212.0 million, all from the State General Fund, reflecting a shift of funding to the Medical Assistance Fee Fund, assuming a statutory change for depository designation for the HMO privilege fee;
- Deleted \$27.0 million, all from the State General Fund, due to an estimated return of the state share to the FY 2017 level;
- Deleted \$73.5 million, all from the State General Fund, to reflect an adjustment of hospital provider tax rates from 1.83 percent to 4.65 percent; and
- Deleted \$538,252, all from the State General Fund, for the Medicaid operations alternate funding reduced resource option.

In addition, the Governor recommended to hold KPERS employer contributions at the FY 2016 amount.

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, and 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 also is 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 also is 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 the 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 25,939,189	\$ 30,088,018	\$ 30,007,640	\$ 29,739,658	\$ 29,202,437	\$ 30,124,873	\$ 29,622,966
Contractual Services	19,831,752	22,739,352	22,739,352	22,664,314	22,511,302	22,518,672	22,507,270
Commodities	2,715,694	2,553,395	2,553,395	2,479,560	2,479,560	2,472,822	2,472,822
Capital Outlay	3,034,377	996,666	996,666	728,338	728,338	686,394	686,394
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 51,521,012</i>	<i>\$ 56,377,431</i>	<i>\$ 56,297,053</i>	<i>\$ 55,611,870</i>	<i>\$ 54,921,637</i>	<i>\$ 55,802,761</i>	<i>\$ 55,289,452</i>
Aid to Local Units	2,286,988	3,479,288	3,479,288	3,479,288	3,479,288	3,479,288	3,479,288
Other Assistance	2,258,408	2,321,622	2,321,622	2,313,214	2,312,330	2,311,946	2,311,946
TOTAL	<u>\$ 56,066,408</u>	<u>\$ 62,178,341</u>	<u>\$ 62,097,963</u>	<u>\$ 61,404,372</u>	<u>\$ 60,713,255</u>	<u>\$ 61,593,995</u>	<u>\$ 61,080,686</u>
Financing:							
State General Fund	\$ 4,349,292	\$ 4,292,462	\$ 4,282,516	\$ 4,177,311	\$ 3,932,603	\$ 4,209,742	\$ 3,962,258
All Other Funds	51,717,116	57,885,879	57,815,447	57,227,061	56,780,652	57,384,253	57,118,428
TOTAL	<u>\$ 56,066,408</u>	<u>\$ 62,178,341</u>	<u>\$ 62,097,963</u>	<u>\$ 61,404,372</u>	<u>\$ 60,713,255</u>	<u>\$ 61,593,995</u>	<u>\$ 61,080,686</u>
FTE Positions	284.1	284.1	284.1	284.1	284.1	284.1	284.1
Non-FTE Uncl.Perm.Pos.	143.0	143.0	143.0	143.0	140.0	143.0	139.0
TOTAL	<u>427.1</u>	<u>427.1</u>	<u>427.1</u>	<u>427.1</u>	<u>424.1</u>	<u>427.1</u>	<u>423.1</u>

The **agency** requests FY 2018 expenditures of \$61.4 million for the Division of Environment, including \$4.2 million from the State General Fund. This request is a decrease of \$773,969, or 1.2 percent, including a State General Fund decrease of \$115,151, or 2.7 percent, below the FY 2017 revised estimate. Major categories of expenditures are listed below:

- **Salaries and Wages.** The agency requests FY 2018 salaries and wages expenditures of \$29.7 million, a decrease of \$348,360, or 1.2 percent, below the FY 2017 revised estimate. This request includes \$3.6 million from the State General Fund, a decrease of \$67,256, or 1.8 percent,

below the FY 2017 estimate. The decrease is attributable to decreases in salary expenditures offset in part by increases in employer contributions for fringe benefits;

- **Contractual Services.** The agency requests FY 2018 contractual services expenditures of \$22.7 million, a decrease of \$75,038, or 0.3 percent, below the FY 2017 revised estimate. This request includes \$348,588 from the State General Fund, a decrease of \$52,125, or 13.0 percent, below the FY 2017 estimate. The decrease is largely attributable to professional fees associated with water quality monitoring;
- **Commodities.** The agency requests FY 2018 commodities expenditures of \$2.5 million, a decrease of \$73,835, or 2.9 percent, below the FY 2017 revised estimate. This request includes \$208,666 from the State General Fund, an increase of \$4,230, or 2.1 percent, above the FY 2017 estimate. The change is largely attributable to decreases in federal funds within the Division of Environment's Laboratory Program for scientific supplies;
- **Capital Outlay.** The agency requests FY 2018 capital outlay expenditures of \$728,338, a decrease of \$268,328, or 26.9 percent, below the FY 2017 revised estimate. This request includes \$6,139 from the State General Fund, which is no change from the FY 2017 estimate. The change is attributable to decreased expenditures within the Division of Environment's Laboratory Program for mobile lab replacement equipment and professional and scientific equipment, offset

in part by increased expenditures for replacement vehicles;

- **Aid to Local Units of Government.** The agency requests FY 2018 aid to local units of government expenditures of \$3.5 million, which is no change from the FY 2017 revised estimate. This request includes no expenditures from the State General Fund. Aid to local units of government expenditures include funding for implementing provisions of the Kansas Air Quality Act, solid waste program grants, waste tire management grants, and management of environmental threats;
- **Other Assistance.** The agency requests FY 2018 other assistance expenditures of \$2.3 million, a decrease of \$8,408, or 0.4 percent, below the FY 2017 revised estimate. This request includes no expenditures from the State General Fund. Other assistance expenditures include the Watershed Restoration and Protection Strategy and federal funding for non-point source pollution.

The **Governor** recommends FY 2018 expenditures of \$60.7 million, including \$3.9 million from the State General Fund. This recommendation is an all funds decrease of \$691,117, or 1.1 percent, and a State General Fund decrease of \$244,708, or 5.9 percent, below the agency request. The decrease is attributable to the following:

- Delete \$121,789, all from the State General Fund, for the Bureau of Environmental Field Services Topeka office from the agency's reduced resource options. This reduction

consolidates some management functions in the Bureau of Environmental Field Services Topeka office. This also deletes 1.0 FTE classified position and 1.0 non-FTE unclassified permanent position;

- Delete \$44,567, all from the State General Fund, for the Environmental Laboratory from the agency's reduced resource options. This reduction requires the Kansas Health and Environmental Laboratory to continue a contract with the State of Iowa related to radiation chemistry testing. This recommendation also deletes 1.0 FTE regular, unclassified position;
- Delete \$42,510, all from the State General Fund, for the Bureau of Remediation from the agency's reduced resource options. This reduction increases shrinkage budgeted in the Bureau of Remediation. The agency reviewed turnover and the time to fill positions in the Bureau of Remediation to reach this reduction option;
- Delete \$191,237, all from the State Water Plan Fund, due to decreased revenues in that fund; and
- Delete \$291,014, including \$35,842 from the State General Fund. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$238,344, including \$29,354 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds

reduction of \$52,670, including \$6,488 from the State General Fund.

The **agency** requests FY 2019 expenditures of \$61.6 million for the Division of Environment, including \$4.2 million from the State General Fund. This request is an increase of \$189,623, or 0.3 percent, including a State General Fund increase of \$32,431, or 0.8 percent, above the FY 2018 request. Major categories of expenditures are listed below:

- **Salaries and Wages.** The agency requests FY 2019 salaries and wages expenditures of \$30.1 million, an increase of \$385,215, or 1.3 percent, above the FY 2018 request. This request includes \$3.7 million from the State General Fund, an increase of \$40,691, or 1.1 percent, above the FY 2018 request. The increase is attributable to increased expenditures for employer contributions for fringe benefits;
- **Contractual Services.** The agency requests FY 2019 contractual services expenditures of \$22.5 million, a decrease of \$145,642, or 0.6 percent, below the FY 2018 request. This request includes \$343,139 from the State General Fund, a decrease of \$5,449, or 1.6 percent, below the FY 2018 request. The decrease is largely attributable to information systems consulting in the Air Quality program and contractors investigating and performing remediation work, offset in part by increased communication costs for the Bureau of Environmental Field Services;
- **Commodities.** The agency requests FY 2019 commodities expenditures of \$2.5 million, a decrease of \$6,738, or 0.3 percent, below the FY

2018 request. This request includes \$206,585 from the State General Fund, a decrease of \$2,081, or 1.0 percent, below the FY 2018 request. The decrease is largely attributable to scientific supplies for the Laboratory and Water programs, offset in part by increased fuel expenditures;

- **Capital Outlay.** The agency requests FY 2019 capital outlay expenditures of \$686,394, a decrease of \$41,944, or 5.8 percent, below the FY 2018 request. This request includes \$5,409 from the State General Fund, a decrease of \$730, or 11.9 percent, below the FY 2018 request. The decrease is largely attributable to decreased expenditures for vehicle replacements;
- **Aid to Local Units of Government.** The agency requests FY 2019 aid to local units of government expenditures of \$3.5 million, which is no change from the FY 2018 request. This request includes no expenditures from the State General Fund. Aid to local units of government expenditures include funding for implementing provisions of the Kansas Air Quality Act, solid waste program grants, waste tire management grants, and management of environmental threats;
- **Other Assistance.** The agency requests FY 2019 other assistance expenditures of \$2.3 million, a decrease of \$1,268, or 0.1 percent, below the FY 2018 request. This request includes no expenditures from the State General Fund. The decrease is attributable to non-point source

pollution expenditures funded by the State Water Plan Fund. Other assistance expenditures also include the Watershed Restoration and Protection Strategy and federal funding for non-point source pollution.

The **Governor** recommends FY 2019 expenditures of \$61.1 million, including \$4.0 million from the State General Fund. This recommendation is an all funds decrease of \$513,309, or 0.8 percent, and a State General Fund decrease of \$247,484, or 5.9 percent, below the agency's request. The decrease is attributable to the following:

- Delete \$121,789, all from the State General Fund, for the Bureau of Environmental Field Services Topeka office from the agency's reduced resource options. This reduction consolidates some management functions in the Bureau of Environmental Field Services Topeka office. This also deletes 1.0 FTE classified position and 1.0 non-FTE unclassified permanent position;
- Delete \$44,567, all from the State General Fund, for the Environmental Laboratory from the agency's reduced resource options. This reduction requires the Kansas Health and Environmental Laboratory to continue a contract with the State of Iowa related to radiation chemistry testing. This recommendation also deletes 1.0 FTE regular, unclassified position;
- Delete \$42,510, all from the State General Fund, for the Bureau of Remediation from the agency's reduced resource options. This reduction increases shrinkage budgeted in the Bureau of

Remediation. The agency reviewed turnover and the time to fill positions in the Bureau of Remediation to reach this reduction;

- Add \$9,123, all from the State Water Plan Fund, due to expected revenues in that Fund; and

- Delete \$313,566, including \$38,618 from the State General Fund. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

PERFORMANCE MEASURES					
<u>Measure</u>	<u>Gov. Rec. for FY 2016</u>	<u>Actual FY 2016</u>	<u>Gov. Rec. FY 2017</u>	<u>Gov. Rec. FY 2018</u>	<u>Gov. Rec. FY 2019</u>
Number of clients accessing primary health clinics	650,000	376,994	400,000	400,000	400,000
Average number of WIC participants served annually	113,040	106,091	105,290	105,800	105,800
Percent of children less than 6 years old with 2 or more immunizations	N/A	82.5%	85.0%	85.0%	85.0%
Number of children (ages 0-2) receiving services from the Infants and Toddlers Program	9,421	9,700	9,950	10,200	10,450
Number of permitted hazardous waste facilities	46	46	47	47	48
Number of public water supplies tested annually	46,000	53,201	46,000	46,000	46,000
Number of petroleum storage tank trust fund sites approved	25	24	25	25	25
Number of annual inspections at solid waste sites	450	275	350	350	350

DEPARTMENT FOR CHILDREN AND FAMILIES

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 219,289,135	\$ 237,007,578	\$ 240,516,991	\$ 237,623,024	\$ 244,602,699	\$ 235,437,646	\$ 250,803,126
Other Funds	362,796,996	366,313,163	367,249,269	349,632,622	341,634,914	345,603,407	338,597,297
TOTAL	\$ 582,086,131	\$ 603,320,741	\$ 607,766,260	\$ 587,255,646	\$ 586,237,613	\$ 581,041,053	\$ 589,400,423
Capital Improvements:							
State General Fund	\$ (1,665)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	5,842	0	0	0	0	0	0
TOTAL	\$ 4,177	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 582,090,308	\$ 603,320,741	\$ 607,766,260	\$ 587,255,646	\$ 586,237,613	\$ 581,041,053	\$ 589,400,423
Percentage Change:							
Operating Expenditures							
State General Fund	(1.2) %	8.1 %	9.7 %	0.3 %	1.7 %	(0.9) %	2.5 %
All Funds	2.5	3.6	4.4	(2.7)	(3.5)	(1.1)	0.5
FTE Positions	2,163.9	2,126.6	2,111.6	2,129.6	2,119.1	2,129.6	2,119.1
Non-FTE							
Perm.Uncl.Pos.	445.5	363.0	363.0	341.0	341.0	341.0	341.0
TOTAL	2,609.4	2,489.6	2,474.6	2,470.6	2,460.1	2,470.6	2,460.1

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 Areas, and Regional Offices.

MAJOR ISSUES FROM PRIOR YEARS

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** added \$27.3 million, all from federal funds, in FY 2009 to reflect increased funding received for the Low Income Energy Assistance Program 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 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 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 wage 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 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 an all funds decrease of \$956.5 million, or 60.8 percent, below the FY 2012 approved amount. 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.

In **2012**, Executive Reorganization Order (ERO) No. 41 renamed the Department of Social and Rehabilitation Services to the Department for Children and Families. In addition, the ERO renamed the Department on Aging to 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 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, which is 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 percent reduction in operations.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** estimates expenditures of \$603.3 million, including \$237.0 million from the State General Fund, in FY 2017. The revised estimate is an increase of \$12.8 million, or 2.2 percent, from all funding sources above the amount approved by the 2016 Legislature, and an increase of \$327,363 from the State General Fund, or 0.1 percent, above the amount approved by the 2016 Legislature. The revised estimate also includes 2,126.7 FTE positions, which is an increase of 101.7 FTE positions above the approved amount. The revised

The **2016 Legislature** passed SB 418, the Host Families Act, which allows a child placement agency or other charitable organization to establish a program to provide temporary care of children by a host family. The 2016 Legislature also passed SB 402, which made changes pertaining to eligibility for public assistance.

The **2016 Legislature** transferred \$9.0 million, all from the Early Childhood Block Grant, to the State General Fund in FY 2016 and added language directing the Secretary for Children and Families to sell property to the Neosho Memorial Regional Medical Center at a price agreed to by both parties for FY 2017.

In addition, the **2016 Legislature** added \$1.1 million, including \$900,000 from the State General Fund, for salary increases for social workers and social worker supervisors for FY 2017. The Legislature also added \$4.0 million from all funding sources, including the deletion of \$8.1 million from the State General Fund, to fund human services consensus caseload estimates in FY 2016 and added \$3.4 million, including \$4.7 million from the State General Fund, to fund human services consensus caseload estimates for FY 2017.

estimate also includes 363.0 non-FTE positions, a reduction of 68.5 non-FTE positions.

The FY 2017 revised estimate includes the addition of \$416,280, including \$327,363 from the State General Fund, and 15.0 FTE positions for the supplemental request for the Foster Home Licensing Division. In addition, the FY 2017 revised estimate includes the addition of \$1.2 million, all from special revenue funds, for the purchase of passenger cars. Also

included is an increase of \$5.5 million, all from federal funds, for the Low Income Energy Assistance Program.

Also included in the revised estimate are increased expenditures for the Kansas Eligibility and Enforcement System

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$607.8 million, including \$240.5 million from the State General Fund. The recommendation is an all funds increase of \$4.4 million, or 0.7 percent, and a State General Fund increase of \$3.5 million, or 1.5 percent, above the agency's revised FY 2017 estimate. The increase is mainly attributable to \$5.2 million, including \$4.0 million from the State

FY 2018 Agency Request

The **agency** requests expenditures of \$587.3 million, including \$237.6 million from the State General Fund, for FY 2018. The request is a decrease of \$16.1 million, or 2.7 percent, from all funding sources, and an increase of \$615,446, or 0.3 percent, from the State General Fund from the FY 2017 revised estimate.

The majority of the change from FY 2017 is attributable to decreases in salaries and wages (\$5.3 million) primarily in

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$586.2 million, including \$244.6 million from the State General Fund. The recommendation is an all funds decrease of \$1.0 million, or 0.2 percent, and a State General

(KEES) due to the delay in the implementation of the program, partially were partially offset by decreased estimates of vocational rehabilitation services caseloads.

General Fund, for the human services consensus caseload estimate for foster care and cash assistance. These increases are partially offset by the Governor not recommending the agency's supplemental request for funding for the foster home licensing division. The remainder of the decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

increased shrinkage rates; contractual services (\$5.1 million) associated with the anticipated completion of the Kansas Enrollment and Eligibility System (KEES); other assistance expenditure reductions (\$4.4 million); and capital outlay reductions (\$1.3 million) associated with a reduction in the purchase of passenger cars in FY 2017 that will not reoccur in FY 2018.

Fund increase of \$7.0 million, or 2.9 percent, from the agency's FY 2018 request.

The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$972,795, including \$517,470 from the State General Fund, to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$214,981, including \$114,364 from the State General Fund, and recommends reduced resources options totaling \$3.7 million, including \$1.9 million from the State General Fund.

The reduced resources options included in the recommendation include:

- Closure of field offices in Goodland, Greensburg, and Iola, resulting in annual savings of \$112,191, including \$70,564 from the State General Fund;
- Outsource mainframe operations, resulting in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions;
- Reduce legal contingency funds, resulting in savings of \$272,000, including \$156,488 from the State General Fund;

FY 2019 Agency Request

The **agency** requests expenditures of \$551.0 million, including \$235.4 million from the State General Fund, for FY 2019. The request is a decrease of \$6.2 million, or 1.1 percent, from all funding sources, including \$2.2 million, or 0.9 percent, from the State General Fund, below the FY 2018 request.

- Reduce operating expenditures by 4.0 percent, resulting in savings of \$704,882, including \$484,382 from the State General Fund; and
- Eliminate all Faith-Based and Community Initiatives Grants, resulting in savings of \$100,000, all from the State General Fund.

The State General Fund recommendation includes the addition of \$7.1 million from the State General Fund to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

The Governor's recommendation also includes: the addition of \$277,216, including \$250,881 from the State General Fund, and 4.0 FTE positions to enhance the child welfare compliance unit; the addition of 15.0 FTE positions and the transfer of the funding for the positions from the Foster Care contracts; and \$573,390, all from federal funds, and 1.0 FTE position for Family Preservation Services.

The recommendation includes the addition of \$8.5 million, including \$7.3 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance.

The majority of the change from FY 2018 is attributable to decreases in salaries and wages (\$500,000); contractual services (\$4.0 million) mainly in reductions in professional fees associated with enhancement requests for FY 2018 that did not reoccur in FY 2019; and other assistance (\$1.4 million).

FY 2019 Governor Recommendation

The **Governor** recommends FY 2019 operating expenditures of \$589.4 million, including \$250.8 million from the State General Fund. The recommendation is an all funds increase of \$8.4 million, or 1.4 percent, and a State General Fund increase of \$15.4 million, or 6.5 percent, from the agency's FY 2019 request.

The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$1.3 million, including \$721,317 from the State General Fund, and recommending reduced resources options totaling \$3.7 million, including \$1.9 million from the State General Fund.

The reduced resources options included in the recommendation include:

- Closure of field offices in Goodland, Greensburg, and Iola, resulting in annual savings of \$112,191, including \$70,564 from the State General Fund;
- Outsource mainframe operations, resulting in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions;
- Reduce legal contingency funds, resulting in savings of \$272,000, including \$156,488 from the State General Fund;

- Reduce operating expenditures by 4.0 percent, resulting in savings of \$704,882, including \$484,382 from the State General Fund;
- Eliminate all Faith-Based and Community Initiatives Grants, resulting in savings of \$100,000, all from the State General Fund; and
- Reduce grants to Native American Tribes that provide funding to assist with reducing the removal of children from homes and tribal environments, resulting in savings of \$100,000, all from the State General Fund.

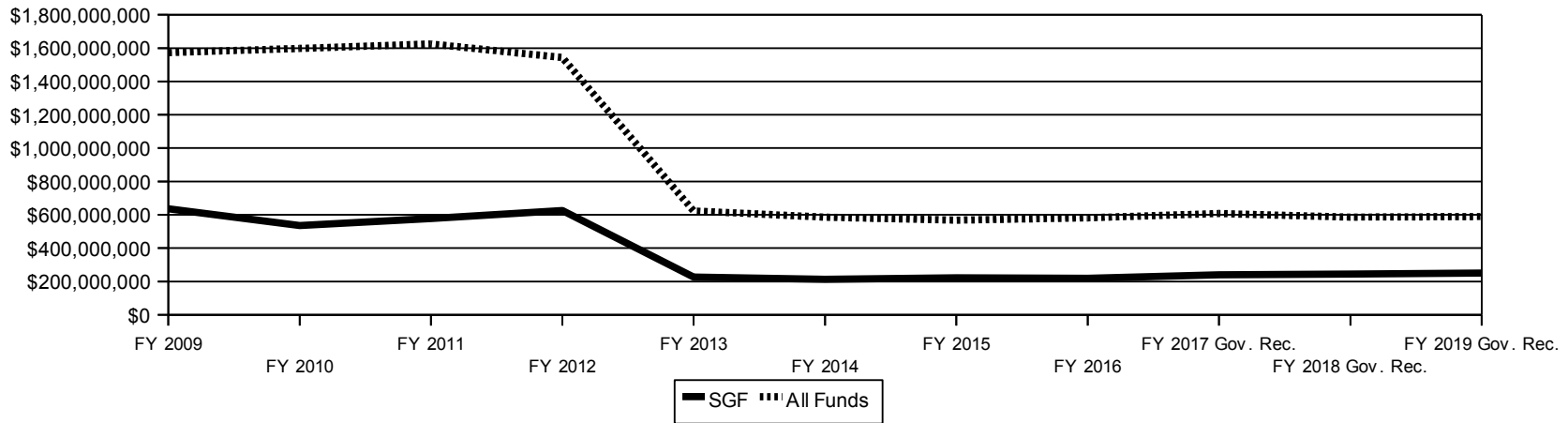
The State General Fund recommendation includes the addition of \$7.1 million from the State General Fund to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

The Governor's recommendation also includes: the addition of \$271,978, including \$246,141 from the State General Fund, and 4.0 FTE positions to enhance the child welfare compliance unit; the addition of 15.0 FTE positions and the transfer of the funding for the positions from the Foster Care contracts; and \$574,201, all from federal funds, and 1.0 FTE position for Family Preservation Services.

The recommendation includes the addition of \$14.5 million, including \$13.1 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	219,289,135	(1.2)	582,086,131	2.5	2,163.9
2017 Gov. Rec.	240,516,991	9.7	607,766,260	4.4	2,111.6
2018 Gov. Rec.	244,602,699	1.7	586,237,613	(3.5)	2,119.1
2019 Gov. Rec.	250,803,126	2.5	589,400,423	0.5	2,119.1
Eleven-Year Change	\$ (384,585,680)	(60.5)%	\$ (983,468,194)	(62.5)%	(1,548.4)

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 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 13,356,975	\$ 17,165,209	\$ 16,196,328	\$ (968,881)	(5.6) %	\$ 16,726,417	\$ 15,653,614	\$ (1,072,803)	(6.4) %
Family Services	415,358,917	442,632,966	438,221,723	(4,411,243)	(1.0)	447,775,272	441,704,487	(6,070,785)	(1.4)
Supported Business Areas	46,405,521	36,873,137	28,859,605	(8,013,532)	(21.7)	36,845,902	26,266,061	(10,579,841)	(28.7)
Regional Offices	106,964,718	106,649,429	103,977,990	(2,671,439)	(2.5)	106,418,669	102,613,451	(3,805,218)	(3.6)
TOTAL	\$ 582,086,131	\$ 603,320,741	\$ 587,255,646	\$ (16,065,095)	(2.7) %	\$ 607,766,260	\$ 586,237,613	\$ (21,528,647)	(3.5) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 123,450,782	\$ 129,042,003	\$ 123,771,137	\$ (5,270,866)	(4.1) %	\$ 128,334,669	\$ 121,910,225	\$ (6,424,444)	(5.0) %
Contractual Services	96,570,933	106,417,902	101,305,046	(5,112,856)	(4.8)	106,397,568	95,134,958	(11,262,610)	(10.6)
Commodities	1,233,916	1,284,967	1,309,876	24,909	1.9	1,281,938	1,170,564	(111,374)	(8.7)
Capital Outlay	1,948,695	3,034,139	1,713,528	(1,320,611)	(43.5)	3,010,679	1,310,901	(1,699,778)	(56.5)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 223,204,326	\$ 239,779,011	\$ 228,099,587	\$ (11,679,424)	(4.9) %	\$ 239,024,854	\$ 219,526,648	\$ (19,498,206)	(8.2) %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	358,881,805	363,541,730	359,156,059	(4,385,671)	(1.2)	368,741,406	366,710,965	(2,030,441)	(0.6)
TOTAL	\$ 582,086,131	\$ 603,320,741	\$ 587,255,646	\$ (16,065,095)	(2.7) %	\$ 607,766,260	\$ 586,237,613	\$ (21,528,647)	(3.5) %
Financing:									
State General Fund	\$ 219,289,135	\$ 237,007,578	\$ 237,623,024	\$ 615,446	0.3 %	\$ 240,516,991	\$ 244,602,699	\$ 4,085,708	1.7 %
Children's Initiatives Fund	20,785,801	7,107,291	7,107,291	0	0.0	7,107,291	0	(7,107,291)	(100.0)
Social Welfare Fund	21,259,232	14,998,838	11,456,904	(3,541,934)	(23.6)	14,996,139	12,250,229	(2,745,910)	(18.3)
Child Care Development Block Grant	25,328,193	28,345,445	24,983,017	(3,362,428)	(11.9)	28,339,622	24,929,793	(3,409,829)	(12.0)
Foster Care Federal	19,753,824	21,714,653	21,966,883	252,230	1.2	22,450,169	22,766,559	316,390	1.4
Temp Assist for Families	80,215,645	88,125,226	82,670,397	(5,454,829)	(6.2)	88,185,949	82,837,895	(5,348,054)	(6.1)
All Other Funds	195,454,301	206,021,710	201,448,130	(4,573,580)	(2.2)	206,170,099	198,850,438	(7,319,661)	(3.6)
TOTAL	\$ 582,086,131	\$ 603,320,741	\$ 587,255,646	\$ (16,065,095)	(2.7) %	\$ 607,766,260	\$ 586,237,613	\$ (21,528,647)	(3.5) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 16,196,328	\$ 16,215,246	\$ 18,918	0.1 %	\$ 15,653,614	\$ 15,638,165	\$ (15,449)	(0.1)%
Family Services	438,221,723	432,469,959	(5,751,764)	(1.3)	441,704,487	445,482,542	3,778,055	0.9
Supported Business Areas	28,859,605	28,879,145	19,540	0.1	26,266,061	26,274,581	8,520	0.0
Regional Offices	103,977,990	103,476,703	(501,287)	(0.5)	102,613,451	102,005,135	(608,316)	(0.6)
TOTAL	\$ 587,255,646	\$ 581,041,053	\$ (6,214,593)	(1.1) %	\$ 586,237,613	\$ 589,400,423	\$ 3,162,810	0.5 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 123,771,137	\$ 123,248,006	\$ (523,131)	(0.4) %	\$ 121,910,225	\$ 121,168,239	\$ (741,986)	(0.6)%
Contractual Services	101,305,046	97,261,626	(4,043,420)	(4.0)	95,134,958	94,591,538	(543,420)	(0.6)
Commodities	1,309,876	1,330,212	20,336	1.6	1,170,564	1,190,900	20,336	1.7
Capital Outlay	1,713,528	1,457,019	(256,509)	(15.0)	1,310,901	1,280,932	(29,969)	(2.3)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 228,099,587	\$ 223,296,863	\$ (4,802,724)	(2.1) %	\$ 219,526,648	\$ 218,231,609	\$ (1,295,039)	(0.6)%
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	359,156,059	357,744,190	(1,411,869)	(0.4)	366,710,965	371,168,814	4,457,849	1.2
TOTAL	\$ 587,255,646	\$ 581,041,053	\$ (6,214,593)	(1.1) %	\$ 586,237,613	\$ 589,400,423	\$ 3,162,810	0.5 %
Financing:								
State General Fund	\$ 237,623,024	\$ 235,437,646	\$ (2,185,378)	(0.9) %	\$ 244,602,699	\$ 250,803,126	\$ 6,200,427	2.5 %
Children's Initiatives Fund	7,107,291	7,107,291	0	0.0	0	0	0	--
Social Welfare Fund	11,456,904	11,466,771	9,867	0.1	12,250,229	12,259,076	8,847	0.1
Child Care Development Block Grant	24,983,018	22,293,681	(2,689,337)	(10.8)	24,929,793	22,237,923	(2,691,870)	(10.8)
Foster Care Federal	21,966,883	21,789,703	(177,180)	(0.8)	22,766,559	23,457,816	691,257	3.0
Temp Assist for Families	82,670,397	82,841,845	171,448	0.2	82,837,895	82,369,877	(468,018)	(0.6)
All Other Funds	201,448,129	200,104,116	(1,344,013)	(0.7)	198,850,438	198,272,605	(577,833)	(0.3)
TOTAL	\$ 587,255,646	\$ 581,041,053	\$ (6,214,593)	(1.1) %	\$ 586,237,613	\$ 589,400,423	\$ 3,162,810	0.5 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$233.7 million for the Department for Children and Families in FY 2017. One adjustment has been made subsequently 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 \$2,960,745, based on the reappropriation of FY 2016 funding which was

not spent in FY 2016 and has shifted to FY 2017. The reappropriation was the result of a request by the Division of the Budget to delay payments from FY 2016 until FY 2017.

This adjustment changes the FY 2017 approved State General Fund to \$236,680,215. 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	\$ 236,680,215	\$ 237,007,578	\$ 327,363	\$ 240,516,991	\$ 3,836,776
All Other Funds	353,793,937	366,313,163	12,519,226	367,249,269	13,455,332
TOTAL	<u>\$ 590,474,152</u>	<u>\$ 603,320,741</u>	<u>\$ 12,846,589</u>	<u>\$ 607,766,260</u>	<u>\$ 17,292,108</u>
FTE Positions	2,024.9	2,126.6	101.7	2,111.6	86.7

The **agency** estimates expenditures of \$603.3 million, including \$237.0 million from the State General Fund, in FY 2017. The revised estimate is an increase of \$12.8 million, or 2.2 percent, from all funding sources above the amount

approved by the 2016 Legislature, and an increase of \$327,363 from the State General Fund, or 0.1 percent, above the amount approved by the 2016 Legislature. The revised estimate also includes 2,126.7 FTE positions, which is an increase of 101.7

FTE positions above the approved amount. The revised estimate also includes 363.0 non-FTE positions, a reduction of 68.5 non-FTE positions.

The FY 2017 revised estimate includes the addition of \$416,280, including \$327,363 from the State General Fund, and 15.0 FTE positions for the supplemental request for the Foster Home Licensing Division. In addition, the FY 2017 revised estimate includes the addition of \$1.2 million, all from special revenue funds, for the purchase of passenger cars. Also included is an increase of \$5.5 million, all from federal funds, for the Low Income Energy Assistance Program.

Also included in the revised estimate are increased expenditures for the Kansas Eligibility and Enforcement System (KEES) due to the delay in the implementation of the program,

partially offset by decreased estimates of vocational rehabilitation services caseloads.

The **Governor** recommends FY 2017 operating expenditures of \$607.8 million, including \$240.5 million from the State General Fund. The recommendation is an all funds increase of \$4.4 million, or 0.7 percent, and a State General Fund increase of \$3.5 million, or 1.5 percent, above the agency's revised FY 2017 estimate. The increase is mainly attributable to the addition of \$5.2 million, including \$4.0 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance. These increases are partially offset by the Governor not recommending the agency's supplemental request for funding for the foster home licensing division. The remainder of the decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Foster Home Licensing Division	\$ 327,363	\$ 416,280	15.0	\$ 0	\$ 0	0.0

The **agency** requests a supplemental appropriation totaling \$416,280, including \$327,363 from the State General Fund, and 15.0 FTE positions for the Foster Home Licensing Division. This request would allow for inspection of foster homes by state staff instead of private entities. The Department indicated this

request would allow for implementation of a Legislative Division of Post Audit (LPA) recommendation.

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

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 587,255,646	\$ 586,237,613	\$ (1,018,033)
FTE Positions	2,129.6	2,119.1	(10.5)
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 615,446	\$ 4,085,708	
All Other Funds	(16,680,541)	(25,614,355)	
TOTAL	<u>\$ (16,065,095)</u>	<u>\$ (21,528,647)</u>	
<i>Percent Change:</i>			
State General Fund	0.3 %	1.7 %	
All Other Funds	(4.6)	(7.0)	
TOTAL	<u>(2.7) %</u>	<u>(3.5) %</u>	
Change in FTE Positions	3.0	7.5	

The **agency** requests expenditures of \$587.3 million, including \$237.6 million from the State General Fund, for FY 2018. The request is a decrease of \$16.1 million, or 2.7 percent, from all funding sources, and an increase of \$615,446, or 0.3 percent, from the State General Fund from the FY 2017 revised estimate.

million) primarily in increased shrinkage rates; contractual services (\$5.1 million) associated with the anticipated completion of the Kansas Enrollment and Eligibility System (KEES); other assistance expenditure reductions (\$4.4 million); and capital outlay reductions (\$1.3 million) associated with a reduction in the purchase of passenger cars in FY 2017 that will not reoccur in FY 2018.

The majority of the change from the revised FY 2017 estimate is attributable to decreases in salaries and wages (\$5.3

The **Governor** recommends FY 2018 operating expenditures of \$586.2 million, including \$244.6 million from the State General Fund. The recommendation is an all funds decrease of \$1.0 million, or 0.2 percent, and a State General Fund increase of \$7.0 million, or 2.9 percent, from the agency's FY 2018 request.

The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$972,795, including \$517,470 from the State General Fund; provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$214,981, including \$114,364 from the State General Fund; and recommending reduced resources options totaling \$3.7 million, including \$1.9 million from the State General Fund.

The reduced resources options included in the recommendation include:

- Closure of field offices in Goodland, Greensburg, and Iola, resulting in annual savings of \$112,191, including \$70,564 from the State General Fund;
- Outsource mainframe operations, resulting in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions;

- Reduce legal contingency funds, resulting in savings of \$272,000, including \$156,488 from the State General Fund;
- Reduce operating expenditures by 4.0 percent, resulting in savings of \$704,882, including \$484,382 from the State General Fund; and
- Eliminate all Faith-Based and Community Initiatives Grants, resulting in savings of \$100,000, all from the State General Fund.

The State General Fund recommendation includes the addition of \$7.1 million from the State General Fund to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

The Governor's recommendation also includes: the addition of \$277,216, including \$250,881 from the State General Fund, and 4.0 FTE positions to enhance the child welfare compliance unit; the addition of 15.0 FTE positions and the transfer of the funding for the positions from the Foster Care contracts; and \$573,390, all from federal funds, and 1.0 FTE position for Family Preservation Services.

The recommendation includes the addition of \$8.5 million, including \$7.3 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance.

Enhancements Detail

FY 2018 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Foster Home Licensing Division	\$ 670,476	\$ 852,589	15.0	\$ 0	\$ 0	15.0
Child Welfare Compliance Unit	250,880	277,216	4.0	250,881	277,216	4.0
Protection Report Center	114,394	114,394	(46.0)	0	0	0.0
Decision Making Software	250,000	250,000	0.0	0	0	0.0
Family Preservation Funding	473,164	510,535	0.0	0	573,390	1.0
Child Welfare IT System Feasibility Study	2,413,500	2,500,000	0.0	0	0	0.0
Eliminate Child Support Fee	800,000	0	0.0	0	0	0.0
Design VR Services System	213,000	1,000,000	0.0	0	0	0.0
TOTAL	\$ 5,185,414	\$ 5,504,734	(27.0)	\$ 250,881	\$ 850,606	20.0

The **agency** requests eight enhancements totaling \$5.5 million, including \$5.2 million from the State General Fund. The requests are detailed below.

Foster Home Licensing Division. The agency requests \$852,589, including \$670,476 from the State General Fund, and 15.0 FTE positions for the Foster Home Licensing Division. This request would allow for inspection of foster homes by state staff instead of private entities. The agency indicated this request would allow for implementation of a LPA recommendation.

The **Governor** recommends the addition of 15.0 FTE positions and the transfer of the funding for the positions from the Foster Care contracts.

Child Welfare Compliance Unit. The agency requests \$277,216, including \$250,880 from the State General Fund, and 4.0 FTE positions to provide additional oversight and monitoring of the child welfare system, including the child welfare contracts. The agency indicated this request would allow for implementation of LPA recommendations.

The **Governor** recommends the additional funding and FTE positions.

Protection Report Center. The agency requests \$114,394, all from the State General Fund, the addition of 46.0 non-FTE positions, and the deletion of 46.0 FTE positions. Intake workers at the Protection Report Center, as turnover occurs, would be converted to unclassified positions, be required to have a four-year degree, and receive a salary increase. The enhanced skill

level is anticipated to address concerns raised during a LPA audit.

The **Governor** does not recommend this enhancement.

Decision-Making Software. The agency requests the addition of \$250,000, all from the State General Fund, to purchase additional software to aid in determining safety and risk issues of children who are at-risk and should enter the foster care system.

The **Governor** does not recommend this enhancement.

Family Preservation Funding. The agency requests the addition of \$510,535, including \$473,164 from the State General Fund, to increase funding for Family Preservation Services by 5.0 percent. The increase would allow approximately 124 additional families to receive services per year.

The **Governor** recommends the addition of \$573,390, all from federal funds, and 1.0 FTE position. The recommended funding source is the Temporary Assistance for Needy Families (TANF) block grant. The additional FTE position is required to make eligibility determinations. In addition, the recommendation shifts \$35,696 in State General Fund expenditures from Other Assistance payments in the Family Services program to salaries and wages expenditures in the Administration program.

Child Welfare IT System Feasibility Study. The agency requests the addition of \$2.5 million, including \$2.4 million from the State General Fund, to conduct a feasibility study concerning combining more than 25 stand alone computer systems into a consolidated system. The agency indicated this is in response to both the recent LPA audit and the federal Program Improvement Plan.

The **Governor** does not recommend this enhancement.

Eliminate Child Support Fee. The agency requests the addition of \$800,000 from the State General Fund to replace the same amount from fee funds associated with the elimination of the 4.0 percent child support fee. The total amount generated by the fee totals \$2.4 million annually, the majority of which is submitted to the federal government.

The **Governor** does not recommend this enhancement.

Design Vocational Rehabilitation Services System. The agency requests the addition of \$1.0 million, including \$213,000 from the State General Fund, to conduct a feasibility study to replace the current information technology system used to track and pay for vocational rehabilitation services. The current system was developed and implemented in the 1980s and utilizes a programming language that is obsolete.

The **Governor** does not recommend this enhancement.

FY 2018 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018. The information below

provides details of the agency's reduced resources budget submission for the State General Fund and the Children's Initiatives Fund.

Item	FY 2018 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Close Select Field Offices	\$ (70,564)	\$ (112,191)	0.0	\$ (70,564)	\$ (112,191)	0.0
IT Mainframe Efficiencies	(1,087,463)	(2,518,011)	(11.5)	(1,087,463)	(2,518,011)	(11.5)
Reduce Legal Contingency Funds	(156,488)	(272,000)	0.0	(156,488)	(272,000)	0.0
Operating Reduction	(484,382)	(704,882)	0.0	(484,382)	(704,882)	0.0
Eliminate FBCI Grants	(100,000)	(100,000)	0.0	(100,000)	(100,000)	0.0
Reduce K-State Technical Assistance Grant	(119,290)	(200,000)	0.0	0	0	0.0
Reduce Kansas Legal Services Disability Eligibility Contract	(100,000)	(100,000)	0.0	0	0	0.0
Eliminate Adult Protective Services Grants	(100,000)	(100,000)	0.0	0	0	0.0
Funding Switch for KS Youth Empowerment Academy	(57,254)	0	0.0	0	0	0.0
Reduce Funding for RS Centers for Independent Living	(500,000)	(500,000)	0.0	0	0	0.0
Reduce Family Service Grants	(450,000)	(450,000)	0.0	0	0	0.0
Reduce Tribal Grants	(100,000)	(100,000)	0.0	0	0	0.0
Reduce Family Services Flexible Funding	(223,169)	(223,169)	0.0	0	0	0.0
Reduce EES Field Positions	(1,428,491)	(3,182,909)	(66.0)	0	0	0.0
Reduce DME Grant	(62,500)	(62,500)	0.0	0	0	0.0
Increase Shrinkage	(1,382,125)	(1,780,298)	0.0	0	0	0.0
Reduce ETV program	(150,000)	(150,000)	0.0	0	0	0.0
Reduce IL Assistance Program	(250,000)	(250,000)	0.0	0	0	0.0
Reduce CIF for Child Care	0	(806,914)	0.0	0	0	0.0
TOTAL	\$ (6,821,726)	\$ (11,612,874)	(77.5)	\$ (1,898,897)	\$ (3,707,084)	(11.5)

The **agency** submitted 19 reduced resource options totaling \$11.6 million, including \$6.8 million from the State General Fund.

Close Select Field Offices. The agency submitted an option to close the field offices in Goodland, Greensburg, and Iola and move staff to nearby office locations. Implementation of the submission would result in the reduction from 38 to 35 field offices located around the state and would result in annual savings of \$112,191, including \$70,564 from the State General Fund.

The **Governor** recommends this reduction.

Information Technology Mainframe Efficiencies. The agency submitted an option to outsource mainframe operations, which is expected to reduce expenditures. Implementation of the submission would result in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions.

The **Governor** recommends this reduction.

Reduce Legal Contingency Funds. The agency submitted an option to reduce legal contingency funds to \$300,000 to cover the impact of litigation, including civil rights, administrative fair hearings, tort liability, malpractice, contract disputes, recoveries, guardianships, judgment actions, and appeals to district and appellate courts. Implementation of the submission would result in savings of \$272,000, including \$156,488 from the State General Fund.

The **Governor** recommends this reduction.

Operating Expenditures Reduction. The agency submitted an option to reduce operating expenditures by 4.0

percent. The reduction would reduce: fees by \$100,000, all from the State General Fund; microcomputer purchases by \$176,087, including \$100,000 from the State General Fund; travel by \$289,483, including \$200,000 from the State General Fund; and supplies by \$139,312, including \$84,382 from the State General Fund. The reductions would be applied across the agency. Implementation of the submission would result in savings of \$704,882, including \$484,382 from the State General Fund.

The **Governor** recommends this reduction.

Eliminate Faith-Based and Community Initiatives Grants. The agency submitted an option to eliminate all Faith-Based and Community Initiatives Grants. Implementation of the submission would result in savings of \$100,000, all from the State General Fund.

The **Governor** recommends this reduction.

Reduce Kansas State University Technical Assistance Grant. The agency submitted an option to reduce the grant to Kansas State University to provide technical assistance for agency strategic development, including meeting facilitation and annual report writing from \$500,000 to \$300,000. Implementation of the option would result in savings of \$200,000, including \$119,290 from the State General Fund.

The **Governor** does not recommend this option.

Reduce Kansas Legal Services Disability Eligibility Contract. The agency submitted an option to reduce the contract with Kansas Legal Services from \$200,000 to \$100,000 to provide legal assistance to children who may qualify for disability benefits. Implementation of the option would result in savings of \$100,000, all from the State General Fund.

The **Governor** does not recommend this option.

Eliminate Adult Protective Services Grants. The agency submitted an option to eliminate all grants to the ten Area Agencies on Aging to provide emergency assistance to adults. The elimination of the grants would result in 185 adults not receiving emergency assistance every year. Implementation of the option would result in savings of \$100,000, all from the State General Fund.

The **Governor** does not recommend this option.

Funding Switch for Kansas Youth Empowerment Academy. The agency submitted an option to switch 50.0 percent of the funding for the Kansas Youth Empowerment Academy, which provides assistance for youth with disabilities to the federal Vocational Rehabilitation grant. Changing the funding will result in a reduction in the number of youth eligible to be served through the program. Implementation of the option would result in savings of \$57,254, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Funding for Rehabilitation Services Independent Living Program. The agency submitted an option to reduce expenditures for the Rehabilitation Services Centers for Independent Living (CILs) by \$500,000. This reduction would reduce funding for the program to \$2.3 million, including \$658,788 from the State General Fund, and would reduce by approximately half the number of individuals who could be served by the CILs. Potentially, one or more CILs would close as a result. Implementation of the option would result in savings of \$500,000, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Family Service Grants. The agency submitted an option to reduce grants for family services from \$1.5 million to \$1.0 million. Family services grants assist with preventing children from unnecessary placements in foster care. Reducing the grants would potentially decrease services for 100 people. Implementation of the option would result in savings of \$450,000, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Tribal Grants. The agency submitted an option to reduce grants to Native American Tribes from \$350,573 to \$250,573. Grants provide funding to assist with reducing the removal of children from homes and tribal environments. The agency anticipates the tribes will attempt to replace state funding with federal funds. Implementation of the option would result in savings of \$100,000, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Family Services Flexible Funding. The agency submitted an option to reduce Family Services flexible funding \$1.4 million to \$1.2 million. Family Services provides assistance to vulnerable families who are in need of financial assistance. Implementation of the option would result in savings of \$233,169, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Economic and Employment Services Field Positions. The agency submitted an option to reduce 10.0 percent of Economic and Employment Services positions in the regional offices. This option would eliminate 66.0 FTE positions and decrease the rate at which applications, case reviews, and benefit revisions are processed. Implementation of the option

would result in savings of \$3.2 million, including \$1.4 million from the State General Fund.

The **Governor** does not recommend this option.

Reduce Durable Medical Equipment Grant. The agency submitted an option to reduce grants by 50.0 percent to United Cerebral Palsy of Kansas to assist with the purchase of durable medical equipment or assistive technology. This option would reduce who receives assistance by approximately 100 people. Implementation of the option would result in savings of \$62,500, all from the State General Fund.

The **Governor** does not recommend this option.

Increase Shrinkage. The agency submitted an option to increase agency shrinkage from 12.8 percent to 13.7 percent. The option would reduce the amount of budgeted salaries and would result in positions being left open. Vacancies may result in delayed processing of program applications and possible deficiencies in administrative functions, which may result in federal penalties. Implementation of this option would result in savings of \$1.8 million, including \$1.4 million from the State General Fund.

The **Governor** does not recommend this option.

Reduce Education and Training Voucher Program. The agency submitted an option to reduce funding for the Education

and Training Voucher program, which offers financial assistance to eligible foster care youth to attend an accredited college, university, vocational school, or technical college. This reduction is estimated to reduce the number of eligible youth assisted by 88. Implementation of the option would result in savings of \$150,000, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Independent Living Assistance Program Funding. The agency submitted an option to reduce funding to the Independent Living Assistance Program by \$250,000. The Independent Living Program provides assistance to youth between ages 15 and 21, and who were in the custody of the Secretary on or after their 15th birthday. This reduction would reduce the number of youth who receive assistance from this program by 108. Implementation of the option would result in savings of \$250,000, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Children's Initiatives Funding for Child Care. The agency submitted an option to reduce Children's Initiatives Funding for child care services by \$355,365. This funding is currently used to meet state match requirements for the federal funding. The reduction would result in an all funds reduction of \$806,914, which would reduce the number of children eligible to be funded by 197.

The **Governor** does not recommend this option.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 581,041,053	\$ 589,400,423	\$ 8,359,370
FTE Positions	2,129.6	2,119.1	(10.5)
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (2,185,378)	\$ 6,200,427	
All Other Funds	(4,029,215)	(3,037,617)	
TOTAL	<u>\$ (6,214,593)</u>	<u>\$ 3,162,810</u>	
<i>Percent Change:</i>			
State General Fund	(0.9) %	2.5 %	
All Other Funds	(1.2)	(0.9)	
TOTAL	<u>(1.1) %</u>	<u>0.5 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of \$581.0 million, including \$235.4 million from the State General Fund for FY 2019. The request is a decrease of \$6.2 million, or 1.1 percent, from all funding sources, including \$2.2 million, or 0.9 percent, from the State General Fund, below the FY 2018 request.

The majority of the change from FY 2018 is attributable to decreases in salaries and wages (\$500,000); contractual services (\$4.0 million) mainly in reductions in professional fees associated with enhancement requests for FY 2018 that did not reoccur in FY 2019; and other assistance (\$1.4 million).

The **Governor** recommends FY 2019 operating expenditures of \$589.4 million, including \$250.8 million from the State General Fund. The recommendation is an all funds increase of \$8.4 million, or 1.4 percent, and a State General Fund increase of \$15.4 million, or 6.5 percent, above the agency's FY 2019 request.

The funding increase is partially reduced by the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$1.3 million, including \$721,317 from the State General Fund, and recommending reduced resources options totaling \$3.7 million, including \$1.9 million from the State General Fund.

The reduced resources options included in the recommendation include:

- Closure of field offices in Goodland, Greensburg, and Iola, resulting in annual savings of \$112,191, including \$70,564 from the State General Fund;
- Outsource mainframe operations, resulting in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions;
- Reduce legal contingency funds, resulting in savings of \$272,000, including \$156,488 from the State General Fund;

- Reduce operating expenditures by 4.0 percent, resulting in savings of \$704,882, including \$484,382 from the State General Fund;
- Eliminate all Faith-Based and Community Initiatives Grants, resulting in savings of \$100,000, all from the State General Fund; and
- Reduce grants to Native American Tribes that provide funding to assist with reducing the removal of children from homes and tribal environments, resulting in savings of \$100,000, all from the State General Fund.

The State General Fund recommendation includes the addition of \$7.1 million from the State General Fund to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

The Governor's recommendation also includes: the addition of \$271,978 including \$246,141 from the State General Fund, and 4.0 FTE positions to enhance the child welfare compliance unit; the addition of 15.0 FTE positions and the transfer of the funding for the positions from the Foster Care contracts; and \$574,201, all from federal funds, and 1.0 FTE position for Family Preservation Services.

The recommendation includes the addition of \$14.5 million, including \$13.1 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Foster Home Licensing Division	\$ 674,977	\$ 858,312	15.0	\$ 0	\$ 0	15.0
Child Welfare Compliance Unit	246,140	271,978	4.0	246,141	271,978	4.0
Protection Report Center	175,399	175,399	(46.0)	0	0	0.0
Family Preservation Funding	473,164	510,535	0.0	0	574,201	1.0
Eliminate Child Support Fee	800,000	0	0.0	0	0	0.0
TOTAL	\$ 2,369,680	\$ 1,816,224	(27.0)	\$ 246,141	\$ 846,179	20.0

The **agency** requests five enhancements totaling \$1.8 million from all funds, including \$2.4 million from the State General Fund. The requests are detailed below.

Foster Home Licensing Division. The agency requests \$858,312, including \$674,977 from the State General Fund, and 15.0 FTE positions for the foster home licensing division. This request would allow for inspection of foster homes by state staff instead of private entities. The agency indicated this request would allow for implementation of a LPA recommendation.

The **Governor** recommends the addition of 15.0 FTE positions and the transfer of the funding for the positions from the Foster Care contracts.

Child Welfare Compliance Unit. The agency requests \$271,978, including \$246,140 from the State General Fund, and 4.0 FTE positions to provide additional oversight and monitoring of the child welfare system, including child welfare contracts. The agency indicated this request would allow for implementation of LPA recommendations.

The **Governor** recommends the additional funding and FTE positions.

Protection Report Center. The agency requests \$175,399, all from the State General Fund, the addition of 46.0 non-FTE positions and the deletion of 46.0 FTE positions. Intake workers at the Protection Report Center, as turnover occurs, would be converted to unclassified positions, be required to have a four-year degree, and receive a salary increase. The enhanced skill level is anticipated to address concerns raised during a LPA audit.

The **Governor** does not recommend this option.

Family Preservation Funding. The agency requests the addition of \$510,535 from all funds, including \$473,164 from the State General Fund, to increase funding for Family Preservation services by 5.0 percent. The increase would allow approximately 124 additional families to receive services per year.

The **Governor** recommends the addition of \$573,390, all from federal funds, and 1.0 FTE position. The recommended funding source is the Temporary Assistance for Needy Families block grant. The additional FTE position is required to make eligibility determinations. In addition, the recommendation shifts \$35,156 in State General Fund expenditures from Other Assistance payments in the Family Services program to salaries and wages expenditures in the Administration program.

Eliminate Child Support Fee. The agency requests the addition of \$800,000 from the State General Fund to replace the same amount from fee funds associated with the elimination of the 4.0 percent child support fee. The total amount generated by the fee totals \$2.4 million annually, the majority of which is submitted to the federal government.

The **Governor** does not recommend this option.

FY 2019 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2019. The information below

provides details of the agency's reduced resources budget submission for the State General Fund and the Children's Initiatives Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Close Select Field Offices	\$ (70,564)	\$ (112,191)	0.0	\$ (70,564)	\$ (112,191)	0.0
IT Mainframe Efficiencies	(1,087,463)	(2,518,011)	(11.5)	(1,896,414)	(2,518,011)	(11.5)
Reduce Legal Contingency Funds	(156,488)	(272,000)	0.0	(156,488)	(272,000)	0.0
Operating Reduction	(484,382)	(704,882)	0.0	(484,382)	(704,882)	0.0
Eliminate FBCI Grants	(100,000)	(100,000)	0.0	(100,000)	(100,000)	0.0
Reduce K-State Technical Assistance Grant	(119,290)	(200,000)	0.0	0	0	0.0
Reduce Kansas Legal Services Disability Eligibility Contract	(100,000)	(100,000)	0.0	0	0	0.0
Eliminate Adult Protective Services Grants	(100,000)	(100,000)	0.0	0	0	0.0
Funding Switch for KS Youth Empowerment Academy	(57,254)	0	0.0	0	0	0.0
Reduce Funding for RS Centers for Independent Living	(500,000)	(500,000)	0.0	0	0	0.0
Reduce Family Service Grants	(450,000)	(450,000)	0.0	0	0	0.0
Reduce Tribal Grants	(100,000)	(100,000)	0.0	(100,000)	(100,000)	0.0
Reduce Family Services Flexible Funding	(223,169)	(223,169)	0.0	0	0	0.0
Reduce EES Field Positions	(1,428,491)	(3,182,909)	(66.0)	0	0	0.0
Reduce DME Grant	(62,500)	(62,500)	0.0	0	0	0.0
Increase Shrinkage	(1,382,125)	(1,780,298)	0.0	0	0	0.0
Reduce ETV program	(150,000)	(150,000)	0.0	0	0	0.0
Reduce IL Assistance Program	(250,000)	(250,000)	0.0	0	0	0.0
Reduce CIF for Child Care	0	(806,914)	0.0	0	0	0.0
TOTAL	\$ (6,821,726)	\$ (11,612,874)	(77.5)	\$ (2,807,848)	\$ (3,807,084)	(11.5)

The **agency** submitted 19 reduced resource options totaling \$11.6 million, including \$6.8 million from the State General Fund.

Close Select Field Offices. The agency submitted an option to close the field offices in Goodland, Greensburg, and Iola and move staff to nearby office locations. Implementation of the submission would result in the reduction from 38 to 35 field offices located around the state and would result in annual savings of \$112,191, including \$70,564 from the State General Fund.

The **Governor** recommends this reduction.

Information Technology Mainframe Efficiencies. The agency submitted an option to outsource mainframe operations, which is expected to reduce expenditures. Implementation of the submission would result in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions.

The **Governor** recommends this reduction.

Reduce Legal Contingency Funds. The agency submitted an option to reduce legal contingency funds to \$300,000 to cover the impact of litigation, including civil rights, administrative fair hearings, tort liability, malpractice, contract disputes, recoveries, guardianships, judgment actions, and appeals to district and appellate courts. Implementation of the submission would result in savings of \$272,000, including \$156,488 from the State General Fund.

The **Governor** recommends this reduction.

Operating Expenditures Reduction. The agency submitted an option to reduce operating expenditures by 4.0

percent. The reduction would reduce: fees by \$100,000, all from the State General Fund; microcomputer purchases by \$176,087, including \$100,000 from the State General Fund; travel by \$289,483, including \$200,000 from the State General Fund; and supplies by \$139,312, including \$84,382 from the State General Fund. The reductions would be applied across the agency. Implementation of the submission would result in savings of \$704,882, including \$484,382 from the State General Fund.

The **Governor** recommends this reduction.

Eliminate Faith-Based and Community Initiatives Grants. The agency submitted an option to eliminate all Faith-Based and Community Initiatives Grants. Implementation of the submission would result in savings of \$100,000, all from the State General Fund.

The **Governor** recommends this reduction.

Reduce Kansas State University Technical Assistance Grant. The agency submitted an option to reduce the grant to Kansas State University to provide technical assistance for agency strategic development, including meeting facilitation and annual report writing from \$500,000 to \$300,000. Implementation of the option would result in savings of \$200,000, including \$119,290 from the State General Fund.

The **Governor** does not recommend this option.

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The **Governor** does not recommend this option.

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The **Governor** does not recommend this option.

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The **Governor** does not recommend this option.

Reduce Tribal Grants. The agency submitted an option to reduce grants to Native American Tribes from \$350,573 to \$250,573. Grants provide funding to assist with reducing the removal of children from homes and tribal environments. The agency anticipates the tribes will attempt to replace state funding with federal funds. Implementation of the option would result in savings of \$100,000, all from the State General Fund.

The **Governor** recommends this reduction.

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The **Governor** does not recommend this option.

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would result in savings of \$3.2 million, including \$1.5 million from the State General Fund.

The **Governor** does not recommend this option.

Reduce Durable Medical Equipment Grant. The agency submitted an option to reduce grants by 50.0 percent to United Cerebral Palsy of Kansas to assist with the purchase of durable medical equipment or assistive technology. This option would reduce who receives assistance by approximately 100 people. Implementation of the option would result in savings of \$62,500, all from the State General Fund.

The **Governor** does not recommend this option.

Increase Shrinkage. The agency submitted an option to increase agency shrinkage from 14.5 percent to 15.5 percent. The option would reduce the amount of budgeted salaries and would result in positions being left open. Vacancies may result in delayed processing of program applications and possible deficiencies in administrative functions, which may result in federal penalties. Implementation of this option would result in savings of \$1.8 million, including \$1.4 million from the State General Fund.

The **Governor** does not recommend this option.

Reduce Education and Training Voucher Program. The agency submitted an option to reduce funding for the Education

and Training Voucher program, which offers financial assistance to eligible foster care youth to attend an accredited college, university, vocational school, or technical college. This reduction is estimated to reduce the number of eligible youth assisted by 88. Implementation of the option would result in savings of \$150,000, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Independent Living Assistance Program Funding. The agency submitted an option to reduce funding to the Independent Living Assistance Program by \$250,000. The Independent Living Program provides assistance to youth between ages 15 and 21, and who were in the custody of the Secretary on or after their 15th birthday. This reduction would reduce the number of youth who receive assistance from this program by 108. Implementation of the option would result in savings of \$250,000, all from the State General Fund.

The **Governor** does not recommend this option.

Reduce Children's Initiatives Funding for Child Care. The agency submitted an option to reduce Children's Initiatives Funding for child care services by \$355,365. This funding is currently used to meet state match requirements for the federal funding. The reduction would result in an all funds reduction of \$806,914, which would reduce the number of children eligible to be funded by 195.

The **Governor** does not recommend this option.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$725,760, including \$381,604 from the State General Fund; FY 2018 longevity payments total \$740,479, including \$393,552 from the State General Fund; and FY 2019 longevity payments total \$766,641, including \$470,891 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$337,877, including \$178,635 from the State General Fund, in FY 2017; by \$972,795, including \$517,470 from the State General Fund, for FY 2018; and by \$1,346,437, including \$721,317 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$214,981, including \$114,364 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

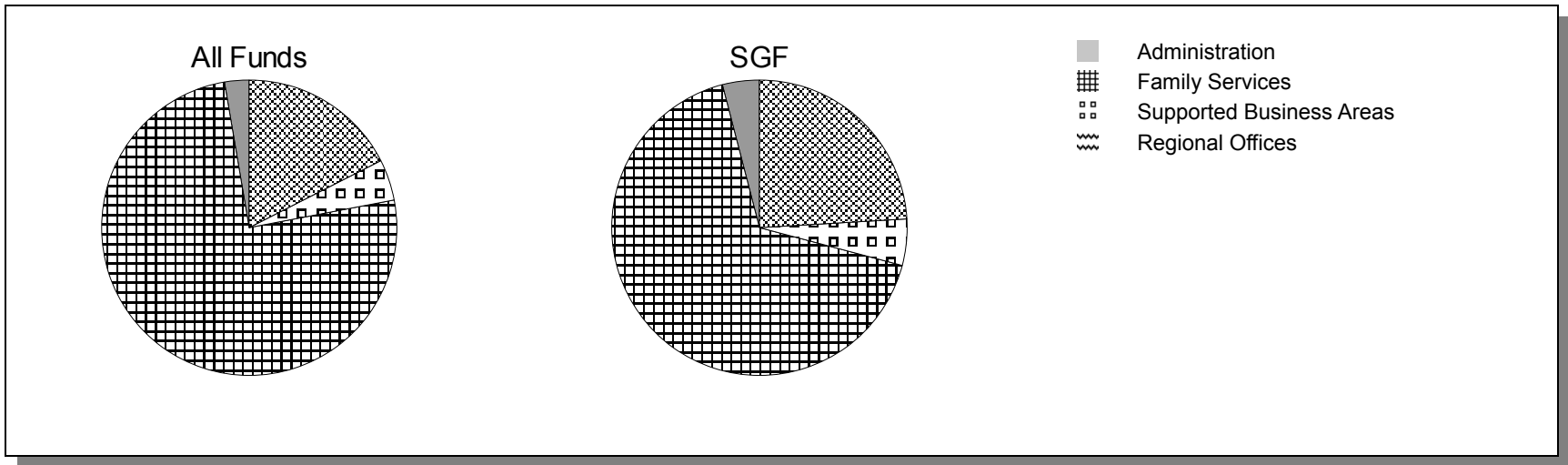
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	39.3 %	39.6 %	40.5 %	41.7 %
Social Welfare Fund	2.5	2.1	2.0	2.1
Child Care Development Block Grants Fund	3.3	3.4	3.4	3.4
Foster Care Funds	3.6	3.9	3.7	4.0
Temporary Assistance for Needy Families Fund	14.6	14.1	14.1	14.0
All Other Funds	36.7	36.9	36.3	34.8
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 15,653,614	2.7 %	\$ 9,899,658	4.0 %
Family Services	441,704,487	75.3	163,479,014	66.8
Supported Business Areas	26,266,061	4.5	12,393,623	5.1
Regional Offices	102,613,451	17.5	58,830,404	24.1
TOTAL	\$ 586,237,613	100.0 %	\$ 244,602,699	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	86.0	120.0	105.0	124.0	125.0	124.0	125.0
Family Services	267.3	287.8	287.8	293.8	293.8	293.8	293.8
Supported Business Areas	127.2	129.2	129.2	119.2	107.7	119.2	107.7
Regional Offices	1,683.4	1,589.6	1,589.6	1,592.6	1,592.6	1,592.6	1,592.6
TOTAL	<u>2,163.9</u>	<u>2,126.6</u>	<u>2,111.6</u>	<u>2,129.6</u>	<u>2,119.1</u>	<u>2,129.6</u>	<u>2,119.1</u>

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. The Operations program 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. The Strategic Development program 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 6,892,950	\$ 8,733,957	\$ 8,341,988	\$ 9,173,646	\$ 9,155,559	\$ 9,197,932	\$ 9,168,938
Contractual Services	5,579,783	6,561,617	6,541,283	6,364,536	5,992,536	6,365,365	5,993,365
Commodities	74,575	122,337	119,308	127,924	127,924	128,111	128,111
Capital Outlay	804,667	1,747,298	1,723,838	530,222	377,595	523,838	347,751
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 13,351,975</u>	<u>\$ 17,165,209</u>	<u>\$ 16,726,417</u>	<u>\$ 16,196,328</u>	<u>\$ 15,653,614</u>	<u>\$ 16,215,246</u>	<u>\$ 15,638,165</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	5,000	0	0	0	0	0	0
TOTAL	<u>\$ 13,356,975</u>	<u>\$ 17,165,209</u>	<u>\$ 16,726,417</u>	<u>\$ 16,196,328</u>	<u>\$ 15,653,614</u>	<u>\$ 16,215,246</u>	<u>\$ 15,638,165</u>
Financing:							
State General Fund	\$ 8,008,340	\$ 11,104,253	\$ 10,762,933	\$ 10,252,357	\$ 9,899,658	\$ 10,265,363	\$ 9,887,349
All Other Funds	5,348,635	6,060,956	5,963,484	5,943,971	5,753,956	5,949,883	5,750,816
TOTAL	<u>\$ 13,356,975</u>	<u>\$ 17,165,209</u>	<u>\$ 16,726,417</u>	<u>\$ 16,196,328</u>	<u>\$ 15,653,614</u>	<u>\$ 16,215,246</u>	<u>\$ 15,638,165</u>
FTE Positions	86.0	120.0	105.0	124.0	125.0	124.0	125.0
Non-FTE Uncl.Perm.Pos.	38.5	27.5	27.5	27.5	27.5	27.5	27.5
TOTAL	<u>124.5</u>	<u>147.5</u>	<u>132.5</u>	<u>151.5</u>	<u>152.5</u>	<u>151.5</u>	<u>152.5</u>

The **agency** requests expenditures of \$16.2 million, including \$10.3 million from the State General Fund for FY 2018 for the Administration program. The request is a decrease of \$1.0 million, or 5.6 percent, including \$851,896, or 7.7 percent, from the State General Fund, below the revised FY 2017 estimate. The majority of the decrease is attributable to decreases in capital outlay. The majority of the capital outlay decrease is attributable to a reduction of \$1.2 million for the purchase of passenger cars in FY 2017 that does not reoccur in FY 2018. The decrease is partially offset by an increase in salaries and wages.

The **Governor** recommends \$15.7 million, including \$10.8 million from the State General Fund, for the Administration program for FY 2018. This is an all funds decrease of \$542,714, or 3.4 percent, and a State General Fund decrease of \$352,699, or 3.4 percent, below the FY 2018 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The Governor's recommendation also includes operating expenditures reductions totaling \$276,087, including \$200,000 from the State General Fund. The reductions would reduce fees by \$100,000, all from the State General Fund, and microcomputer purchases by \$176,087, including \$100,000 from the State General Fund.

The Governor's recommendation includes the addition of \$876,049, including \$688,925 from the State General Fund, and 15.0 FTE positions to allow for inspection of foster homes by state staff instead of private entities. The recommendation also includes the addition of \$277,216, including \$250,881 from the State General Fund, and 4.0 FTE positions to enhance the child welfare compliance unit to provide additional oversight and

monitoring of the child welfare system, including child welfare contracts.

The Governor's recommendation includes a reduction of \$272,000, including \$156,488 from the State General Fund to reduce legal contingency funds to \$300,000. The legal contingency funds are to cover the impact of litigation, including civil rights, administrative fair hearings, tort liability, malpractice, contract disputes, recoveries, guardianships, judgment actions, and appeals to district and appellate courts.

The **agency** requests expenditures of \$16.2 million, including \$10.3 million from the State General Fund, for FY 2019 for the Administration program. The request is an increase of \$18,918, or 0.1 percent, above the FY 2018 request. The increase is mainly attributable to increases in salaries and wages, partially offset by decreases in capital outlay.

The **Governor** recommends \$15.6 million, including \$9.9 million from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$577,081, or 3.6 percent, and a State General Fund decrease of \$378,014, or 3.7 percent, below the FY 2019 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor's recommendation also includes operating expenditures reductions totaling \$276,087, including \$200,000 from the State General Fund. The reductions would reduce fees by \$100,000, all from the State General Fund, and microcomputer purchases by \$176,087, including \$100,000 from the State General Fund.

The Governor's recommendation includes the addition of \$858,312, including \$674,976 from the State General Fund, and

15.0 FTE positions to allow for inspection of foster homes by state staff instead of private entities. The recommendation also includes the addition of \$271,978 including \$246,141 from the State General Fund, and 4.0 FTE positions to enhance the child welfare compliance unit to provide additional oversight and monitoring of the child welfare system, including child welfare contracts.

The Governor's recommendation includes a reduction of \$272,000, including \$156,488 from the State General Fund to reduce legal contingency funds to \$300,000. The legal contingency funds are to cover the impact of litigation, including civil rights, administrative fair hearings, tort liability, malpractice, contract disputes, recoveries, guardianships, judgment actions, and appeals to district and appellate courts.

B. Family Services

Family Services includes 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 18,342,126	\$ 22,196,413	\$ 22,139,043	\$ 21,880,380	\$ 21,558,238	\$ 21,974,460	\$ 21,562,419
Contractual Services	50,688,895	56,737,655	56,737,655	56,574,066	53,074,066	52,387,568	52,387,568
Commodities	237,313	258,932	258,932	259,522	259,522	258,294	258,294
Capital Outlay	397,316	320,943	320,943	570,943	320,943	320,818	320,818
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 69,665,650</u>	<u>\$ 79,513,943</u>	<u>\$ 79,456,573</u>	<u>\$ 79,284,911</u>	<u>\$ 75,212,769</u>	<u>\$ 74,941,140</u>	<u>\$ 74,529,099</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	345,693,267	363,119,023	368,318,699	358,936,812	366,491,718	357,528,819	370,953,443
TOTAL	<u>\$ 415,358,917</u>	<u>\$ 442,632,966</u>	<u>\$ 447,775,272</u>	<u>\$ 438,221,723</u>	<u>\$ 441,704,487</u>	<u>\$ 432,469,959</u>	<u>\$ 445,482,542</u>
Financing:							
State General Fund	\$ 137,784,090	\$ 152,312,381	\$ 156,306,904	\$ 154,198,962	\$ 163,479,014	\$ 151,756,788	\$ 169,519,656
All Other Funds	277,574,827	290,320,585	291,468,368	284,022,761	278,225,473	280,713,171	275,962,886
TOTAL	<u>\$ 415,358,917</u>	<u>\$ 442,632,966</u>	<u>\$ 447,775,272</u>	<u>\$ 438,221,723</u>	<u>\$ 441,704,487</u>	<u>\$ 432,469,959</u>	<u>\$ 445,482,542</u>
FTE Positions	267.3	287.8	287.8	293.8	293.8	293.8	293.8
Non-FTE Uncl.Perm.Pos.	123.0	98.0	98.0	99.0	99.0	99.0	99.0
TOTAL	<u>390.3</u>	<u>385.8</u>	<u>385.8</u>	<u>392.8</u>	<u>392.8</u>	<u>392.8</u>	<u>392.8</u>

The **agency** requests FY 2018 expenditures of \$438.2 million, including \$154.2 million from the State General Fund. The request is a decrease of \$4.4 million, or 1.0 percent, and a

State General Fund increase of \$1.9 million, or 1.2 percent, from the FY 2017 revised estimate.

The majority of the decrease is attributable to decreases in other assistance and contractual services.

The **Governor** recommends \$441.7 million, including \$163.5 million from the State General Fund, for the Family Services program for FY 2018. This is an all funds increase of \$3.5 million, or 0.8 percent, and a State General Fund increase of \$9.3 million, or 6.0 percent, above the FY 2018 agency request.

The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The recommendation also includes two reduced resources options including:

- Closure of field offices in Goodland, Greensburg, and Iola, resulting in annual savings of \$112,191, including \$70,564 from the State General Fund; and
- Eliminate all Faith-Based and Community Initiatives Grants, resulting in savings of \$100,000, all from the State General Fund.

The State General Fund recommendation includes the addition of \$7.1 million from the State General Fund to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

The recommendation includes the addition of \$8.5 million, including \$7.3 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance.

The **agency** requests FY 2019 expenditures of \$432.5 million, including \$151.8 million from the State General Fund.

The request is a decrease of \$5.8 million, or 1.3 percent, and a State General Fund decrease of \$2.4 million, or 1.6 percent, from the FY 2018 request.

The majority of the decrease is attributable to decreases in other assistance and contractual services. Also, capital outlay decreases are attributable to decreased software expenditures due to one-time expenditures for FY 2018 in the enhancement request to purchase structured decision-making software.

The **Governor** recommends \$445.5 million, including \$169.5 million from the State General Fund, for the Family Services program for FY 2019. This is an all funds increase of \$13.0 million, or 3.0 percent, and a State General Fund increase of \$17.8 million, or 11.7 percent, above the FY 2019 agency request.

The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The recommendation also includes three reduced resources options including:

- Closure of field offices in Goodland, Greensburg, and Iola, resulting in annual savings of \$112,191, including \$70,564 from the State General Fund;
- Eliminate all Faith-Based and Community Initiatives Grants, resulting in savings of \$100,000, all from the State General Fund; and
- Reduce grants to Native American Tribes that provide funding to assist with reducing the removal of children from homes and tribal environments, resulting in savings of \$100,000, all from the State General Fund.

The State General Fund recommendation includes the addition of \$7.1 million from the State General Fund to replace Children's Initiatives Fund moneys that will no longer be available due to the Governor's recommendation to securitize the tobacco settlement proceeds.

Child Support Services (CSS)

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. Effective July 1, 2015, cooperation with child support services is mandatory for persons to receive food assistance.

During FY 2016, the CSS program collected \$201.7 million and estimates collections of \$204.5 million in FY 2017, \$208.3 million for FY 2018, and \$212.9 million for FY 2019. The federally mandated single receipting and disbursement operation for all child support payments, the Kansas Payment Center, has estimated operating costs of \$4.7 million in FY 2017. Of the collections, approximately \$1.0 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

The recommendation includes the addition of \$14.5 million, including \$13.1 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance.

privatized child support enforcement, estimated at \$20.2 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 \$2.0 million in FY 2017. Fees for setoff services by the Department of Administration and the federal government account for another \$456,562. Finally, \$220,000 will be paid to the Department of Labor for operating the State New Hires Directory.

In FY 2017, the **agency** estimates a caseload of 138,536 cases with collections of \$204.5 million and an average of \$1,476 collected per case. Of this amount, the State will retain \$10.3 million. For FY 2018, the agency estimates a caseload of 140,509 cases with collections of \$208.3 million and an average of \$1,482 collected per case. Of this amount, \$9.9 million will be retained by the State. For FY 2019, the agency estimates a caseload of 143,416 cases with collections of \$212.9 million and an average of \$1,484 collected per case. Of this amount, \$9.7 million will be retained by the State.

The **Governor** concurs with the agency's caseload estimate for FY 2017, FY 2018, and FY 2019.

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, the food assistance employment program, child care, and 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 2017 – FY 2019						
Item	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds	Agency Est. FY 2018 SGF	Agency Est. FY 2018 All Funds	Agency Est. FY 2019 SGF	Agency Est. FY 2019 All Funds
Temporary Assistance for Families*	\$ 303,093	\$ 15,000,000	\$ 303,093	\$ 15,000,000	\$ 303,093	\$ 15,000,000
TAF Employment Support	0	4,730,947	0	4,930,947	0	5,130,947
Other Assistance+	0	33,565,573	64,247	28,776,794	64,239	27,186,239
Rehabilitation Assistance	4,563,327	36,849,854	5,134,290	39,385,426	5,170,755	39,594,743
TOTAL	\$ 4,866,420	\$ 90,146,374	\$ 5,501,630	\$ 88,093,167	\$ 5,538,087	\$ 86,911,929
	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds	Gov. Rec. FY 2018 SGF	Gov. Rec. FY 2018 All Funds	Gov. Rec. FY 2019 All Funds	Gov. Rec. FY 2019 All Funds
Temporary Assistance for Families*	\$ 303,093	\$ 15,255,000	\$ 117,616	\$ 14,440,711	\$ 105,035	\$ 13,500,000
TAF Employment Support	0	4,730,947	0	4,930,947	0	5,130,947
Other Assistance+	0	33,565,573	64,247	28,776,794	64,239	27,186,239
Rehabilitation Assistance	4,563,327	36,849,854	5,134,290	39,385,426	5,170,755	39,594,743
TOTAL	\$ 4,866,420	\$ 90,401,374	\$ 5,316,153	\$ 87,533,878	\$ 5,340,029	\$ 85,411,929
*These programs are part of the consensus caseload estimating process for human services entitlement programs.						
+Other assistance includes Low Income Energy Assistance, Refugee Services, Food Stamp Employment and Training, and assistance. Federal food stamp benefits are not included in the state budget.						

Temporary Assistance for Families (TAF) Program. This sub-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 the CCS 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 80.0 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 that 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 does not finance MOE in the Governor's FY 2017 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 4,724 families, including 10,994 average monthly persons, at an average cost of \$114.00 per person for FY 2017, FY 2018, and FY 2019. The estimate is based on the caseload estimate of \$15.0 million.

The **Governor** recommends the addition of \$255,000, from all funding sources, in FY 2017; the reduction of \$559,289, including \$185,477 from the State General Fund, for FY 2018; and the reduction of \$1.5 million, including \$198,058 from the State General Fund, for FY 2019.

TAF Employment Services. This sub-program provides services that help adults obtain and keep employment. All adult TAF recipients, except those with a child under age 1, those age

60 or over, and those needed in the home to care for a disabled household member, must work or participate in work-readiness activities 30 hours a week (55 hours for two-parent households). Federal law requires that at least 50.0 percent of TAF adults whose youngest child is over the age of 1 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 5,029 average persons per month accessing employment services in FY 2017 at a monthly cost of \$78.39 per person. The estimate is based on the caseload estimate of \$4.7 million approved by the Legislature. The agency anticipates a caseload of 5,338 average persons per month accessing employment services for FY 2018 at a monthly cost of \$76.98 per person. The estimate is based on the caseload estimate of \$4.9 million. The agency anticipates a caseload of 5,686 average persons per month accessing employment services in FY 2019 at a monthly cost of \$75.20 per person. The estimate is based on the caseload estimate of \$5.1 million.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

Low Income Energy Assistance Program (LIEAP). This sub-program 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.

The **agency** estimates providing assistance to 47,100 households, including 106,964 persons, in FY 2017 at an average cost of \$485 per year. For FY 2018, the agency estimates providing assistance to 47,100 households, including 106,964 persons, at an average cost of \$509 per year. For FY 2019, the agency estimates providing assistance to 47,100 households, including 106,964 persons, at an average cost of \$508 per year.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

Refugee Services. This sub-program 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 98 persons per month in FY 2017 at an average cost of \$128 per month. The agency has requested no funding sources as the agency no longer administers the program.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

Food Assistance. This sub-program 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 Actual	FY 2017 Agency Est.	FY 2018 Agency Est.	FY 2019 Agency Est.
Average Monthly Persons	277,614	258,412	246,812	245,137	242,345
Food Assistance Benefits	\$ 376,604,917	\$ 350,433,060	\$ 339,238,171	\$ 340,142,039	\$ 339,466,936

**CHILD CARE AND CARE QUALITY/EARLY HEAD START
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds	Agency Est. FY 2018 SGF	Agency Est. FY 2018 All Funds	Agency Est. FY 2019 SGF	Agency Est. FY 2019 All Funds
Child Care Assistance	\$ 10,429,859	\$ 46,499,403	\$ 10,429,859	\$ 44,512,776	\$ 10,429,859	\$ 41,834,700
Child Care Quality	0	4,943,883	0	5,083,046	0	5,083,046
Early Head Start	0	9,115,864	0	9,115,864	0	9,115,864
TOTAL	\$ 10,429,859	\$ 60,559,150	\$ 10,429,859	\$ 58,711,686	\$ 10,429,859	\$ 56,033,610
	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds	Gov. Rec. FY 2018 SGF	Gov. Rec. FY 2018 All Funds	Gov. Rec. FY 2019 SGF	Gov. Rec. FY 2019 All Funds
Child Care Assistance	\$ 10,429,859	\$ 46,499,403	\$ 15,463,538	\$ 44,512,776	\$ 15,463,538	\$ 41,834,700
Child Care Quality	0	4,943,883	0	5,083,046	0	5,082,506
Early Head Start	0	9,115,864	0	9,115,864	0	9,115,864
TOTAL	\$ 10,429,859	\$ 60,559,150	\$ 15,463,538	\$ 58,711,686	\$ 15,463,538	\$ 56,033,070

Child Care Assistance Program. This sub-program provides payments to child care providers, allowing 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 70.0 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 from the state and 60.0 percent from 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.

The **agency** estimates assisting an average of 6,128 families, including 11,498 children, in FY 2017 at an average monthly cost of \$337 per child in the child care assistance

program. For FY 2018, the agency estimates assisting an average of 5,798 families, including 10,878 children, at an average monthly cost of \$341. For FY 2019, the agency estimates assisting an average of 5,386 families, including 10,105 children, at an average monthly cost of \$345.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

Kansas Early Head Start Program. This sub-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 11 early learning programs.

The **agency** estimates providing services to an average of 923 children in FY 2017, FY 2018 and FY 2019 at an average cost of \$9,876.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

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.

Rehabilitation Services for the Blind Program. This sub-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. This sub-program provides services that make 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 also are conducted for Kansans already receiving disability benefits.

Rehabilitation Services Case Services. This sub-program provides services to 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 2017– FY 2019**

Item	Agency Est. FY 2017	Agency Est. FY 2017	Agency Est. FY 2018	Agency Est. FY 2018	Agency Est. FY 2019	Agency Est. FY 2019
	SGF	All Funds	SGF	All Funds	SGF	All Funds
Protection Report Center	\$ 3,895,811	\$ 3,895,811	\$ 4,139,359	\$ 4,139,359	\$ 3,954,783	\$ 3,954,783
Prevention Services	3,515,804	13,699,132	3,908,968	14,129,667	3,908,968	14,129,667
Independent Living	527,258	2,636,290	527,258	2,636,290	527,258	2,636,288
Reintegration/Foster Care*	95,700,000	158,000,000	95,700,000	158,000,000	95,700,000	158,000,000
Permanent Guardianship	700,883	700,883	655,706	655,706	616,446	616,446
Adoption Support	21,337,159	37,900,317	21,380,290	38,352,583	21,599,129	39,322,764
Other Grants and Contracts	3,069,621	3,838,652	869,621	1,637,994	869,621	1,638,981
TOTAL	\$ 128,746,536	\$ 220,671,085	\$ 127,181,202	\$ 219,551,599	\$ 127,176,205	\$ 220,298,929
	Gov. Rec. FY 2017	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2019
	SGF	All Funds	SGF	All Funds	SGF	All Funds
Protection Report Center	\$ 3,886,095	\$ 3,886,095	\$ 3,740,288	\$ 3,740,288	\$ 3,739,949	\$ 3,739,949
Prevention Services	3,515,804	13,699,132	3,908,968	14,129,667	3,908,968	14,129,667
Independent Living	527,139	2,635,696	526,834	2,634,172	526,776	2,633,879
Reintegration/Foster Care*	99,715,411	162,944,676	102,534,200	166,214,195	108,325,024	173,124,624
Permanent Guardianship	700,883	700,883	655,706	655,706	616,446	616,446
Adoption Support	21,337,159	37,900,317	21,380,290	38,352,583	21,599,129	39,322,764
Other Grants and Contracts	3,069,621	3,838,652	869,621	1,637,994	869,621	1,638,981
TOTAL	\$ 132,752,112	\$ 225,605,451	\$ 133,615,907	\$ 227,364,605	\$ 139,585,913	\$ 235,206,310

*This program is subject to the consensus caseload process for entitlement programs.

Protection Report Center (PRC). This sub-program provides a 24-hours-a-day, 7-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.

Child Protective Services and Family Support Program. This sub-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. This sub-program provides 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. The agency estimates providing services to 9,198 individuals in FY 2017 at a cost of \$350,000, all from the State General Fund. For FY 2018, the agency estimates providing services to 9,126 individuals at a cost of \$350,000, all from the State General Fund. For FY 2019, the agency estimates providing services to 9,054 individuals at a cost of \$350,000, all from the State General Fund.

Prevention Services. This sub-program provides services that are delivered to the family as a unit to address the safety and risk factors identified and to sustain or enhance the family's capacity to care for their children. Services may be court ordered, recommended by DCF, or requested by the family. Safety and prevention of out-of-home care are the primary goals of family services. Services may be offered by DCF staff or through referrals to other community agencies or entities.

Community Services. This sub-program 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 caregivers 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 392 families in FY 2017, FY 2018, and FY 2019 at an annual cost of \$3,717 per family.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

Family Preservation Services. This sub-program provides 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 2,478 families for these services in FY 2017, FY 2018, and FY 2019 at a cost of \$4,121 per referral.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019 with the addition of \$573,390 for FY 2018 and \$574,201 for FY 2019. The recommendation shifts \$35,696 in State General Fund expenditures from Other Assistance payments in the Family Services program to salaries and wages expenditures in the Administration program.

Reintegration/Foster Care Services. This sub-program provides services that 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. 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 6,343 children in the reintegration program in FY 2017, FY 2018, and FY 2019. The estimated monthly cost is \$2,076 per child. This does not include any adjustments made by the consensus caseload estimating process to which this program is subject.

The **Governor** recommends the addition \$4.9 million, including \$4.0 million from the State General Fund, in FY 2017. The recommendation includes the addition of \$9.1 million, including \$7.5 million from the State General Fund, for FY 2018 and the addition of \$16.0 million, including \$13.3 million from the State General Fund, for FY 2019. The Governor's recommendation fully funds the fall human services consensus caseload estimate.

Adoption Services. This sub-program provides services that 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 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 2017 in adoption support, the **agency** estimates providing support for an average of 9,104 children per month at a cost of \$347 per child. For FY 2018 in adoption support, the agency estimates providing support for an average of 9,207 children per month at a cost of \$347 per child. For FY 2019 in adoption support, the agency estimates providing support for an average of 9,437 children per month at a cost of \$347 per child.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

Permanent Guardianship. This 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 2017 in Permanent Guardianship, the **agency** estimates serving an average of 201 children per month at an average monthly cost of \$290 per child. For FY 2018, the agency estimates serving an average of 188 children per month at an average monthly cost of \$290 per child. For FY 2019, the agency estimates serving an average of 177 children per month at an average monthly cost of \$290 per child.

The **Governor** concurs with the agency's estimate for FY 2017, FY 2018, and FY 2019.

C. Supported Business Areas

The Supported Business Areas Division includes support programs not under the direct control of the Secretary. These programs include Information Technology, Human Resources, and the Kansas Council on Developmental Disabilities.

Information Technology Services. This support program 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. This support program 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 Council on Developmental Disabilities. This support program's responsibilities include monitoring and evaluating the developmental disabilities program and services to ensure increased independence, productivity, and integration into the community.

The Kansas Children's Cabinet. This 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 was transferred to the Department of Education to manage budget and administrative purposes effective July 1, 2016, and is only included in FY 2016 actuals below.

**SUPPORTED BUSINESS AREAS
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 10,328,814	\$ 10,013,004	\$ 9,985,769	\$ 7,518,406	\$ 6,821,276	\$ 7,541,822	\$ 6,833,672
Contractual Services	22,284,168	25,659,777	25,659,777	20,547,386	18,650,972	20,547,386	18,650,972
Commodities	135,707	68,791	68,791	67,543	67,543	67,543	67,543
Capital Outlay	481,276	708,858	708,858	507,023	507,023	507,023	507,023
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 33,229,965</i>	<i>\$ 36,450,430</i>	<i>\$ 36,423,195</i>	<i>\$ 28,640,358</i>	<i>\$ 26,046,814</i>	<i>\$ 28,663,774</i>	<i>\$ 26,059,210</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	13,175,556	422,707	422,707	219,247	219,247	215,371	215,371
TOTAL	<u>\$ 46,405,521</u>	<u>\$ 36,873,137</u>	<u>\$ 36,845,902</u>	<u>\$ 28,859,605</u>	<u>\$ 26,266,061</u>	<u>\$ 28,879,145</u>	<u>\$ 26,274,581</u>
Financing:							
State General Fund	\$ 10,107,240	\$ 11,879,921	\$ 11,868,265	\$ 13,519,430	\$ 12,393,623	\$ 13,529,689	\$ 12,398,299
All Other Funds	36,298,281	24,993,216	24,977,637	15,340,175	13,872,438	15,349,456	13,876,282
TOTAL	<u>\$ 46,405,521</u>	<u>\$ 36,873,137</u>	<u>\$ 36,845,902</u>	<u>\$ 28,859,605</u>	<u>\$ 26,266,061</u>	<u>\$ 28,879,145</u>	<u>\$ 26,274,581</u>
FTE Positions	127.2	129.2	129.2	119.2	107.7	119.2	107.7
Non-FTE Uncl.Perm.Pos.	46.0	41.0	41.0	18.0	18.0	18.0	18.0
TOTAL	<u>173.2</u>	<u>170.2</u>	<u>170.2</u>	<u>137.2</u>	<u>125.7</u>	<u>137.2</u>	<u>125.7</u>

The **agency** requests FY 2018 expenditures totaling \$28.9 million, including \$13.5 million from the State General Fund. The request is a decrease of \$8.0 million, or 21.7 percent, including an increase of \$1.6 million, or 13.8 percent, from the State General Fund, from the FY 2017 revised estimate. The majority of the decrease is attributable to decreases in contractual services and salaries and wages.

The majority of the decreases in contractual services are attributable to a \$3.7 million reduction in anticipated Kansas Enrollment and Eligibility System (KEES) associated expenditures. The majority of decreases in salaries and wages is also attributable to KEES, as 25.0 of the 40.0 FTE positions associated with the project will be deleted at the end of the development portion of the project.

The **Governor** recommends \$26.3 million, including \$12.4 million from the State General Fund, for the Supported Business Areas program for FY 2018. This is an all funds decrease of \$2.6 million, or 9.0 percent, and a State General Fund decrease of \$1.1 million, or 8.3 percent, below the FY 2018 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The Governor recommended mainframe operations be outsourced, which is expected to reduce expenditures and result in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions.

The **agency** requests FY 2019 expenditures totaling \$28.9 million, including \$13.5 million from the State General Fund. The

request is an increase of \$19,540, or 0.1 percent, including \$10,259, or 0.1 percent, from the State General Fund, above the revised FY 2018 request.

The **Governor** recommends \$26.3 million, including \$12.4 million from the State General Fund, for the Supported Business Areas program for FY 2019. This is an all funds decrease of \$2.6 million, or 9.0 percent, and a State General Fund decrease of \$1.1 million, or 8.4 percent, below the FY 2019 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor recommended mainframe operations be outsourced, which is expected to reduce expenditures and result in savings of \$2.5 million, including \$1.1 million from the State General Fund, and the reduction of 11.5 FTE positions.

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; 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 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 87,886,892	\$ 88,098,629	\$ 87,867,869	\$ 85,198,705	\$ 84,375,152	\$ 84,533,792	\$ 83,603,210
Contractual Services	18,018,087	17,458,853	17,458,853	17,819,058	17,417,384	17,961,307	17,559,633
Commodities	786,321	834,907	834,907	854,887	715,575	876,264	736,952
Capital Outlay	265,436	257,040	257,040	105,340	105,340	105,340	105,340
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 106,956,736</u>	<u>\$ 106,649,429</u>	<u>\$ 106,418,669</u>	<u>\$ 103,977,990</u>	<u>\$ 102,613,451</u>	<u>\$ 103,476,703</u>	<u>\$ 102,005,135</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	7,982	0	0	0	0	0	0
TOTAL	<u>\$ 106,964,718</u>	<u>\$ 106,649,429</u>	<u>\$ 106,418,669</u>	<u>\$ 103,977,990</u>	<u>\$ 102,613,451</u>	<u>\$ 103,476,703</u>	<u>\$ 102,005,135</u>
Financing:							
State General Fund	\$ 63,389,465	\$ 61,711,023	\$ 61,578,889	\$ 59,652,275	\$ 58,830,404	\$ 59,885,806	\$ 58,997,822
All Other Funds	43,575,253	44,938,406	44,839,780	44,325,715	43,783,047	43,590,897	43,007,313
TOTAL	<u>\$ 106,964,718</u>	<u>\$ 106,649,429</u>	<u>\$ 106,418,669</u>	<u>\$ 103,977,990</u>	<u>\$ 102,613,451</u>	<u>\$ 103,476,703</u>	<u>\$ 102,005,135</u>
FTE Positions	1,683.4	1,589.6	1,589.6	1,592.6	1,592.6	1,592.6	1,592.6
Non-FTE Uncl.Perm.Pos.	238.0	196.5	196.5	196.5	196.5	196.5	196.5
TOTAL	<u>1,921.4</u>	<u>1,786.1</u>	<u>1,786.1</u>	<u>1,789.1</u>	<u>1,789.1</u>	<u>1,789.1</u>	<u>1,789.1</u>

The **agency** requests FY 2018 expenditures totaling \$104.0 million, including \$59.7 million from the State General Fund. The request is a decrease of \$2.7 million, or 2.5 percent, including \$2.1 million, or 3.3 percent, from the State General Fund, below the FY 2017 revised estimate. The majority of the decrease is attributable to decreases in salaries and wages, generally due to increases in salaries and wages shrinkage rates.

The **Governor** recommends \$102.6 million, including \$58.8 million from the State General Fund, for the Regional Offices program for FY 2018. This is an all funds decrease of \$1.4 million, or 1.3 percent, and a State General Fund decrease of \$821,871, or 1.4 percent, below the FY 2018 agency request.

Of the total decrease, \$823,553, including \$466,925 from the State General Fund, is attributable to the Governor's recommendation to hold KPERs employer contributions at the

FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The Governor's recommendation also includes the reduction of \$112,191, including \$70,564 from the State General Fund, associated with the closure of three field offices in Goodland, Greensburg, and Iola. The Governor's recommendation also includes a reduction of \$428,795, including \$289,483 from the State General Fund, associated with a 2.0 percent operating reduction.

The **agency** requests FY 2019 expenditures totaling \$103.5 million, including \$59.9 million from the State General Fund. The request is a decrease of \$0.5 million, or 0.5 percent, including \$200,000, or 0.4 percent, from the State General Fund, below the FY 2018 request. The majority of the decrease is attributable to decreases in salaries and wages generally due to increases in salaries and wages shrinkage rates, partially offset by increases in salaries and wages.

The **Governor** recommends \$102.0 million, including \$59.0 million from the State General Fund, for the Regional Offices program for FY 2019. This is an all funds decrease of \$1.5 million, or 1.4 percent, and a State General Fund decrease of \$887,984, or 1.5 percent, below the FY 2019 agency request.

Of the total decrease, \$930,582, including \$533,038 from the State General Fund, is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The Governor's recommendation also includes the reduction of \$112,191, including \$70,564 from the State General Fund, associated with the closure of three field offices in Goodland, Greensburg, and Iola. The Governor's recommendation also includes a reduction of \$428,795, including \$284,382 from the State General Fund, associated with a 2.0 percent operating reduction.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Child Support Enforcement					
Support collections to cost ratio	\$5.50:\$1	\$5.57:\$1	\$1\$5.50:\$1	\$5.50:\$1	\$5.50:\$1
Percent of cases paying on support arrears	64.0%	58.6%	60.0%	61.0%	62.0%
Temporary Assistance to Families					
Percent of families leaving TANF who retain employment in the second quarter	42.0%	38.8%	42.0%	42.0%	42.0%
Rehabilitation Services					
Percent of rehabilitated clients gaining competitive employment	72.6%	50.0%	50.0%	50.0%	50.0%
Number of clients rehabilitated	1,800	1,169	1,450	1,450	1,450
Child Care and Early Childhood Development					
Percent of children in Early Head Start demonstrating developmental growth	90.0%	N/A	N/A	N/A	N/A
Percent of Kansas Early Head Start child care providers who have a Child Development Associate or higher in education	94.0%	N/A	N/A	N/A	N/A
Reintegration/Foster Care Contract					
Average number of children in foster care each month	6,214	6,137	6,290	6,483	6,665

KANSAS DEPARTMENT FOR AGING AND DISABILITY SERVICES

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 649,214,816	\$ 631,764,271	\$ 643,381,615	\$ 168,976,681	\$ 95,006,623	\$ 98,863,508	\$ 95,134,192
Other Funds	888,803,291	815,020,448	924,205,605	104,302,308	107,412,810	104,218,535	107,302,918
TOTAL	\$ 1,538,018,107	\$ 1,446,784,719	\$ 1,567,587,220	\$ 273,278,989	\$ 202,419,433	\$ 203,082,043	\$ 202,437,110
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	8,773,077	10,787,616	10,787,616	7,930,000	7,930,000	8,180,000	8,180,000
TOTAL	\$ 8,773,077	\$ 10,787,616	\$ 10,787,616	\$ 7,930,000	\$ 7,930,000	\$ 8,180,000	\$ 8,180,000
GRAND TOTAL	<u>\$ 1,546,791,184</u>	<u>\$ 1,457,572,335</u>	<u>\$ 1,578,374,836</u>	<u>\$ 281,208,989</u>	<u>\$ 210,349,433</u>	<u>\$ 211,262,043</u>	<u>\$ 210,617,110</u>

Percentage Change:

Operating Expenditures

State General Fund	4.3 %	(2.7) %	(0.9) %	(73.3) %	(85.2) %	(41.5) %	0.1 %
All Funds	2.0	(5.9)	1.9	(81.1)	(87.1)	(25.7)	0.0

FTE Positions

213.0	224.0	224.0	224.0	224.0	224.0	224.0	224.0
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Non-FTE

Perm.Uncl.Pos.

71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0
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TOTAL

<u>284.0</u>	<u>295.0</u>	<u>295.0</u>	<u>295.0</u>	<u>295.0</u>	<u>295.0</u>	<u>295.0</u>	<u>295.0</u>
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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 persons 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.

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, including nursing facilities for mental health and hospital long-term care units. The Kansas Soldiers' Home and the Kansas Veterans' 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

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.

Beginning in FY 2018, the portion of the Medicaid budget attributable to KanCare capitation payments will be transferred to the Kansas Department for Health and Environment for the purposes of streamlining the administration of the program. However, the responsibility for management of these Medicaid programs will remain within KDADS.

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 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 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 it would absorb this reduction with the agency operations instead; and
- \$345,180, including \$102,304 from the State General Fund, for agency operations. The agency indicated it 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 positions 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 (ERO) No. 41, which became effective on July 1, 2012. Specifically, the ERO 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; and

- 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 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; and
- 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 Home and Community Based Services—Physical Disability 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 Initiatives 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 Initiatives 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 from the State General Fund, 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; and
- 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 Initiatives Fund and \$6.00 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; and 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 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 the 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 **2014 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 the 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 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, the Legislature 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 Wavier 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 Wavier 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.

In **FY 2016**, the agency transferred \$1.0 million from the DADS Social Welfare Fund to the State General Fund for the Governor's July 30, 2015 allotment in FY 2016. The agency also deleted \$13.3 million, all from the State General Fund, for the Governor's November 6, 2015 allotment in FY 2016.

The **April 20, 2016**, Governor's Budget Amendment, No. 1, Item 8, noted Medicaid KanCare expenditures are made from the Kansas Department of Health and Environment (KDHE); however, an allocation tool was being applied to divide the expenditures between KDHE, KDADS, and the Department of Corrections (DOC). Noting that this allocation tool required additional administrative work, the Governor recommended that beginning in FY 2018, all KanCare expenditures be budgeted for and reflected in KDHE only. This would be a change in accounting and budgeting procedures only, and responsibility for program policies and performance would remain with KDADS and DOC. The Legislature approved this recommendation.

The **2016 Legislature** added \$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 in FY 2016 and FY 2017.

The **2016 Legislature** deleted \$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 for FY 2017.

The **2016 Legislature** deleted \$3.8 million, all from the State General Fund, for the Children's Mental Health Initiative for FY 2017. This program historically received an appropriation from the Children's Initiatives Fund. Funding from the Children's Initiatives Fund is now recommended by the Children's Cabinet regarding the levels and funding sources for the expenditures with final decisions to be made by the Governor for FY 2017.

The **2016 Legislature** added \$47.4 million, including \$10.6 million from the State General Fund, to fund human services consensus caseload estimates in FY 2016 and added \$10.7 million, including deleting \$4.9 million from the State General Fund, to fund human services consensus caseload estimates for FY 2017.

The **2016 Legislature** deleted \$2.7 million, including \$23.6 million from the State General Fund, to reallocate non-caseload medical savings to caseload programs in FY 2016 and deleted \$27.8 million, including \$7.7 million from the State General Fund, to reallocate non-caseload medical savings to caseload programs for FY 2017.

The **2016 Legislature** added \$3.9 million, all from the State General Fund, to fund the continuation of a contract for diversion beds for Osawatomie State Hospital for FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency's** revised estimate for total expenditures is \$1.5 billion, including \$631.8 million from the State General Fund.

The revised estimate includes capital improvement expenditures totaling \$10.8 million, all from the State Institutions Building

Fund and \$1.4 billion, including \$631.8 million from the State General Fund, for operating expenditures. The revised estimate is an all funds decrease of \$618,777, or less than 0.1 percent, below the amount approved by the 2016 Legislature. The State General Fund is the same amount approved by the 2016 Legislature, after adjustments.

The revised estimate includes 224.0 FTE positions and 71.0 non-FTE positions in FY 2017. This is an increase of 56.5 FTE positions and a decrease of 46.0 non-FTE positions from the number approved by the 2016 Legislature. The change is primarily attributable to the agency changing the classification of employees from unclassified temporary to unclassified permanent, which shifts the positions from non-FTE to FTE and the addition of legal positions from the state hospital budgets to the KDADS budget.

The agency's revised estimate includes a request to create a new federal grant fund called "Systems of Care Severe

Emotional Disturbance (SED) federal fund." The agency states this new fund is necessary as KDADS has been awarded a grant from the Centers for Medicare and Medicaid Services (CMS) to improve behavioral health outcomes for children and youth with serious emotional disturbances (SED) and their families. The total grant award is \$9.5 million, and the grant period begins October 1, 2016, and runs through September 30, 2020.

The agency's revised estimate for capital improvement expenditures is \$10.8 million, all from the State Institutions Building Fund, in FY 2017. This is an increase of \$3.1 million, or 39.7 percent, above the amount approved by the 2016 Legislature. The increase is attributable to the reappropriation of \$3.1 million for rehabilitation and repair funding, all from the State Institutions Building Fund, not expended in FY 2016. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

FY 2017 Governor Recommendation

The **Governor** recommends total expenditures of \$1.6 billion, including \$643.4 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$1.6 billion, including \$643.4 million from the State General Fund, in FY 2017. The Governor's recommendation for total expenditures is an all funds increase of \$120.8 million, or 8.3 percent, and a State General Fund increase of \$11.6 million, or 1.8 percent, above the agency's revised FY 2017 estimate.

The Governor's recommendation includes the following adjustments:

- An addition of \$87.7 million, including \$40.3 million from the State General Fund, for additional funding for waiver services. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process in FY 2017;
- An all funds addition of \$33.1 million, and a State General Fund decrease of \$28.6 million, due to

Human Services Caseloads adjustments in FY 2017; and

- A decrease of \$48,813, including \$18,214 from the State General Fund, due to Governor's

FY 2018 Agency Request

The **agency** requests \$273.3 million, including \$169.0 million from the State General Fund, for operating expenditures for FY 2018. This is an all funds decrease of \$1.2 billion, or 81.1 percent, and a State General Fund decrease of \$462.8 million, or 73.3 percent, below the revised FY 2017 estimate. Prior to FY 2018, Medicaid KanCare expenditures were made from KDHE but an allocation tool divided the expenditures between KDHE, KDADS, and the Department of Corrections (DOC). Beginning in FY 2018, all KanCare expenditures are budgeted for and reflected in KDHE. Responsibility for program policies and performance remains with KDADS and DOC, but the shift in reflected expenditures is the primary reason for the decreased expenditures for FY 2018. The agency's request includes 224.0 FTE positions and 71.0 non-FTE positions, which is the same number as the revised FY 2017 estimate.

The request includes enhancement funding totaling \$83.0 million, including \$81.2 million from the State General Fund, for FY 2018. Projects for FY 2018 include continuation of funding for inpatient psychiatric beds in the community due to the reduced census at Osawatomie State Hospital, expansion of the

FY 2018 Governor Recommendation

The **Governor** recommends operating expenditures totaling \$202.4 million, including \$95.0 million from the State General Fund, for FY 2018. This is an all funds decrease of \$70.9 million, or 25.9 percent, and a State General Fund decrease of

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The **Governor** concurs with the agency's capital improvement request in FY 2017.

Program of All-Inclusive Care for the Elderly (PACE), additional funding to address wage compression at the state hospitals, replacement of the patient management system at the state hospitals, and funding to expand crisis stabilization centers across Kansas.

The agency requests capital improvement expenditures of \$7.9 million, all from the State Institutions Building Fund, for FY 2018. This is a decrease of \$2.9 million, or 26.5 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to the lack of reappropriated funds that appear in the FY 2017 revised estimate, partially offset by an increase in debt service principal payments. The increase in debt service principal payments is attributable to the agency shifting more expenditures from debt service interest to debt service principal as the loan is being paid down. The rehabilitation and repair funding includes projects at the four state hospitals. The request includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

\$74.0 million, or 43.8 percent, below the agency's FY 2018 request.

The Governor's recommendation includes the following adjustments:

- A reduction of \$79,185,953, including \$77,361,850 from the State General Fund, due to the Governor not recommending four of the five agency enhancement requests for FY 2018;
- A reduction of \$753,653, including \$274,847 from the State General Fund, due to the Governor recommending the agency reduce resources by increasing agency shrinkage by 5.0 percent for FY 2018;
- A reduction of \$152,000, all from the State General Fund, due to the Governor recommending the agency reduce resources by eliminating unobligated Law Enforcement Organization (LEO) grants for FY 2018;
- A reduction totaling \$171,021, including \$62,243 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of

\$140,069, including \$50,977 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$30,952, including \$11,266 from the State General Fund;

- An addition of \$6.6 million, including \$2.9 million from the State General Fund, to shift partial expenditures for the Program for All-Inclusive Care for the Elderly (PACE) from the budget of the Kansas Department of Health and Environment (KDHE) to the KDADS budget so that all funding for the PACE program is in one agency for FY 2018; and
- An addition of \$2.8 million, including \$274,847 from the State General Fund, due to Human Services consensus caseloads adjustments for FY 2018.

The Governor concurs with the agency's capital improvement request for FY 2018.

FY 2019 Agency Request

The **agency** requests \$203.1 million, including \$98.9 million from the State General Fund, for operating expenditures for FY 2019. This is an all funds decrease of \$70.2 million, or 25.7 percent, and a State General Fund decrease of \$70.1 million, or 41.5 percent, below the FY 2018 request. The request continues the FY 2018 reflection of all KanCare expenditures in the budget for KDHE. The agency's request includes 224.0 FTE positions and 71.0 non-FTE positions, which is the same number as the FY 2018 request.

The request includes enhancement funding totaling \$12.8 million, including \$11.0 million from the State General Fund, for FY 2019. Projects for FY 2019 include expansion of the Program of All-Inclusive Care for the Elderly (PACE), additional funding to address wage compression at the state hospitals, and funding to expand crisis stabilization centers across Kansas.

The agency requests capital improvement expenditures of \$8.2 million, all from the State Institutions Building Fund, for FY

2019. This is an increase of \$250,000, or 3.2 percent, above the FY 2018 request. The increase is attributable to the agency shifting more expenditures from debt service interest to debt service principal as the loan is being paid down. The rehabilitation and repair funding includes projects at the four

state hospitals. The request includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

FY 2019 Governor Recommendation

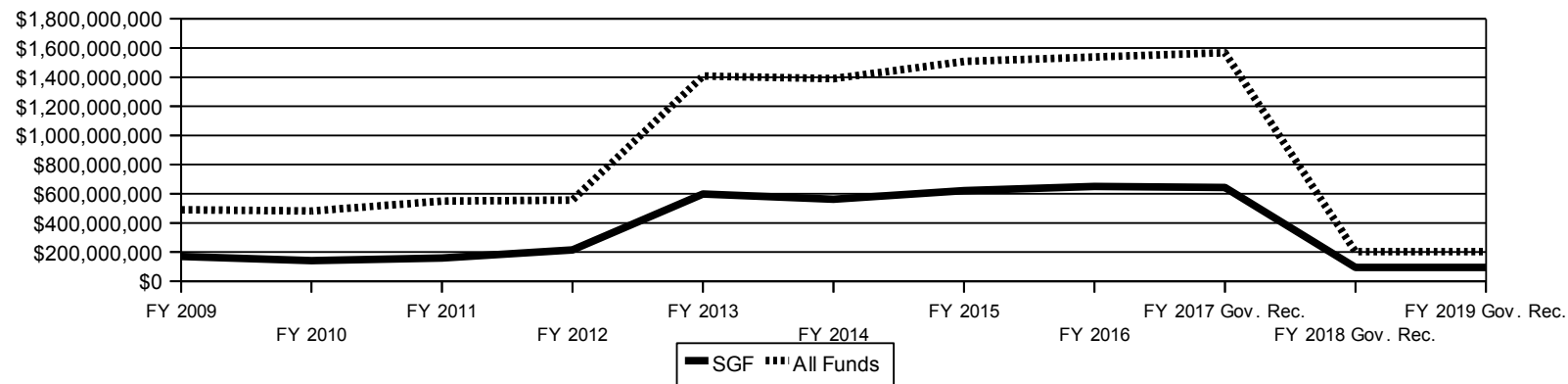
The **Governor** recommends operating expenditures of \$202.4 million, including \$95.1 million from the State General Fund, for FY 2019. This is an all funds decrease of \$644,933, or 0.3 percent, and a State General Fund decrease of \$3.7 million, or 3.8 percent, below the agency's FY 2019 request. The Governor's recommendation also includes the following adjustments:

- A reduction of \$12.8 million, including \$11.0 million from the State General Fund, due to the Governor not recommending the agency's enhancement requests for FY 2019;
- A reduction of \$763,576, including \$277,965 from the State General Fund, due to the Governor recommending the agency reduce resources by increasing agency shrinkage by 5.0 percent for FY 2019;
- A reduction of \$152,000, all from the State General Fund, due to the Governor recommending the agency reduce resources by eliminating unobligated Law Enforcement Organization (LEO) grants for FY 2019;
- A reduction \$202,327, including \$74,235 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount;
- An addition of \$6.6 million, including \$2.9 million from the State General Fund, to shift partial expenditures for the Program for All-Inclusive Care for the Elderly (PACE) from the budget of the Kansas Department of Health and Environment (KDHE) to the KDADS budget so that all funding for the PACE program is in one agency for FY 2019;
- An addition of \$3.9 million, all from the State General Fund, for continuation of the contract for inpatient psychiatric beds in the community due to the restricted census at Osawatomie State Hospital (OSH) for FY 2019; and
- An addition of \$2.8 million, including \$969,336 from the State General Fund, due to Human Services consensus caseloads adjustments for FY 2019.

The Governor concurs with the agency's capital improvement request for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	649,214,816	4.3	1,538,018,107	2.0	213.0
2017 Gov. Rec.	643,381,615	(0.9)	1,567,587,220	1.9	224.0
2018 Gov. Rec.	95,006,623	(85.2)	202,419,433	(87.1)	224.0
2019 Gov. Rec.	95,134,192	0.1	202,437,110	0.0	224.0
Eleven-Year Change	\$ (74,529,010)	(43.9)%	\$ (287,847,291)	(58.7)%	10.0

Staff Note: The large increase in funds in FY 2013 is due to Executive Reorganization Order (ERO) No. 41, which became effective on July 1, 2012. Specifically, the ERO 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. The large decrease in funds for FY 2018 is due to the consolidation of the KanCare budget in the budget of KDHE starting in FY 2018.

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 12,896,759	\$ 11,388,839	\$ 11,096,125	\$ (292,714)	(2.6) %	\$ 11,371,877	\$ 14,594,274	\$ 3,222,397	28.3 %
Aging and Aging Grants	29,935,090	30,078,969	30,065,950	(13,019)	(0.0)	30,076,266	30,005,791	(70,475)	(0.2)
Medical & Com Services	1,383,102,054	1,293,151,778	44,331,876	(1,248,819,902)	(96.6)	1,414,003,092	50,455,071	(1,363,548,021)	(96.4)
Behavioral Health - Operations & Grants	85,865,599	85,174,236	160,925,139	75,750,903	88.9	85,167,917	80,958,086	(4,209,831)	(4.9)
Community Services Administration	17,374,051	17,009,618	16,969,293	(40,325)	(0.2)	17,006,584	16,946,984	(59,600)	(0.4)
Survey, Certification and Credentialing	8,844,554	9,981,279	9,890,606	(90,673)	(0.9)	9,961,484	9,459,227	(502,257)	(5.0)
TOTAL	\$ 1,538,018,107	\$ 1,446,784,719	\$ 273,278,989	\$ (1,173,505,730)	(81.1) %	\$ 1,567,587,220	\$ 202,419,433	\$(1,365,167,787)	(87.1) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 16,117,994	\$ 18,463,299	\$ 25,745,534	\$ 7,282,235	39.4 %	\$ 18,414,486	\$ 17,314,783	\$ (1,099,703)	(6.0) %
Contractual Services	47,185,101	45,103,695	47,016,693	1,912,998	4.2	45,103,695	44,864,693	(239,002)	(0.5)
Commodities	243,652	242,157	242,157	0	0.0	242,157	242,157	0	0.0
Capital Outlay	256,643	647,152	67,008,352	66,361,200	10,254.3	647,152	608,352	(38,800)	(6.0)
Debt Service	4,177,638	1,720,313	1,502,732	(217,581)	(12.6)	1,720,313	1,502,732	(217,581)	(12.6)
Subtotal - Operations	\$ 67,981,028	\$ 66,176,616	\$ 141,515,468	\$ 75,338,852	113.8 %	\$ 66,127,803	\$ 64,532,717	\$ (1,595,086)	(2.4) %
Aid to Local Units	52,269,171	53,100,638	53,075,958	(24,680)	(0.0)	53,100,638	53,075,958	(24,680)	(0.0)
Other Assistance	1,417,767,908	1,327,507,465	78,687,563	(1,248,819,902)	(94.1)	1,448,358,779	84,810,758	(1,363,548,021)	(94.1)
TOTAL	\$ 1,538,018,107	\$ 1,446,784,719	\$ 273,278,989	\$ (1,173,505,730)	(81.1) %	\$ 1,567,587,220	\$ 202,419,433	\$(1,365,167,787)	(87.1) %
Financing:									
State General Fund	\$ 649,214,816	\$ 631,764,271	\$ 168,976,681	\$ (462,787,590)	(73.3) %	\$ 643,381,615	\$ 95,006,623	\$ (548,374,992)	(85.2) %
Children's Initiatives Fd	3,800,000	3,800,000	0	(3,800,000)	(100.0)	3,800,000	0	(3,800,000)	(100.0)
Problem Gambling and Addiction Grant	5,847,256	5,920,057	2,175,222	(3,744,835)	(63.3)	5,919,507	2,169,432	(3,750,075)	(63.4)
Quality Care Serv Fund	24,430,548	0	0	0	--	0	0	0	--
Title XIX Federal	781,159,303	731,016,899	33,878,392	(697,138,507)	(95.4)	840,223,967	37,429,301	(802,794,666)	(95.5)
Prevention Treat Subst Abuse Grant	12,077,710	12,135,543	12,127,816	(7,727)	(0.1)	12,135,060	12,124,075	(10,985)	(0.1)
All Other Funds	61,488,474	62,147,949	56,120,878	(6,027,071)	(9.7)	62,127,071	55,690,002	(6,437,069)	(10.4)
TOTAL	\$ 1,538,018,107	\$ 1,446,784,719	\$ 273,278,989	\$ (1,173,505,730)	(81.1) %	\$ 1,567,587,220	\$ 202,419,433	\$(1,365,167,787)	(87.1) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 11,096,125	\$ 10,919,648	\$ (176,477)	(1.6) %	\$ 14,594,274	\$ 14,406,581	\$ (187,693)	(1.3) %
Aging and Aging Grants	30,065,950	30,092,192	26,242	0.1	30,005,791	30,028,500	22,709	0.1
Medical & Com Services	44,331,876	44,331,876	0	0.0	50,455,071	50,455,071	0	0.0
Behavioral Health - Operations & Grants	160,925,139	90,731,978	(70,193,161)	(43.6)	80,958,086	81,014,904	56,818	0.1
Community Services Administration	16,969,293	16,986,748	17,455	0.1	16,946,984	16,962,629	15,645	0.1
Survey, Certification and Credentialing	9,890,606	10,019,601	128,995	1.3	9,459,227	9,569,425	110,198	1.2
TOTAL	\$ 273,278,989	\$ 203,082,043	\$ (70,196,946)	(25.7) %	\$ 202,419,433	\$ 202,437,110	\$ 17,677	0.0 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 25,745,534	\$ 26,029,909	\$ 284,375	1.1 %	\$ 17,314,783	\$ 17,557,929	\$ 243,146	1.4 %
Contractual Services	47,016,693	43,200,741	(3,815,952)	(8.1)	44,864,693	44,904,593	39,900	0.1
Commodities	242,157	242,157	0	0.0	242,157	242,157	0	0.0
Capital Outlay	67,008,352	608,352	(66,400,000)	(99.1)	608,352	608,352	0	0.0
Debt Service	1,502,732	1,267,951	(234,781)	(15.6)	1,502,732	1,267,951	(234,781)	(15.6)
Subtotal - Operations	\$ 141,515,468	\$ 71,349,110	\$ (70,166,358)	(49.6) %	\$ 64,532,717	\$ 64,580,982	\$ 48,265	0.1 %
Aid to Local Units	53,075,958	53,045,370	(30,588)	(0.1)	53,075,958	53,045,370	(30,588)	(0.1)
Other Assistance	78,687,563	78,687,563	0	0.0	84,810,758	84,810,758	0	0.0
TOTAL	\$ 273,278,989	\$ 203,082,043	\$ (70,196,946)	(25.7) %	\$ 202,419,433	\$ 202,437,110	\$ 17,677	0.0 %
Financing:								
State General Fund	\$ 168,976,681	\$ 98,863,508	\$ (70,113,173)	(41.5) %	\$ 95,006,623	\$ 95,134,192	\$ 127,569	0.1 %
Children's Initiatives Fd	0	0	0	--	0	0	0	--
Problem Gambling and Addiction Grant	2,175,222	2,221,096	45,874	2.1	2,169,432	2,214,914	45,482	2.1
Quality Care Serv Fund	0	0	0	--	0	0	0	--
Title XIX Federal	33,878,392	33,851,736	(26,656)	(0.1)	37,429,301	37,396,531	(32,770)	(0.1)
Prevention Treat Subst Abuse Grant	12,127,816	12,129,817	2,001	0.0	12,124,075	12,125,753	1,678	0.0
All Other Funds	56,120,878	56,015,886	(104,992)	(0.2)	55,690,002	55,565,720	(124,282)	(0.2)
TOTAL	\$ 273,278,989	\$ 203,082,043	\$ (70,196,946)	(25.7) %	\$ 202,419,433	\$ 202,437,110	\$ 17,677	0.0 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$635,946,918 for the Kansas Department for Aging and Disability Services in FY 2017. Three adjustments have been made subsequently to that amount. The adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$533,546, based on the reappropriation of FY 2016 funding which was not spent in FY 2016 and has shifted to FY 2017;
- An increase of \$543,151, due to Osawatomie State Hospital transferring funding for legal services positions to KDADS; and

- A decrease of \$5,259,344, due to funding for the food service contracts at Osawatomie State Hospital and Larned State Hospital which is shifting from the KDADS budget to the individual hospital budgets.

The adjustments change the FY 2017 approved State General Fund to \$631,764,271. 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	\$ 631,764,271	\$ 631,764,271	\$ 0	\$ 643,381,615	\$ 11,617,344
All Other Funds	826,426,841	825,808,064	(618,777)	934,993,221	108,566,380
TOTAL	\$ 1,458,191,112	\$ 1,457,572,335	\$ (618,777)	\$ 1,578,374,836	\$ 120,183,724
FTE Positions	167.5	224.0	56.5	224.0	56.5

The **agency's** revised estimate for total expenditures is \$1.5 billion, including \$631.8 million from the State General Fund. The revised estimate includes capital improvement expenditures totaling \$10.8 million, all from the State Institutions Building Fund and \$1.4 billion, including \$631.8 million from the State General Fund, for operating expenditures. The revised estimate is an all funds decrease of \$618,777, or less than 0.1 percent, below the amount approved by the 2016 Legislature. The State General Fund amount is the same amount approved by the 2016 Legislature, after adjustments. The revised estimate includes 224.0 FTE positions and 71.0 non-FTE positions in FY 2017. This is an increase of 56.5 FTE positions and a decrease of 46.0 non-FTE positions from the number approved by the 2016 Legislature. The change is primarily attributable to the agency changing the classification of employees from unclassified temporary to unclassified permanent, which shifts the positions from non-FTE to FTE and the addition of legal positions from the state hospital budgets to the KDADS budget.

The agency's revised estimate includes a request to create a new federal grant fund called "Systems of Care Severe Emotional Disturbance (SED) federal fund." The agency states this new fund is necessary as KDADS has been awarded a grant from the Centers for Medicare and Medicaid Services (CMS) to improve behavioral health outcomes for children and youth with serious emotional disturbances (SED) and their families. The total grant award is \$9.5 million, and the grant period begins October 1, 2016, and runs through September 30, 2020.

The agency's revised estimate for capital improvement expenditures is \$10.8 million, all from the State Institutions Building Fund, in FY 2017. This is an increase of \$3.1 million, or 39.7 percent, above the amount approved by the 2016 Legislature. The increase is attributable to a reappropriation of \$3.1 million, all from the State Institutions Building Fund, for

rehabilitation and repair funding not expended in FY 2016. Rehabilitation and repair funding includes projects at the four state hospitals. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

The **Governor** recommends total expenditures of \$1.6 billion, including \$643.4 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$1.6 billion, including \$643.4 million from the State General Fund, in FY 2017. The Governor concurs with the agency's revised estimate for capital improvement expenditures in FY 2017. The Governor's recommendation for total expenditures is an all funds increase of \$122.8 million, or 8.3 percent, and a State General Fund increase of \$11.6 million, or 1.8 percent, above the agency's revised FY 2017 estimate. The Governor's recommendation includes the following adjustments:

- An addition of \$87.7 million, including \$40.3 million from the State General Fund, for additional funding for waivers services. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process in FY 2017;
- An all funds addition of \$33.1 million, and a State General Fund decrease of \$28.6 million, due to Human Services Caseloads adjustments in FY 2017; and
- A decrease of \$48,813, including \$18,214 from the State General Fund, due to Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 273,278,989	\$ 202,419,433	\$ (70,859,556)
FTE Positions	224.0	224.0	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ (462,787,590)	\$ (548,374,992)	
All Other Funds	(710,718,140)	(816,792,795)	
TOTAL	<u>\$ (1,173,505,730)</u>	<u>\$ (1,365,167,787)</u>	
<i>Percent Change:</i>			
State General Fund	(73.3) %	(85.2) %	
All Other Funds	(87.2)	(88.4)	
TOTAL	<u>(81.1) %</u>	<u>(87.1) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$273.3 million, including \$169.0 million from the State General Fund, for operating expenditures for FY 2018. This is an all funds decrease of \$1.2 billion, or 81.1 percent, and a State General Fund decrease of \$462.8 million, or 73.3 percent, below the revised FY 2017 estimate. Prior to FY 2018, Medicaid KanCare expenditures were made from the Kansas Department of Health and Environment (KDHE), but an

allocation tool divided the expenditures between KDHE, KDADS, and the Department of Corrections (DOC). Beginning in FY 2018, all KanCare expenditures are budgeted for and reflected in KDHE. Responsibility for program policies and performance remains with KDADS and DOC, but the shift in reflected expenditures is the primary reason for the decreased expenditures for FY 2018. The agency's request includes 224.0

FTE positions and 71.0 non-FTE positions, which is the same number as the revised FY 2017 estimate.

The request includes enhancement funding totaling \$83.0 million, including \$81.2 million from the State General Fund, for FY 2018. Projects for FY 2018 include continuation of funding for inpatient psychiatric beds in the community due to the restricted census at Osawatomie State Hospital (OSH), expansion of the Program of All-Inclusive Care for the Elderly (PACE), additional funding to address wage compression at the state hospitals, replacement of the patient management system at the state hospitals, and funding to expand crisis stabilization centers across Kansas.

The **Governor** recommends operating expenditures totaling \$202.4 million, including \$95.0 million from the State General Fund, for FY 2018. This is an all funds decrease of \$70.9 million, or 25.9 percent, and a State General Fund decrease of \$74.0 million, or 43.8 percent, below the agency's FY 2018 request. The Governor's recommendation includes the following adjustments:

- A reduction of \$79,185,953, including \$77,361,850 from the State General Fund, due to the Governor not recommending four of the five agency enhancement requests for FY 2018;
- A reduction of 753,653, including \$274,847 from the State General Fund, due to the Governor recommending the agency reduce resources by increasing agency shrinkage by 5.0 percent for FY 2018;

- A reduction of \$152,000, all from the State General Fund, due to the Governor recommending the agency reduce resources by eliminating unobligated Law Enforcement Organization (LEO) grants for FY 2018;
- A reduction totaling \$171,021, including \$62,243 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$140,069, including \$50,977 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$30,952, including \$11,266 from the State General Fund;
- An addition of \$6.6 million, including \$2.9 million from the State General Fund, to shift partial expenditures for the Program for All-Inclusive Care for the Elderly (PACE) from the budget of the Kansas Department of Health and Environment (KDHE) to the KDADS budget so that all funding for the PACE program is in one agency for FY 2018; and
- An addition of \$2.8 million, including \$274,847 from the State General Fund, due to Human Services consensus caseloads adjustments for FY 2018.

Enhancements Detail

FY 2018 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
OSH Diversion Beds	\$ 3,855,852	\$ 3,855,852	0.0	\$ 3,855,852	\$ 3,855,852	0.0
PACE Expansion/Caseload	1,455,773	3,279,876	0.0	0	0	0.0
Wage Compression Alleviation	7,506,077	7,506,077	0.0	0	0	0.0
Records System Replacement	66,400,000	66,400,000	0.0	0	0	0.0
Stabilization Centers Expansion	2,000,000	2,000,000	0.0	0	0	0.0
TOTAL	\$ 81,217,702	\$ 83,041,805	0.0	\$ 3,855,852	\$ 3,855,852	0.0

The **agency** requests enhancement funding totaling \$83.0 million, including \$81.2 million from the State General Fund, for FY 2018.

OSH Diversion Beds. The agency requests \$3.9 million, all from the State General Fund, for FY 2018 to continue to contract for additional inpatient psychiatric beds in the community due to the reduced number of inpatient beds available at OSH. Funding for these diversion beds was originally approved by the 2015 Legislature and contractual funding was continued by the 2016 Legislature.

PACE Expansion/Caseloads. The agency requests \$3.3 million, including \$1.5 million from the State General Fund, to continue services provided by the Program of All-Inclusive Care for the Elderly (PACE) as an alternative managed care program to KanCare for FY 2018. In addition, the agency requests the PACE program be included in the Social Services Consensus Caseload process. PACE is expanding to providers in additional market areas from the original two sites in Topeka and Wichita.

PACE will expand from 8 counties served to 26 counties served. Areas of expansion include Northeast Kansas and Midwest Kansas. The full impact of the expansion will be realized in FY 2018. The agency reports the expansion is budget neutral overall as PACE rates are similar to the KanCare capitated rates for the frail elderly and nursing home eligible population and because PACE will be a dual enrollment option to KanCare and an eligible person that enrolls in PACE will not enroll in a KanCare plan.

Wage Compression Alleviation at State Hospitals. The agency requests \$7.5 million, all from the State General Fund, for FY 2018. The agency reports difficulty retaining employees at all four state hospitals due to wage compression. The agency reports wage compression occurs when employees do not realize pay increases, so employees with years of experience are making the same amount as newly hired employees, which causes employee dissatisfaction and, ultimately, turnover. KDADS plans to evaluate the current pay structures for a variety of job classifications in the state hospitals through rate studies

and in consultation with industry experts to establish a pay matrix that addresses job performance along with longevity and experience.

Records System Replacement. The agency requests \$66.4 million, all from the State General Fund, to replace the patient management systems at all four state hospitals for FY 2018. The agency states all four hospitals are operated with outdated programs to manage electronic medical records, as well as patient billing systems, which poses a threat to competent and accurate patient care and reduces the efficiency and effectiveness of the respective finance departments' ability to bill revenue sources, such as Medicare, Medicaid, and private insurance. The agency notes that \$66.4 million would cover the initial costs associated with implementation of the new system at the hospitals and ongoing maintenance and support would cost approximately \$1.1 million for Osawatomie State Hospital, the Kansas Neurological Institute, and Parsons State Hospital

and Training Center, and approximately \$2.6 million for Larned State Hospital due to its larger patient population.

Crisis Stabilization Centers Expansion. The agency requests \$2.0 million, all from the State General Fund, for FY 2018 to expand the Crisis Stabilization Centers to other areas of the state. These centers would be similar to Rainbow Services, Inc., in Wyandotte County. Crisis Stabilization Centers would provide a variety of services, including sobering units for persons with substance abuse issues and crisis observation units and crisis stabilization units for short-term mental health treatment allowing for the stabilization of the patient before transitioning to community-based care.

The **Governor** recommends enhancement funding totaling \$3.9 million, all from the State General Fund, for the contract for diversion beds for Osawatomie State Hospital for FY 2018. The Governor does not recommend the other enhancements for FY 2018.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2018 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduced Resource Target	\$ (3,493,930)	\$ (3,493,930)	0.0	\$ 0	\$ 0	0.0
Increase Shrinkage by 5.0 Percent to Select Programs	0	0	0.0	(274,847)	(753,653)	0.0
Eliminate Unobligated LEO Grants	0	0	0.0	(152,000)	(152,000)	0.0
TOTAL	\$ (3,493,930)	\$ (3,493,930)	0.0	\$ (426,847)	\$ (905,653)	0.0

The **agency** submits one reduced resource option totaling \$3.5 million, all from the State General Fund, for FY 2018. In the agency's budget submission, the agency stated a reduced resource goal of \$3.5 million for FY 2018, however the agency did not formally submit a reduced resource proposal for review.

The **Governor** recommends reductions totaling \$905,653, including \$426,847 from the State General Fund, for FY 2018. The Governor recommends the agency increase shrinkage by

5.0 percent across six divisions (Administration, Commission on Aging, Survey, Certification and Credentialing Commission, Health Occupations Credentialing, Behavioral Health, and Home and Community Based Waiver Services) for a reduction in expenditures of \$753,653, including \$274,847 from the State General Fund for FY 2018. Additionally, the Governor recommends elimination of financing of unobligated Law Enforcement Organization grants for a reduction in expenditures of \$152,000, all from the State General Fund, for FY 2018.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 203,082,043	\$ 202,437,110	\$ (644,933)
FTE Positions	224.0	224.0	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (70,113,173)	\$ 127,569	
All Other Funds	(83,773)	(109,892)	
TOTAL	<u>\$ (70,196,946)</u>	<u>\$ 17,677</u>	
<i>Percent Change:</i>			
State General Fund	(41.5) %	0.1 %	
All Other Funds	(0.1)	(0.1)	
TOTAL	<u>(25.7) %</u>	<u>0.0 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$203.1 million, including \$98.9 million from the State General Fund, for operating expenditures for FY 2019. This is an all funds decrease of \$70.2 million, or 25.7 percent, and a State General Fund decrease of \$70.1 million, or 41.5 percent, below the FY 2018 request. The request continues the FY 2018 change to reflect all KanCare expenditures in the budget for the Kansas Department for

Health and Environment (KDHE). The agency's request includes 224.0 FTE positions and 71.0 non-FTE positions, which is the same number as the FY 2018 request.

Absent the FY 2019 enhancements, the FY 2019 request is an increase of \$12.8 million, including \$11.1 million from the State General Fund.

The request includes enhancement funding totaling \$12.8 million, including \$11.0 million from the State General Fund, for FY 2019. Projects for FY 2019 include expansion of the Program of All-Inclusive Care for the Elderly (PACE), additional funding to address wage compression at the state hospitals, and funding to expand crisis stabilization centers across Kansas.

The **Governor** recommends operating expenditures of \$202.4 million, including \$95.1 million from the State General Fund, for FY 2019. This is an all funds decrease of \$644,933, or 0.3 percent, and a State General Fund decrease of \$3.7 million, or 3.8 percent, below the agency's FY 2019 request. The Governor's recommendation also includes the following adjustments:

- A reduction of \$12.8 million, including \$11.0 million from the State General Fund, due to the Governor not recommending the agency's enhancement requests for FY 2019;
- A reduction of \$763,576, including \$277,965 from the State General Fund, due to the Governor recommending the agency reduce resources by increasing agency shrinkage by 5.0 percent for FY 2019;
- A reduction of \$152,000, all from the State General Fund, due to the Governor

recommending the agency reduced resources by eliminating unobligated Law Enforcement Organization (LEO) grants for FY 2019;

- A reduction \$202,327, including \$74,235 from the State General Fund, to hold KPERS employer contributions at the FY 2016 amount;
- An addition of \$6.6 million, including \$2.9 million from the State General Fund, to shift partial expenditures for the Program for All-Inclusive Care for the Elderly (PACE) from the budget of the Kansas Department of Health and Environment (KDHE) to the KDADS budget so that all funding for the PACE program is in one agency for FY 2019;
- An addition of \$3.9 million, all from the State General Fund, for continuation of the contract for inpatient psychiatric beds in the community due to the restricted census at Osawatomie State Hospital (OSH) for FY 2019; and
- An addition of \$2.8 million, including \$969,336 from the State General Fund, due to Human Services consensus caseloads adjustments for FY 2019.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
PACE Expansion/Caseloads	\$ 1,455,773	\$ 3,279,876	0.0	\$ 0	\$ 0	0.0
Wage Compression Alleviation	7,506,077	7,506,077	0.0	0	0	0.0
Stabilization Centers Expansion	2,000,000	2,000,000	0.0	0	0	0.0
OSH Diversion Beds	0	0	0.0	3,855,852	3,855,852	0.0
TOTAL	\$ 10,961,850	\$ 12,785,953	0.0	\$ 3,855,852	\$ 3,855,852	0.0

The **agency** requests enhancement funding totaling \$12.8 million, including \$11.0 million from the State General Fund, for FY 2019.

PACE Expansion/Caseloads. The agency requests \$3.3 million, including \$1.5 million from the State General Fund, to continue services provided by the Program of All-Inclusive Care for the Elderly (PACE) as an alternative managed care program to KanCare for FY 2019. In addition, the agency requests the PACE program be included in the Social Services Consensus Caseload process. PACE is expanding to providers in additional market areas from the original two sites in Topeka and Wichita. PACE will expand from 8 counties served to 26 counties served. Areas of expansion include Northeast Kansas and Midwest Kansas. The agency reports the expansion is budget neutral overall, as PACE rates are similar to the KanCare capitated rates for the frail elderly and nursing home eligible population and because PACE will be a dual enrollment option to KanCare and an eligible person that enrolls in PACE will not enroll in a KanCare plan.

Address Wage Compression at State Hospitals. The agency requests \$7.5 million, all from the State General Fund, for FY 2019 to address wage compression issues at the state hospitals. The agency reports difficulty retaining employees at all four state hospitals due to wage compression. The agency

reports wage compression occurs when employees do not realize pay increases, so employees with years of experience are making the same amount as newly hired employees, which causes employee dissatisfaction and, ultimately, turnover. KDADS plans to evaluate the current pay structures for a variety of job classifications in the state hospitals through rate studies and in consultation with industry experts to establish a pay matrix that addresses job performance along with longevity and experience.

Crisis Stabilization Centers Expansion. The agency requests \$2.0 million, all from the State General Fund, for FY 2019 to expand the Crisis Stabilization Centers to other areas of the state. These centers would be similar to Rainbow Services, Inc., in Wyandotte County. Crisis Stabilization Centers would provide a variety of services, including sobering units for persons with substance abuse issues and crisis observation units and crisis stabilization units for short-term mental health treatment allowing for the stabilization of the patient before transitioning to community-based care.

The **Governor** recommends enhancements totaling \$3.9 million, all from the State General Fund, for the contract for diversion beds for Osawatometie State Hospital for FY 2019. The Governor does not recommend the other agency enhancements for FY 2019.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduced Resource Target	\$ (3,514,018)	\$ (3,514,018)	0.0	\$ 0	\$ 0	0.0
Increase Shrinkage by 5.0 Percent to Select Programs	0	0	0.0	(277,965)	(763,576)	0.0
Eliminate Unobligated LEO Grants	0	0	0.0	(152,000)	(152,000)	0.0
TOTAL	\$ (3,514,018)	\$ (3,514,018)	0.0	\$ (429,965)	\$ (915,576)	0.0

The **agency** submits one reduced resource option totaling \$3.5 million, all from the State General Fund, for FY 2019. In the agency's budget submission, the agency stated a reduced resource goal of \$3.5 million for FY 2019; however, the agency did not formally submit a reduced resource proposal for review.

The **Governor** recommends reductions totaling \$915,576, including \$429,965 from the State General Fund, for FY 2018. The Governor recommends the agency increase shrinkage by

5.0 percent across six divisions (Administration, Commission on Aging, Survey, Certification and Credentialing Commission, health Occupations Credentialing, Behavioral Health, and Home and Community Based Waiver Services) for a reduction in expenditures of \$763,576, including \$277,965 from the State General Fund for FY 2019. Additionally, the Governor recommends elimination of financing of unobligated Law Enforcement Organization grants for a reduction in expenditures of \$152,000, all from the State General Fund, for FY 2019.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$42,240, including \$15,764 from the State General Fund; FY 2018 longevity payments total \$46,199, including \$16,819 from the State General Fund; and FY 2019 longevity payments total \$46,199, including \$16,819 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$48,813, including \$18,214 from the State General Fund, in FY 2017; by \$140,069, including \$50,977 from the State General Fund, for FY 2018; and by \$202,327, including \$74,235 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$30,952, including \$11,266 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

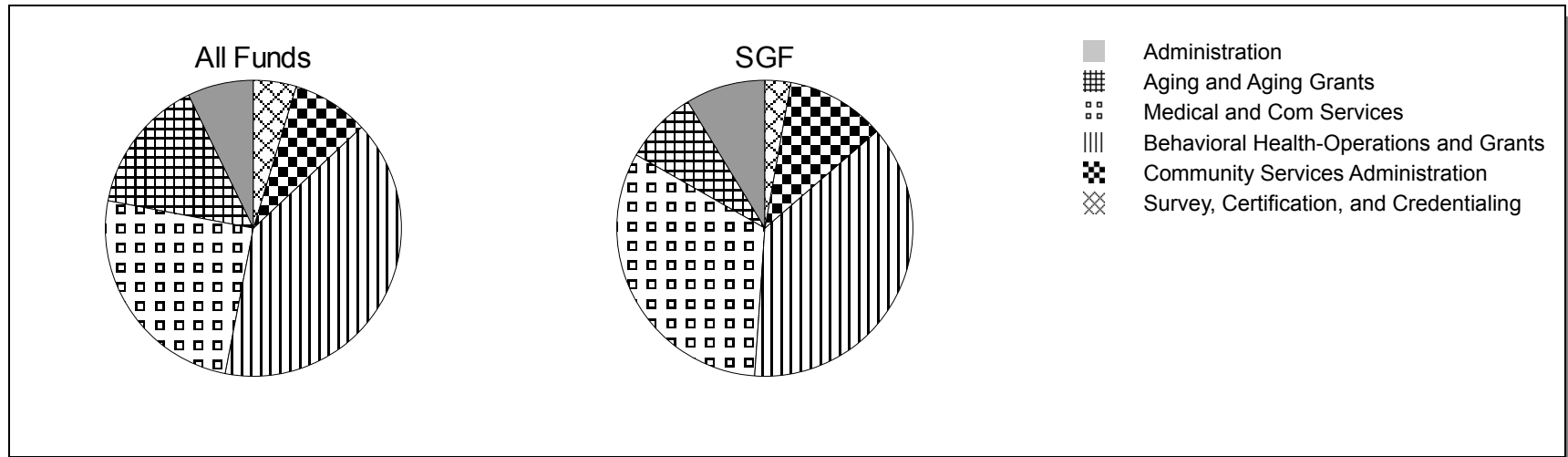
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	61.8 %	46.9 %	48.7 %	47.0 %
Children's Initiatives Fund	0.0	0.0	0.0	0.0
Problem Gambling and Addiction Grant	0.8	1.1	1.1	1.1
Quality Care Service Fund	0.0	0.0	0.0	0.0
Title XIX Federal Prevention Treatment Substance Abuse Grant	12.4	18.5	16.7	18.5
All Other Funds	4.4	6.0	6.0	6.0
	20.5	27.5	27.6	27.4
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 14,594,274	7.2 %	\$ 8,281,972	8.7 %
Aging and Aging Grants	30,005,791	14.8	7,658,330	8.1
Medical and Com Services	50,455,071	24.9	30,510,262	32.1
Behavioral Health-Operations and Grants	80,958,086	40.0	35,595,666	37.5
Community Services Administration	16,946,984	8.4	10,285,755	10.8
Survey, Certification and Credentialing	9,459,227	4.7	2,674,638	2.8
TOTAL	\$ 202,419,433	100.0 %	\$ 95,006,623	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	50.0	61.0	61.0	61.0	61.0	61.0	61.0
Aging and Aging Grants	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Medical and Com Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Behavioral Health - Operations and Grants	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Community Services Administration	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Survey, Certification and Credentialing	105.0	105.0	105.0	105.0	105.0	105.0	105.0
TOTAL	213.0	224.0	224.0	224.0	224.0	224.0	224.0

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 4 are appointed, 1 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 3-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, ongoing timekeeping and payroll, employment termination, and employee relations. The Division is responsible for ensuring 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 also is 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 also is 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 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 ensures 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: determines 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; reviews and analyzes all Area Agencies on Aging single audit reports and identifies issues that require management attention; visits audit firms that provide audit services to Area Agencies on Aging and reviews audit work papers as necessary; performs audits of Resident Personal Needs Fund accounts at nursing facilities as requested by the Survey and Certification Commission or the state ombudsman; and performs audits for nursing facilities requesting asset rebases as received during the year.

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 also will 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 e-mail system; and maintain a high level of security. Staff manages databases, applications, performs custom data extractions, and monitors data integrity.

Debt Service Interest

The administration program also reflects interest payments on agency debt service. Information on principal payment on debt service is included within the capital improvements section of this analysis.

ADMINISTRATION
SUMMARY OF EXPENDITURES FY 2016 – 2019

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 5,531,514	\$ 6,212,704	\$ 6,195,742	\$ 6,138,581	\$ 5,780,878	\$ 6,196,885	\$ 5,827,966
Contractual Services	3,010,633	2,834,208	2,834,208	2,833,198	6,689,050	2,833,198	6,689,050
Commodities	90,762	84,762	84,762	84,762	84,762	84,762	84,762
Capital Outlay	144,221	536,852	536,852	536,852	536,852	536,852	536,852
Debt Service	4,177,638	1,720,313	1,720,313	1,502,732	1,502,732	1,267,951	1,267,951
<i>Subtotal - Operations</i>	<u>\$ 12,954,768</u>	<u>\$ 11,388,839</u>	<u>\$ 11,371,877</u>	<u>\$ 11,096,125</u>	<u>\$ 14,594,274</u>	<u>\$ 10,919,648</u>	<u>\$ 14,406,581</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	(58,009)	0	0	0	0	0	0
TOTAL	<u>\$ 12,896,759</u>	<u>\$ 11,388,839</u>	<u>\$ 11,371,877</u>	<u>\$ 11,096,125</u>	<u>\$ 14,594,274</u>	<u>\$ 10,919,648</u>	<u>\$ 14,406,581</u>
Financing:							
State General Fund	\$ 3,671,018	\$ 4,998,923	\$ 4,989,854	\$ 4,590,577	\$ 8,281,972	\$ 4,618,539	\$ 8,304,282
All Other Funds	9,225,741	6,389,916	6,382,023	6,505,548	6,312,302	6,301,109	6,102,299
TOTAL	<u>\$ 12,896,759</u>	<u>\$ 11,388,839</u>	<u>\$ 11,371,877</u>	<u>\$ 11,096,125</u>	<u>\$ 14,594,274</u>	<u>\$ 10,919,648</u>	<u>\$ 14,406,581</u>
FTE Positions	50.0	61.0	61.0	61.0	61.0	61.0	61.0
Non-FTE Uncl.Perm.Pos.	35.5	35.5	35.5	35.5	35.5	35.5	35.5
TOTAL	<u>85.5</u>	<u>96.5</u>	<u>96.5</u>	<u>96.5</u>	<u>96.5</u>	<u>96.5</u>	<u>96.5</u>

The **agency** requests \$11.1 million, including \$4.6 million from the State General Fund, for FY 2018. This is an all funds decrease of \$292,714, or 2.6 percent, and a State General Fund decrease of \$408,346, or 8.2 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in debt service interest expenditures (\$217,581) and salary expenditures (\$74,123).

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.1 million, including \$3.2 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$74,123, or 1.2 percent, and a State General Fund decrease of \$137,081, or 4.1 percent, below the FY 2017

revised estimate. The decrease is primarily attributable to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer benefit costs and an adjustment in salary shrinkage;

- **Contractual Services.** The agency requests \$2.8 million, including \$1.3 million from the State General Fund, for contractual services for FY 2018. This is an all funds decrease of \$1,010, or less than 0.1 percent, and a State General Fund decrease of \$271,265, or 17.7 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in professional fees;
- **Commodities.** The agency requests \$84,762, including \$39,968 from the State General Fund, for commodities for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate;
- **Capital Outlay.** The agency requests \$536,852, including \$58,179 from the State General Fund, for capital outlay for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate; and
- **Debt Service Interest.** The agency requests \$1.5 million, all from the State Institutions Building Fund, for debt service interest for FY 2018. This is a decrease of \$217,581, or 12.6 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to the agency shifting more expenditures to debt

service principal payments and less to debt service interest payments.

The **Governor** recommends \$14.6 million, including \$8.3 million from the State General Fund, for FY 2018. This is an all funds increase of \$3.5 million, or 31.5 percent, and a State General Fund increase of \$3.7 million, or 80.4 percent, above the agency's FY 2018 request. The increase is primarily attributable to the Governor's recommendation for \$3.9 million, all from the State General Fund, for diversion beds for Osawatimie State Hospital for FY 2018. [Note: Funding for diversion beds for Osawatimie State Hospital was included in the agency's FY 2018 enhancement requests; however, the agency budgeted the funding for the request in the Behavioral Health-Operations and Grants program, and the Governor's recommendation moves expenditures to the Administrative program, which accounts for the increase in expenditures for this program.] The increase in expenditures is partially offset by the Governor's recommendation to reduce resources by increasing salary shrinkage by 5.0 percent. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$10.9 million, including \$4.6 million from the State General Fund, for FY 2019. This is an all funds decrease of \$176,477, or 1.6 percent, and a State General Fund increase of \$27,962, or 0.6 percent, from the FY 2018 request. The all funds decrease is primarily attributable to a decrease in debt service interest (\$234,781), partially offset by an increase in salary expenditures (\$58,304). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.2 million, including \$3.3 million from the State

General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$58,304, or 0.9 percent, and a State General Fund increase of \$27,962, or 0.9 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs, partially offset by an adjustment in salary shrinkage;

- **Contractual Services.** The agency requests \$2.8 million, including \$1.3 million from the State General Fund, for contractual services for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Commodities.** The agency requests \$84,762, including \$39,968 from the State General Fund, for commodities for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Capital Outlay.** The agency requests \$536,852, including \$58,179 from the State General Fund, for capital outlay for FY 2019. This is the same all

funds and State General Fund amount as the FY 2018 request; and

- **Debt Service Interest.** The agency requests \$1.3 million, all from the State Institutions Building Fund, for FY 2019. This is a decrease of \$234,781, or 15.6 percent, below the the FY 2018 request. The decrease is primarily attributable to the agency shifting more expenditures to debt service principal payments and less to debt service interest payments.

The **Governor** recommends \$14.4 million, including \$8.3 million from the State General Fund, for FY 2019. This is an all funds increase of \$3.5 million, or 31.9 percent, and a State General Fund increase of \$3.7 million, or 79.8 percent, above the agency's FY 2019 request. The increase is primarily attributable to the Governor's recommendation for \$3.9 million, all from the State General Fund, for diversion beds for Osawatomie State Hospital for FY 2019. The increase is partially offset by the Governor's recommendation to reduce resources by increasing salary shrinkage by 5.0 percent. The increase also is offset by the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

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 and 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, the State General Fund, and Nutrition Grants. The Area Agencies on Aging (AAAs) functions as the point of entry for seniors seeking services. The Area Agencies on Aging, along with Case Management Entities, provides 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) was 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 or contracts 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 seven 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 grandparents 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 Home and Community Based Services–Frail Elderly (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 the Department for Children and Families to KDADS, and amounts to \$4.5 million per year.

The Kansas Department for Aging and Disability Services funds SCA services through AAAs. Funds are allocated to AAAs based upon a variation of the Older Americans Act formula.

The program provided \$2 from the State General Fund for \$1 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 to 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 home-bound individual’s place of residence (Title III-C(2)).

	Fed. FY 14 Actual	Fed. FY 15 Actual	Fed. FY 16 Est.	Fed. FY 17 Est.	Fed. FY 18 Est.	Fed. FY 19 Est.
Home Delivered (number of unduplicated persons)	11,164	11,415	11,300	11,300	11,300	11,300
Traditional congregate (number of unduplicated persons)	23,585	23,683	24,000	24,000	24,000	24,000
Total Meals Served	3,023,421	3,100,120	3,023,500	3,023,500	3,023,500	3,023,500
Cost per meal	\$ 5.75	\$ 6.11	\$ 6.00	\$ 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 that 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

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 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 also has 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 and 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 (11 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 813,459	\$ 1,056,420	\$ 1,053,717	\$ 1,043,401	\$ 983,242	\$ 1,069,643	\$ 1,005,951
Contractual Services	3,338,621	5,200,938	5,200,938	5,200,938	5,200,938	5,200,938	5,200,938
Commodities	61,070	57,652	57,652	57,652	57,652	57,652	57,652
Capital Outlay	11,132	2,000	2,000	2,000	2,000	2,000	2,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,224,282</i>	<i>\$ 6,317,010</i>	<i>\$ 6,314,307</i>	<i>\$ 6,303,991</i>	<i>\$ 6,243,832</i>	<i>\$ 6,330,233</i>	<i>\$ 6,266,541</i>
Aid to Local Units	9,320,082	8,103,296	8,103,296	8,103,296	8,103,296	8,103,296	8,103,296
Other Assistance	16,390,726	15,658,663	15,658,663	15,658,663	15,658,663	15,658,663	15,658,663
TOTAL	<u>\$ 29,935,090</u>	<u>\$ 30,078,969</u>	<u>\$ 30,076,266</u>	<u>\$ 30,065,950</u>	<u>\$ 30,005,791</u>	<u>\$ 30,092,192</u>	<u>\$ 30,028,500</u>
Financing:							
State General Fund	\$ 7,833,162	\$ 7,671,069	\$ 7,670,643	\$ 7,668,985	\$ 7,658,330	\$ 7,674,084	\$ 7,662,778
All Other Funds	22,101,928	22,407,900	22,405,623	22,396,965	22,347,461	22,418,108	22,365,722
TOTAL	<u>\$ 29,935,090</u>	<u>\$ 30,078,969</u>	<u>\$ 30,076,266</u>	<u>\$ 30,065,950</u>	<u>\$ 30,005,791</u>	<u>\$ 30,092,192</u>	<u>\$ 30,028,500</u>
FTE Positions	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Non-FTE Uncl.Perm.Pos.	7.5	7.5	7.5	7.5	7.5	7.5	7.5
TOTAL	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>

The **agency** requests \$30.1 million, including \$7.7 million from the State General Fund, for FY 2018. This is an all funds decrease of \$13,019, or less than 0.1 percent, and a State General Fund decrease of \$2,084, or less than 0.1 percent, below the FY 2017 revised estimate. The decrease is attributable to a decrease in salaries and wages expenditures

(\$13,019). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.0 million, including \$162,343 from the State

General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$13,019, or 1.2 percent, and a State General Fund decrease of \$2,084, or 1.3 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to salaries returning to a normal level absent the one-time 27th payroll period, partially offset by an increase in employer fringe benefit costs;

- **Contractual Services.** The agency requests \$5.2 million, including \$2.6 million from the State General Fund, for contractual services for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate;
- **Commodities.** The agency requests \$57,652, including \$7 from the State General Fund, for commodities for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate;
- **Capital Outlay.** The agency requests \$2,000, including \$10 from the State General Fund, for capital outlay for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate;
- **Aid to Local Units of Government.** The agency requests \$8.1 million, including \$1.4 million from the State General Fund, for aid to local units of government for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate; and

- **Other Assistance.** The agency requests \$15.7 million, including \$3.5 million from the State General Fund, for other assistance for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate.

The **Governor** recommends \$30.0 million, including \$7.7 million from the State General Fund, for FY 2018. This is an all funds decrease of \$60,159, or 0.2 percent, and a State General Fund decrease of \$10,655, or 0.1 percent, below the agency's FY 2018 request. The decrease is partially attributable to the Governor's recommendation to reduce resources by increasing salary shrinkage by 5.0 percent. The decrease also is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$30.1 million, including \$7.7 million from the State General Fund, for FY 2019. This is an all funds increase of \$26,242, or 0.1 percent, and a State General Fund increase of \$5,099, or 0.1 percent, above the FY 2018 request. The increase is attributable to an increase in salaries and wages expenditures (\$26,242). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.1 million, including \$167,442 from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$26,242, or 2.5 percent, and a State General Fund increase of \$5,099, or 3.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs, partially offset by an adjustment in salary shrinkage;

- **Contractual Services.** The agency requests \$5.2 million, including \$2.6 million from the State General Fund, for contractual services for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Commodities.** The agency requests \$57,652, including \$7 from the State General Fund, for commodities for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Capital Outlay.** The agency requests \$2,000, including \$10 from the State General Fund, for capital outlay for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Aid to Local Units of Government.** The agency requests \$8.1 million, including \$1.4 million from

the State General Fund, for aid to local units of government for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request; and

- **Other Assistance.** The agency requests \$15.7 million, including \$3.5 million from the State General Fund, for other assistance for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request.

The **Governor** recommends \$30.0 million, including \$7.7 million, for FY 2019. This is an all funds decrease of \$63,692, or 0.2 percent, and a State General Fund decrease of \$11,306, or 0.1 percent, below the agency's FY 2019 request. The decrease is partially attributable to the Governor's recommendation to reduce resources by increasing salary shrinkage by 5.0 percent. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 (PACE), Head Injury Rehabilitation Services, targeted case management services, and Intermediate Care Facilities for Persons 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 (FE) 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 table below.

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 Services (HCBS) 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 KDADS and Kansas Department of Health and Environment (KDHE).

The MFP program not only allows for the resident to receive HCBS in the community, but also to 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), individuals with a Physical Disability (PD), individuals with a Traumatic Brain Injured (TBI), and individuals with a Developmental Disability (DD). KDADS is responsible for administering the MFP program.

To be eligible for this program, an individual must meet the following requirements:

- Be a current resident of a qualified institutional setting for 90 days;
- Be Medicaid-eligible prior to receiving MFP services;
- Meet 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 Follows the Persons.

Waiting Lists. Some programs 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.

I/DD Waiver. As of October 2016, there were 3,528 persons on the I/DD waiting list who currently do not receive any HCBS services.

PD Waiver. As of October 2016, there were 350 persons on the waiting list.

FE Waiver. The FE waiver does not have a waiting list as of October 2016.

Autism Waiver. As of September 2016, there were 282 children on the “proposed waiver recipient” waiting list who currently do not receive any HCBS Autism Waiver services.

TA Waiver. As of October 2016, there was no waiting list. In order to continue the no waiting list status and control the 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 also is maintained due to the program’s emphasis on a parent/legal guardian’s participation in the caregiving and as part of the informal support system.

TBI Waiver. As of October 2016, there was 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.

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 that 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 helps the participants manage their care. Each participant has access to all specialty services covered under either Medicare, 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 per customer, per month.

Medicaid Expenditure Shift to KDHE. Beginning in FY 2018, the portion of the Medicaid budget attributable to KanCare capitation payments will be transferred to KDHE for the purposes of streamlining the administration of the program. However, the responsibility for management of these Medicaid programs will remain within KDADS. Further, the KDHE portion of the PACE program budget attributable to acute health care will be transferred to KDADS, making KDADS responsible for all PACE program payments beginning in FY 2018.

**MEDICAL AND COMMUNITY SERVICES
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	(8,150)	0	0	0	0	0	0
Commodities	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ (8,150)</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	1,383,110,204	1,293,151,778	1,414,003,092	44,331,876	50,455,071	44,331,876	50,455,071
TOTAL	<u>\$ 1,383,102,054</u>	<u>\$ 1,293,151,778</u>	<u>\$ 1,414,003,092</u>	<u>\$ 44,331,876</u>	<u>\$ 50,455,071</u>	<u>\$ 44,331,876</u>	<u>\$ 50,455,071</u>
Financing:							
State General Fund	\$ 581,099,386	\$ 565,945,367	\$ 577,580,925	\$ 28,085,153	\$ 30,510,262	\$ 28,085,153	\$ 30,510,262
All Other Funds	802,002,668	727,206,411	836,422,167	16,246,723	19,944,809	16,246,723	19,944,809
TOTAL	<u>\$ 1,383,102,054</u>	<u>\$ 1,293,151,778</u>	<u>\$ 1,414,003,092</u>	<u>\$ 44,331,876</u>	<u>\$ 50,455,071</u>	<u>\$ 44,331,876</u>	<u>\$ 50,455,071</u>
FTE Positions	0.0	0.0	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	0.0	0.0
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

The **agency** requests \$44.3 million, including \$28.1 million from the State General Fund, for FY 2018. This is an all funds decrease of \$1.2 billion, or 96.6 percent, and a State General Fund decrease of \$537.9 million, or 95.0 percent, below the FY 2017 revised estimate. The decrease is attributable to a decrease in other assistance (\$1.2 billion) due to the portion of Medicaid budget expenditures attributable to KanCare capitation payments being shifted to the Kansas Department for Health and Environment (KDHE) for the purposes of streamlining the administration of the program. The responsibility for management of these Medicaid programs will remain within KDADS. The decrease is partially offset by an increase of \$3.3 million, including \$1.5 million from the State General Fund, for

the agency's request for enhancement funding to expand the PACE program.

The **Governor** recommends \$50.5 million, including \$30.5 million from the State General Fund, for FY 2018. This is an all funds increase of \$6.1 million, or 13.8 percent, and a State General Fund increase of \$2.4 million, or 8.6 percent, above the agency's FY 2018 request. The increase is primarily attributable to the Governor's recommendation to add \$6.6 million, including \$2.9 million from the State General Fund, to shift partial expenditures for PACE from the budget of KDHE to the KDADS budget so that all funding for the PACE program is in one agency for FY 2018. The increase also is attributable to the Governor's recommendation to increase expenditures by \$2.8

million, including \$969,336 from the State General Fund, due to Human Services Consensus Caseloads adjustments for FY 2018. The increase is partially offset by the Governor not recommending the agency's request for enhancement funding (\$3.3 million) to expand the PACE program for FY 2018.

The **agency** requests \$44.3 million, including \$28.1 million from the State General Fund, for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request. The FY 2019 request continues the shift of KanCare capitation payments to KDHE for the purposes of streamlining the administration of the program and the agency's request for enhancement funding of \$3.3 million, including \$1.5 million from the State General Fund, to expand the PACE program.

The **Governor** recommends \$50.5 million, including \$30.5 million from the State General Fund, for FY 2019. This is an all funds increase of \$6.1 million, or 13.8 percent, and a State General Fund increase of \$2.4 million, or 8.6 percent, above the agency's FY 2019 request. The increase is primarily attributable to the Governor's recommendation to add \$6.6 million, including \$2.9 million from the State General Fund, to shift partial expenditures for the PACE from the budget of KDHE to the KDADS budget so that all funding for the PACE program is in one agency for FY 2019. The increase also is attributable to the Governor's recommendation to increase expenditures by \$2.8 million, including \$969,336 from the State General Fund, due to Human Services Consensus Caseloads adjustments for FY 2019. The increase is partially offset by the Governor not recommending the agency's request for enhancement funding (\$3.3 million) to expand the PACE program for FY 2019.

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 also 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:

- 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 the 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 Managers.

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- and 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 2007 SB 66,

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

The Hospital Administration 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 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 2,297,907	\$ 2,543,708	\$ 2,537,389	\$ 10,017,103	\$ 2,457,902	\$ 10,070,482	\$ 2,505,408
Contractual Services	27,144,709	23,580,159	23,580,159	25,507,547	19,499,695	21,691,595	19,539,595
Commodities	15,678	21,083	21,083	21,083	21,083	21,083	21,083
Capital Outlay	3,028	25,200	25,200	66,400,000	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 29,461,322</i>	<i>\$ 26,170,150</i>	<i>\$ 26,163,831</i>	<i>\$ 101,945,733</i>	<i>\$ 21,978,680</i>	<i>\$ 31,783,160</i>	<i>\$ 22,066,086</i>
Aid to Local Units	38,079,290	40,307,062	40,307,062	40,282,382	40,282,382	40,251,794	40,251,794
Other Assistance	18,324,987	18,697,024	18,697,024	18,697,024	18,697,024	18,697,024	18,697,024
TOTAL	\$ 85,865,599	\$ 85,174,236	\$ 85,167,917	\$ 160,925,139	\$ 80,958,086	\$ 90,731,978	\$ 81,014,904
Financing:							
State General Fund	\$ 43,492,748	\$ 39,931,666	\$ 39,929,689	\$ 115,527,130	\$ 35,595,666	\$ 45,303,664	\$ 35,625,302
All Other Funds	42,372,851	45,242,570	45,238,228	45,398,009	45,362,420	45,428,314	45,389,602
TOTAL	\$ 85,865,599	\$ 85,174,236	\$ 85,167,917	\$ 160,925,139	\$ 80,958,086	\$ 90,731,978	\$ 81,014,904
FTE Positions	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Non-FTE Uncl.Perm.Pos.	5.5	5.5	5.5	5.5	5.5	5.5	5.5
TOTAL	40.5	40.5	40.5	40.5	40.5	40.5	40.5

The **agency** requests \$160.9 million, including \$115.5 million from the State General Fund, for FY 2018. This is an all funds increase of \$75.8 million, or 88.9 percent, and a State General Fund increase of \$75.6 million, or 189.3 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an increase in salaries and wages (\$7.5 million), contractual services (\$1.9 million), and capital outlay (\$66.4 million), partially offset by a decrease in aid to local units of government (\$24,680). The request includes enhancement funding for continuation of the contract for in-patient psychiatric beds for Osawatomie State Hospital (\$3.9 million), expansion of crisis stabilization centers across Kansas (\$2.0 million), addressing wage compression for employees at the state

hospitals (\$7.5 million), and replacement of the state hospitals' patient management system (\$66.4 million).

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$10.0 million, including \$8.3 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds increase of \$7.5 million, or 293.8 percent, and a State General Fund increase of \$7.5 million, or 889.2 percent, above the FY 2017 revised estimate. The increase is primarily attributable to the agency's

request for enhancement funding of \$7.5 million, all from the State General Fund, to address salary compression at the state hospitals;

- **Contractual Services.** The agency requests \$25.5 million, including \$16.3 million from the State General Fund, for contractual services for FY 2018. This is an all funds increase of \$1.9 million, or 8.2 percent, and a State General Fund increase of \$1.7 million, or 11.6 percent, above the FY 2017 revised estimate. The increase is primarily attributable to the agency's request for enhancement funding to continue the contract for in-patient psychiatric beds (\$3.9 million) and expansion of crisis stabilization centers across Kansas (\$2.0 million), and an increase in problem gambling services;
- **Commodities.** The agency requests \$21,083, including \$6,219 from the State General Fund, for commodities for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate;
- **Capital Outlay.** The agency requests \$66.4 million, all from the State General Fund, for capital outlay for FY 2018. This is an all funds increase of \$66.4 million and a State General Fund increase of \$66.4 million above the FY 2017 revised estimate. The increase is primarily attributable to the agency's enhancement request to replace the patient management system at all four state hospitals (\$66.4 million);
- **Aid to Local Units of Government.** The agency requests \$40.3 million, including \$23.1 million

from the State General Fund, for aid to local units of government for FY 2018. This is an all funds decrease of \$24,680, or 0.1 percent, below the FY 2017 revised estimate. The State General Fund amount is the same as the FY 2017 revised estimate. The all funds decrease is attributable to a decrease in grant expenditures for the Systems of Care (SOC) for children with Severe Emotional Disturbance (SED) program; and

- **Other Assistance.** The agency requests \$18.7 million, including \$1.3 million from the State General Fund, for other assistance for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate.

The **Governor** recommends \$81.0 million, including \$35.6 million from the State General Fund, for FY 2018. This is an all funds decrease of \$80.0 million, or 49.7 percent, and a State General Fund decrease of \$79.9 million, or 69.2 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement requests to replace the state hospital electronic medical records system (\$66.4 million), address wage compression at the state hospitals (\$7.5 million), and expansion of crisis stabilization centers (\$2.0 million). The Governor recommended the agency's enhancement request for diversion beds for Osawatomie State Hospital (\$3.9 million); however, the Governor recommended the expenditures from the Administration program so they are reflected as a decrease in expenditures for this program. The decrease is partially attributable to the reduction of \$152,000, all from the State General Fund, due to the recommendation for the agency to eliminate unobligated Law Enforcement Organization grants for FY 2018. The decrease also is partially attributable to the Governor's recommendation to increase the agency's shrinkage rate by 5.0 percent, hold KPERS employer contributions at the

FY 2016 amount, and provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$90.7 million, including \$45.3 million from the State General Fund, for FY 2019. This is an all funds decrease of \$70.2 million, or 43.6 percent, and a State General Fund decrease of \$70.2 million, or 60.8 percent, below the FY 2018 request. The decrease is primarily attributable to a decrease in contractual services (\$3.8 million), capital outlay (\$66.4 million), and aid to local units of government (\$30,588), partially offset by an increase in salaries and wages (\$53,379). The request includes enhancement funding for addressing wage compression for employees at the state hospitals (\$7.5 million) and expansion of crisis stabilization centers across Kansas (\$2.0 million). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$10.1 million, including \$8.4 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$53,379, or 0.5 percent, and a State General Fund increase of \$32,386, or 0.4 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs and an adjustment to salary shrinkage;
- **Contractual Services.** The agency requests \$21.7 million, including \$12.5 million from the State General Fund, for contractual services for FY 2019. This is an all funds decrease of \$3.8 million, or 15.0 percent, including a State General Fund decrease of \$3.9 million, or 23.6 percent, below the FY 2018 request. The agency requested enhancement funding of \$3.9 million,

all from the State General Fund, for in-patient psychiatric beds for FY 2018 so the absence of this funding for FY 2019 is reflected as a decrease. This decrease is partially offset by an increase of \$39,900 in problem gambling services;

- **Commodities.** The agency requests \$21,083, including \$6,219 from the State General Fund, for commodities for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Capital Outlay.** The agency does not request capital outlay for FY 2019. This is a decrease of \$66.4 million, or 100.0 percent, all from the State General Fund, below the FY 2018 request. The agency requested enhancement funding for FY 2018 to replace the patient management system for the state hospitals so the absence of these expenditures is reflected as a decrease for FY 2019;
- **Aid to Local Units of Government.** The agency requests \$40.3 million, including \$23.1 million from the State General Fund, for aid to local units of government for FY 2019. This is an all funds decrease of \$30,588, or 0.1 percent, all from special revenue funds, below the FY 2018 request. The decrease is attributable to a decrease in grant expenditures for the Systems of Care (SOC) for children with Severe Emotional Disturbance (SED) program; and
- **Other Assistance.** The agency requests \$18.7 million, including \$1.3 million from the State

General Fund, for other assistance for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request.

The **Governor** recommends \$81.0 million, including \$35.6 million from the State General Fund, for FY 2019. This is an all funds decrease of \$9.7 million, or 10.7 percent, and a State General Fund decrease of \$9.7 million, or 21.4 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's

enhancement requests to address wage compression at the state hospitals (\$7.5 million) and expansion of crisis stabilization centers (\$2.0 million). The decrease is partially attributable to the reduction of \$152,000, all from the State General Fund, due to the recommendation for the agency to eliminate unobligated Law Enforcement Organization grants for FY 2019. The decrease also is partially attributable to the Governor's recommendation to increase the agency's shrinkage rate by 5.0 percent and hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,219,701	\$ 1,111,018	\$ 1,107,984	\$ 1,097,673	\$ 1,075,364	\$ 1,115,128	\$ 1,091,009
Contractual Services	11,276,702	11,187,530	11,187,530	11,174,150	11,174,150	11,174,150	11,174,150
Commodities	6,111	7,190	7,190	7,190	7,190	7,190	7,190
Capital Outlay	1,738	13,600	13,600	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,504,252</i>	<i>\$ 12,319,338</i>	<i>\$ 12,316,304</i>	<i>\$ 12,279,013</i>	<i>\$ 12,256,704</i>	<i>\$ 12,296,468</i>	<i>\$ 12,272,349</i>
Aid to Local Units	4,869,799	4,690,280	4,690,280	4,690,280	4,690,280	4,690,280	4,690,280
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 17,374,051	\$ 17,009,618	\$ 17,006,584	\$ 16,969,293	\$ 16,946,984	\$ 16,986,748	\$ 16,962,629
Financing:							
State General Fund	\$ 10,198,830	\$ 10,314,587	\$ 10,313,144	\$ 10,294,752	\$ 10,285,755	\$ 10,361,648	\$ 10,351,198
All Other Funds	7,175,221	6,695,031	6,693,440	6,674,541	6,661,229	6,625,100	6,611,431
TOTAL	\$ 17,374,051	\$ 17,009,618	\$ 17,006,584	\$ 16,969,293	\$ 16,946,984	\$ 16,986,748	\$ 16,962,629
FTE Positions	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Non-FTE Uncl.Perm.Pos.	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	18.0	18.0	18.0	18.0	18.0	18.0	18.0

The **agency** requests \$17.0 million, including \$10.3 million from the State General Fund, for FY 2018. This is an all funds decrease of \$40,325, or 0.2 percent, and a State General Fund decrease of \$19,835, or 0.2 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages (\$13,345), contractual services (\$13,380), and capital outlay (\$13,600).

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.1 million, including \$522,126 from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$13,345, or 1.2 percent, and a State General Fund decrease of \$6,345, or 1.2 percent, above the FY 2017 revised estimate. The decrease is primarily attributable to the one-time 27th payroll period that occurred in FY 2017, partially offset by an increase in employer fringe benefit costs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$11.2 million, including \$5.1 million from the State General Fund, for contractual services for FY 2018. This is an all funds decrease of \$13,380, or 0.1 percent, and a State General Fund decrease of \$6,690, or 0.1 percent, below the FY 2017 revised estimate. The agency states FY 2017 was the last year of a data collection contract; therefore, the decrease is attributable to the absence of this contract for FY 2018;
- **Commodities.** The agency requests \$7,190, including \$3,595 from the State General Fund, for commodities for FY 2018. This is the same all

funds and State General Fund amount as the FY 2017 revised estimate;

- **Capital Outlay.** The agency does not request capital outlay for FY 2018. This is an all funds decrease of \$13,600, or 100.0 percent, all from special revenue funds, below the FY 2017 revised estimate. The agency is replacing computers for employees in this program in FY 2017 so the absence of these expenditures for FY 2018 is reflected as a decrease; and
- **Aid to Local Units of Government.** The agency requests \$4.7 million, all from the State General Fund, for aid to local units of government for FY 2018. This is the same amount as the FY 2017 revised estimate.

The **Governor** recommends \$16.9 million, including \$10.3 million from the State General Fund, for FY 2018. This is an all funds decrease of \$22,309, or 0.1 percent, and a State General Fund decrease of \$8,997, or 0.1 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor's recommendation to increase the agency's shrinkage rate by 5.0 percent. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$17.0 million, including \$10.4 million from the State General Fund, for FY 2019. This is an all funds increase of \$17,455, or 0.1 percent, and a State General Fund increase of \$66,896, or 0.6 percent, above the FY 2018 request. The increase is attributable to an increase in salaries and wages

(\$17,455). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.1 million, including \$589,022 from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$17,455, or 1.6 percent, and a State General Fund increase of \$66,896, or 12.8 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$11.2 million, including \$5.1 million from the State General Fund, for contractual services for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Commodities.** The agency requests \$7,190, including \$3,595 from the State General Fund,

for commodities for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;

- **Capital Outlay.** The agency does not request capital outlay for FY 2019; and
- **Aid to Local Units of Government.** The agency requests \$4.7 million, all from the State General Fund, for aid to local units of government for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request.

The **Governor** recommends \$17.0 million, including \$10.4 million from the State General Fund, for FY 2019. This is an all funds decrease of \$24,119, or 0.1 percent, and a State General Fund decrease of \$10,450, or 0.1 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount. The decrease also is attributable to the Governor's recommendation to increase the agency's shrinkage rate by 5.0 percent.

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 in Kansas, as defined by KSA 39-923. 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 also are 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 ongoing 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 also is responsible for surveyor training and orientation, survey quality improvement efforts, policy and procedure development, and survey management. Beginning in FY 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 (HOC) 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.

The State of Kansas began requiring operators of adult care homes, health home agencies, and staffing agencies to ensure that no one worked in those settings who had a criminal history of a prescribed list of crimes. This legislation went into effect July 1, 1997, and the enforcement of the “prohibited criminal histories” began in 1998. In a partnership between KDADS and the Kansas Bureau of Investigation (KBI), operators submit

information on each person for whom they request a criminal record check to the HOC Criminal Record Check program. HOC is linked to the KBI through a telecommunications system that provides initial data on each person for whom there is a record check requested. The information from KBI then provides the basis upon which operators are guided in determining a person’s eligibility to work in that setting. HOC provides the data entry of these requests, processes the information received back from KBI, and notifies the operators when a criminal record indicates the person should not be employed.

In FY 2016, HOC was awarded a \$3.0 million grant from CMS to develop a Kansas National Criminal Information System. The current criminal record check process is a name-based system that only checks for criminal offenses in the State of Kansas. With this new grant, the goal is to develop a fully automated system designed to utilize fingerprints to provide state and national criminal record checks. The central infrastructure components for the system and the related budget items include: 1) live scan equipment for scanning fingerprints as the personal identifier; 2) the Center for Naval Analysis (CAN) developed system for implementing the web-based workforce automation and registry checking process; 3) cost subsidy for facilities for the increased cost for BI fingerprint-based criminal record checks; and 4) integration of existing software with the automated criminal record check system.

**SURVEY, CERTIFICATION, AND CREDENTIALING
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 6,255,413	\$ 7,539,449	\$ 7,519,654	\$ 7,448,776	\$ 7,017,397	\$ 7,577,771	\$ 7,127,595
Contractual Services	2,422,586	2,300,860	2,300,860	2,300,860	2,300,860	2,300,860	2,300,860
Commodities	70,031	71,470	71,470	71,470	71,470	71,470	71,470
Capital Outlay	96,524	69,500	69,500	69,500	69,500	69,500	69,500
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,844,554</i>	<i>\$ 9,981,279</i>	<i>\$ 9,961,484</i>	<i>\$ 9,890,606</i>	<i>\$ 9,459,227</i>	<i>\$ 10,019,601</i>	<i>\$ 9,569,425</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 8,844,554	\$ 9,981,279	\$ 9,961,484	\$ 9,890,606	\$ 9,459,227	\$ 10,019,601	\$ 9,569,425
Financing:							
State General Fund	\$ 2,919,672	\$ 2,902,659	\$ 2,897,360	\$ 2,810,084	\$ 2,674,638	\$ 2,820,420	\$ 2,680,370
All Other Funds	5,924,882	7,078,620	7,064,124	7,080,522	6,784,589	7,199,181	6,889,055
TOTAL	\$ 8,844,554	\$ 9,981,279	\$ 9,961,484	\$ 9,890,606	\$ 9,459,227	\$ 10,019,601	\$ 9,569,425
FTE Positions	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Non-FTE Uncl.Perm.Pos.	16.5	16.5	16.5	16.5	16.5	16.5	16.5
TOTAL	121.5	121.5	121.5	121.5	121.5	121.5	121.5

The **agency** requests \$9.9 million, including \$2.8 million from the State General Fund, for FY 2018. This is an all funds decrease of \$90,673, or 0.9 percent, and a State General Fund decrease of \$92,575, or 3.2 percent, below the FY 2017 revised estimate. The all funds decrease is attributable to a decrease in salaries and wages (\$90,673).

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$7.4 million, including \$1.9 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$90,673, or 1.2 percent, and a State General Fund decrease of \$92,675, or 4.7 percent, below the FY 2017

revised estimate. The decrease is primarily attributable to the one-time 27th payroll period that occurred in FY 2017, partially offset by an increase in employer fringe benefit costs and an adjustment in salary shrinkage;

- **Contractual Services.** The agency requests \$2.3 million, including \$843,412 from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is an increase of \$100, or less than 0.1 percent, above the FY 2017 revised estimate;
- **Commodities.** The agency requests \$71,470, including \$20,068 from the State General Fund, for commodities for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate; and
- **Capital Outlay.** The agency requests \$69,500, including \$50,594 from the State General Fund, for capital outlay for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate.

The **Governor** recommends \$9.5 million, including \$2.7 million from the State General Fund, for FY 2018. This is an all funds decrease of \$431,379, or 4.4 percent, and a State General Fund decrease of \$135,446, or 4.8 percent, below the agency's FY 2018 request. The decrease is partially attributable to the Governor's recommendation to reduce resources by increasing salary shrinkage by 5.0 percent. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to

provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$10.0 million, including \$2.8 million from the State General Fund, for FY 2019. This is an all funds increase of \$128,995, or 1.3 percent, and a State General Fund increase of \$10,336, or 0.4 percent, above the FY 2018 request. The all funds increase is attributable to an increase in salaries (\$128,995). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$7.6 million, including \$1.9 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$128,995, or 1.7 percent, and a State General Fund increase of \$10,336, or 0.5 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$2.3 million, including \$843,412 from the State General Fund, for contractual services for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Commodities.** The agency requests \$71,470, including \$20,068 from the State General Fund, for commodities for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request; and

- **Capital Outlay.** The agency requests \$69,500, including \$50,594 from the State General Fund, for capital outlay for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request.

The **Governor** recommends \$9.6 million, including \$2.7 million from the State General Fund, for FY 2019. This is an all

funds decrease of \$450,176, or 4.5 percent, and a State General Fund decrease of \$140,050, or 5.0 percent, below the agency's FY 2019 request. The decrease is partially attributable to the Governor's recommendation to reduce resources by increasing salary shrinkage by 5.0 percent. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair State Hospitals	\$ 6,067,616	\$ 6,067,616	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Debt Service Principal–State Hospital Rehab and Repair	1,835,000	1,835,000	1,920,000	1,920,000	2,035,000	2,035,000
Debt Service Principal–State Security Hospital	2,885,000	2,885,000	3,010,000	3,010,000	3,145,000	3,145,000
TOTAL	\$ 10,787,616	\$ 10,787,616	\$ 7,930,000	\$ 7,930,000	\$ 8,180,000	\$ 8,180,000
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	10,787,616	10,787,616	7,930,000	7,930,000	8,180,000	8,180,000
TOTAL	\$ 10,787,616	\$ 10,787,616	\$ 7,930,000	\$ 7,930,000	\$ 8,180,000	\$ 8,180,000

Current Year Agency Estimate

FY 2017–Current Year. The agency estimates capital improvement expenditures of \$10.8 million, all from the State Institutions Building Fund, in FY 2017. This is an increase of \$3.1 million, or 39.7 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to a reappropriation of \$3.1 million for rehabilitation and repair funding not expended in FY 2016. Rehabilitation and repair funding includes projects at the four state hospitals. Projects include re-roofing buildings, replacing steam piping systems, replacing worn out water lines, replacing plumbing lines and

fixtures, renovating buildings to comply with current life safety codes, and a variety of other key equipment repair and replacements. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital. The last debt service payment for the State Security Hospital is scheduled for November 1, 2022, and the last debt service payment scheduled for the state hospital rehab and repair is scheduled for May 1, 2024.

Current Year Governor Recommendation

The **Governor** concurs with the agency's capital improvement request in FY 2017.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests capital improvement expenditures of \$7.9 million, all from the State Institutions Building Fund, for FY 2018. This is a decrease of \$2.9 million, or 26.5 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to the lack of reappropriated funds that appear in the FY 2017 revised estimate, partially offset by an increase in debt service principal payments. The increase in debt service principal payments is

attributable to the agency shifting more expenditures from debt service interest to debt service principal as the loan is being paid down. The rehabilitation and repair funding includes projects at the four state hospitals. The request includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's capital improvement request for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests capital improvement expenditures of \$8.2 million, all from the State Institutions Building Fund, for FY 2019. This is an increase of \$250,000, or 3.2 percent, above the FY 2018 request. The increase is attributable to the agency shifting more expenditures from debt service interest to debt service principal as the loan is

being paid down. The rehabilitation and repair funding includes projects at the four state hospitals. The request includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's capital improvement request for FY 2019.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Aging Grants:					
Number of meals served	3,023,500	3,100,120	3,100,120	3,100,120	3,100,120
Cost per meal	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Number of customers receiving support services	250,000	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	20
Behavioral Health - Operations and Grants:					
Number of persons with severe and persistent mental illness receiving state-funded inpatient or outpatient services	17,500	11,900	13,000	13,000	13,000
Number of target and/or developmental communities engaged in implementing the Kansas Strategic Prevention Framework (K-SPF)	50	45	50	50	50
Number of individuals receiving problem gambling treatment	145	135	145	160	190
Number of individuals receiving community-based alcohol and drug treatment services	13,000	11,900	13,000	13,000	13,000

KANSAS NEUROLOGICAL INSTITUTE

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 9,401,519	\$ 10,318,062	\$ 10,178,104	\$ 9,702,749	\$ 9,350,495	\$ 9,865,154	\$ 9,431,902
Other Funds	15,617,377	15,448,784	15,417,524	15,440,412	15,329,121	15,434,290	15,316,353
TOTAL	\$ 25,018,896	\$ 25,766,846	\$ 25,595,628	\$ 25,143,161	\$ 24,679,616	\$ 25,299,444	\$ 24,748,255
Capital Improvements:							
State General Fund	\$ 4,550	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	169,838	177,376	177,376	185,248	185,248	0	0
TOTAL	\$ 174,388	\$ 177,376	\$ 177,376	\$ 185,248	\$ 185,248	\$ 0	\$ 0
GRAND TOTAL	\$ 25,193,284	\$ 25,944,222	\$ 25,773,004	\$ 25,328,409	\$ 24,864,864	\$ 25,299,444	\$ 24,748,255

Percentage Change:

Operating Expenditures

State General Fund	(11.8) %	9.7 %	8.3 %	(6.0) %	(8.1) %	1.7 %	0.9 %
All Funds	(3.7)	3.0	2.3	(2.4)	(3.6)	0.6	0.3
FTE Positions							
	437.7	437.7	437.7	437.7	437.7	437.7	437.7
Non-FTE							
Perm. Uncl. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	437.7	437.7	437.7	437.7	437.7	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. 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 Kansas Neurological Institute was established in 1959 on 183 acres formerly occupied by the Winter Veterans Hospital. 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 4 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 (SRS) 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 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, the Kansas State

School for the Blind, the Beloit Juvenile Correctional Facility, state developmental disability hospitals, and the 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 SRS review the residents at the Kansas Neurological Institute who meet the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that the 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 (ERO) to carry out the recommendations concerning the closure of the Kansas Neurological Institute and downsizing of Parsons State Hospital and Training Center, 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 the 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, the 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 7 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 Kansas Neurological Institute facility.

The Senate Ways and Means Committee recommended the Department on Social and Rehabilitation Services reject closure or downsizing plans for the Kansas Neurological Institute and to continue operations at the facility. Further, the Committee requested an audit independent of SRS to investigate and identify: 1) management and service efficiencies that could be implemented for the Kansas Neurological Institute 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 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 (KDADS) Home and Community Based Services Waiver for Individuals with Developmental Disabilities in the amount of \$800,000 in FY 2015, \$1.5 million for FY 2016, and \$1.5 million for FY 2017.

AVERAGE DAILY CENSUS

Average Daily Census (ADC) represents the average number of patients in a hospital over a fiscal year for the Kansas Neurological Institute.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
Total	143	143	146	147	148

ADMISSIONS

The chart below shows admissions for the Kansas Neurological Institute. This does not include transfers in from other KDADS institutions.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
Total	4	6	5	5	5

SEPARATIONS

The chart below shows separations due to discharge and death for the Kansas Neurological Institute.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
Total	5	5	4	4	4

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised estimate of \$25.9 million, including \$10.3 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the agency requests \$25.8 million, including \$10.3 million from the State General Fund, for operating expenditures in FY 2017. This is an all funds increase of \$112,255, or 0.4 percent, and a State General Fund increase of \$119,162, or 1.2 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to the agency's request for supplemental funding to re-open one home for patients due to an anticipated increase in patient census. The agency requests \$177,376, all from the State Institutions Building Fund, for capital improvements in FY 2017. This is an

increase of \$6,907, or 4.1 percent, above the amount approved by the 2016 Legislature. The increase in capital improvement expenditures is attributable to the agency recalculating the amount of payments for bond principal. The revised estimate includes 437.7 FTE positions, which is the same number approved by the 2016 Legislature.

The agency requests \$177,376, all from the State Institutions Building Fund, for capital improvements in FY 2017. This is an increase of \$6,907, or 4.1 percent, above the amount approved by the 2016 Legislature. The increase in capital improvement expenditures is attributable to the agency recalculating the amount of payments for bond principal.

FY 2017 Governor Recommendation

The **Governor** recommends expenditures of \$25.8 million, including \$10.2 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$25.6 million, including \$10.2 million from the State General Fund, in FY 2017. This is an all funds decrease of \$171,218, or 0.7 percent, and a State General Fund decrease of \$139,958, or 1.4 percent, below the agency's FY 2017 revised estimate. The decrease is partially attributable to the Governor not recommending the agency's request for supplemental funding totaling \$119,162, all from the State General Fund, to re-open one home for patients. The decrease also is attributable

to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$52,056, including \$20,796 from the State General Fund. The Governor's recommendation includes 437.7 FTE positions, which is the same number as the agency's revised FY 2017 estimate.

The Governor recommends capital improvement expenditures of \$177,376, all from the State Institutions Building Fund, in FY 2017. This is the same amount as the agency's revised estimate.

FY 2018 Agency Request

The **agency** requests operating expenditures of \$25.1 million, including \$9.7 million from the State General Fund, for FY 2018. This is an all funds decrease of \$623,685, or 2.4 percent, and a State General Fund decrease of \$615,313, or 6.0 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a decrease in salary and wages expenditures due to expenditures returning to a normal level absent the one-time 27th payroll period in FY 2017 and an adjustment in salary shrinkage. The decrease is partially offset by the agency's enhancement request to re-open a patient home and fund positions to staff that home, and an increase in

employer fringe benefit costs. The request includes 437.7 FTE positions, which is the same number as the agency's revised FY 2017 estimate.

The agency requests \$185,248, all from the State Institutions Building Fund, for capital improvements for FY 2018. This is an increase of \$7,872, or 4.4 percent, above the revised FY 2017 estimate. The increase in capital improvement expenditures is attributable to the agency re-estimating bond principal payments.

FY 2018 Governor Recommendation

The **Governor** recommends operating expenditures of \$24.7 million, including \$9.4 million from the State General Fund, for FY 2018. This is an all funds decrease of \$463,545, or 1.8 percent, and a State General Fund decrease of \$352,254, or 3.6 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancements totaling \$278,178, all from the State General Fund, to re-open one home for patients. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$151,820, including \$60,670 from the State General Fund, and to provide a moratorium on

employer contributions for death and disability for one quarter, which results in an all funds reduction of \$33,547, including \$13,406 from the State General Fund. The Governor's recommendation includes 437.7 FTE positions, which is the same number as the FY 2018 request.

The Governor recommends capital improvement expenditures of \$185,248, all from the State Institutions Building Fund, for FY 2018. This is the same amount as the agency's request.

FY 2019 Agency Request

The **agency** requests \$25.3 million, including \$9.9 million from the State General Fund, for operational expenditures for FY 2019. This is an all funds increase of \$156,283, or 0.6 percent, and a State General Fund increase of \$162,405, or 1.7

percent, above the FY 2018 request. The increase is primarily attributable to the agency's enhancement request to re-open one patient home and fund positions to staff that home and an adjustment to salary shrinkage. The request includes 437.7 FTE

positions, which is the same number as the agency's FY 2018 request.

The agency does not request capital improvement expenditures for FY 2019. FY 2018 contains the final payment for participation in the Energy Conservation Project.

FY 2019 Governor Recommendation

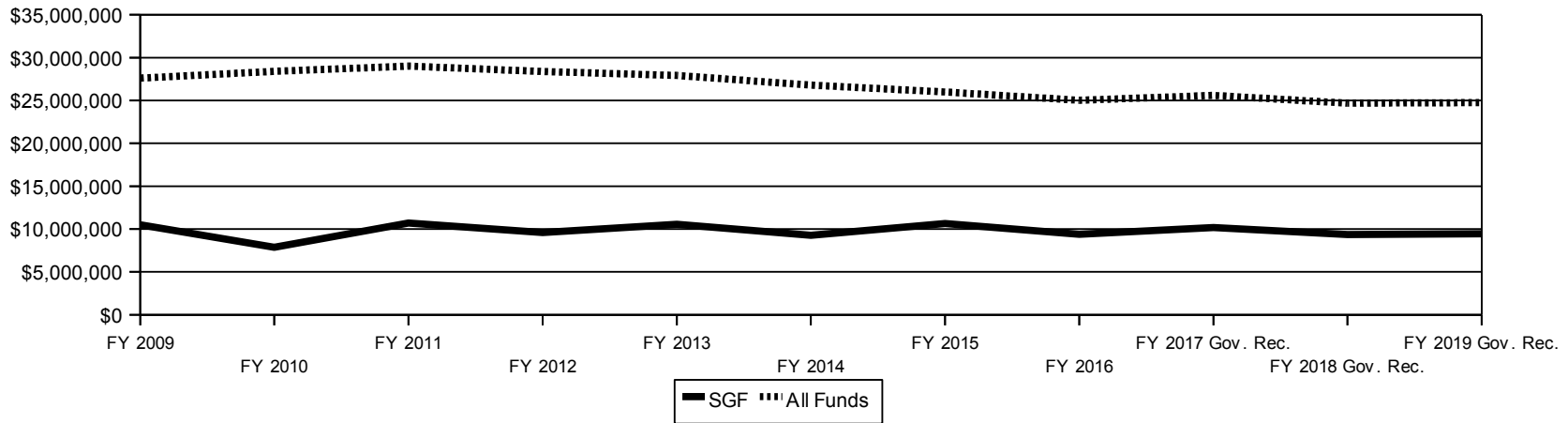
The **Governor** recommends operating expenditures of \$24.8 million, including \$9.4 million from the State General Fund, for FY 2019. This is an all funds decrease of \$551,189, or 2.2 percent, and a State General Fund decrease of \$433,252, or 4.4 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's request for enhancement funding to re-open a home for patients at KNI, which is a decrease of \$354,755, all from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer

contributions at the FY 2016 amount, which is an all funds decrease of \$196,434, including \$78,497 from the State General Fund. The Governor's recommendation includes 437.7 FTE positions, which is the same number as the agency's FY 2019 request.

The Governor does not recommend capital improvement expenditures for FY 2019. This is consistent with the agency's request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	9,401,519	(11.8)	25,018,896	(3.7)	437.7
2017 Gov. Rec.	10,178,104	8.3	25,595,628	2.3	437.7
2018 Gov. Rec.	9,350,495	(8.1)	24,679,616	(3.6)	437.7
2019 Gov. Rec.	9,431,902	0.9	24,748,255	0.3	437.7
Eleven-Year Change	\$ (1,071,730)	(10.2)%	\$ (2,849,962)	(10.3)%	(132.3)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 1,586,995	\$ 1,544,659	\$ 1,485,385	\$ (59,274)	(3.8) %	\$ 1,542,082	\$ 1,476,173	\$ (65,909)	(4.3) %
Staff Edu & Research	464,220	485,328	470,656	(14,672)	(3.0)	484,236	466,756	(17,480)	(3.6)
Program & Supp Living	13,422,763	13,797,784	13,496,225	(301,559)	(2.2)	13,646,852	13,105,079	(541,773)	(4.0)
Ancillary Services	2,306,512	2,461,678	2,399,283	(62,395)	(2.5)	2,457,904	2,385,805	(72,099)	(2.9)
Med & Surgical Services	2,857,668	3,046,457	2,951,473	(94,984)	(3.1)	3,039,393	2,926,265	(113,128)	(3.7)
Phys Plant/Ctrl Services	4,380,738	4,430,940	4,340,139	(90,801)	(2.0)	4,425,161	4,319,538	(105,623)	(2.4)
TOTAL	\$ 25,018,896	\$ 25,766,846	\$ 25,143,161	\$ (623,685)	(2.4) %	\$ 25,595,628	\$ 24,679,616	\$ (916,012)	(3.6) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 20,736,072	\$ 21,657,773	\$ 21,059,127	\$ (598,646)	(2.8) %	\$ 21,486,555	\$ 20,595,582	\$ (890,973)	(4.1) %
Contractual Services	2,185,333	2,181,886	2,184,149	2,263	0.1	2,181,886	2,184,149	2,263	0.1
Commodities	1,705,861	1,703,693	1,707,263	3,570	0.2	1,703,693	1,707,263	3,570	0.2
Capital Outlay	272,954	186,500	186,500	0	0.0	186,500	186,500	0	0.0
Debt Service	21,531	13,994	6,122	(7,872)	(56.3)	13,994	6,122	(7,872)	(56.3)
Subtotal - Operations	\$ 24,921,751	\$ 25,743,846	\$ 25,143,161	\$ (600,685)	(2.3) %	\$ 25,572,628	\$ 24,679,616	\$ (893,012)	(3.5) %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	97,145	23,000	0	(23,000)	(100.0)	23,000	0	(23,000)	(100.0)
TOTAL	\$ 25,018,896	\$ 25,766,846	\$ 25,143,161	\$ (623,685)	(2.4) %	\$ 25,595,628	\$ 24,679,616	\$ (916,012)	(3.6) %
Financing:									
State General Fund	\$ 9,401,519	\$ 10,318,062	\$ 9,702,749	\$ (615,313)	(6.0) %	\$ 10,178,104	\$ 9,350,495	\$ (827,609)	(8.1) %
KNI Fee Fund	1,317,427	1,296,745	1,746,245	449,500	34.7	1,294,575	1,738,513	443,938	34.3
Title XIX Fund	13,835,368	13,659,464	13,209,464	(450,000)	(3.3)	13,630,606	13,106,717	(523,889)	(3.8)
All Other Funds	464,582	492,575	484,703	(7,872)	(1.6)	492,343	483,891	(8,452)	(1.7)
TOTAL	\$ 25,018,896	\$ 25,766,846	\$ 25,143,161	\$ (623,685)	(2.4) %	\$ 25,595,628	\$ 24,679,616	\$ (916,012)	(3.6) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 1,485,385	\$ 1,489,870	\$ 4,485	0.3 %	\$ 1,476,173	\$ 1,480,103	\$ 3,930	0.3 %
Staff Edu & Research	470,656	472,633	1,977	0.4	466,756	468,497	1,741	0.4
Program & Supp Living	13,496,225	13,621,392	125,167	0.9	13,105,079	13,146,964	41,885	0.3
Ancillary Services	2,399,283	2,407,127	7,844	0.3	2,385,805	2,392,837	7,032	0.3
Med & Surgical Srvs	2,951,473	2,963,859	12,386	0.4	2,926,265	2,937,133	10,868	0.4
Phys Plant/Ctrl Srvs	4,340,139	4,344,563	4,424	0.1	4,319,538	4,322,721	3,183	0.1
TOTAL	\$ 25,143,161	\$ 25,299,444	\$ 156,283	0.6 %	\$ 24,679,616	\$ 24,748,255	\$ 68,639	0.3 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 21,059,127	\$ 21,220,973	\$ 161,846	0.8 %	\$ 20,595,582	\$ 20,669,784	\$ 74,202	0.4 %
Contractual Services	2,184,149	2,183,839	(310)	(0.0)	2,184,149	2,183,839	(310)	(0.0)
Commodities	1,707,263	1,707,132	(131)	(0.0)	1,707,263	1,707,132	(131)	(0.0)
Capital Outlay	186,500	187,500	1,000	0.5	186,500	187,500	1,000	0.5
Debt Service	6,122	0	(6,122)	(100.0)	6,122	0	(6,122)	(100.0)
Subtotal - Operations	\$ 25,143,161	\$ 25,299,444	\$ 156,283	0.6 %	\$ 24,679,616	\$ 24,748,255	\$ 68,639	0.3 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 25,143,161	\$ 25,299,444	\$ 156,283	0.6 %	\$ 24,679,616	\$ 24,748,255	\$ 68,639	0.3 %
Financing:								
State General Fund	\$ 9,702,749	\$ 9,865,154	\$ 162,405	1.7 %	\$ 9,350,495	\$ 9,431,902	\$ 81,407	0.9 %
KNI Fee Fund	1,746,245	1,746,245	0	0.0	1,738,513	1,738,050	(463)	(0.0)
Title XIX Fund	13,209,464	13,209,464	0	0.0	13,106,717	13,100,583	(6,134)	(0.0)
All Other Funds	484,703	478,581	(6,122)	(1.3)	483,891	477,720	(6,171)	(1.3)
TOTAL	\$ 25,143,161	\$ 25,299,444	\$ 156,283	0.6 %	\$ 24,679,616	\$ 24,748,255	\$ 68,639	0.3 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$10,198,900 for the Kansas Neurological Institute in

FY 2017. No adjustments have been made subsequently 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	\$ 10,198,900	\$ 10,318,062	\$ 119,162	\$ 10,178,104	\$ (20,796)
All Other Funds	15,626,160	15,626,160	0	15,594,900	(31,260)
TOTAL	<u>\$ 25,825,060</u>	<u>\$ 25,944,222</u>	<u>\$ 119,162</u>	<u>\$ 25,773,004</u>	<u>\$ (52,056)</u>
FTE Positions	437.7	437.7	0.0	437.7	0.0

The **agency** requests a revised estimate of \$25.9 million, including \$10.3 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the agency requests \$25.8 million, including \$10.3 million from the State General Fund, for operating expenditures in FY 2017. This is an all funds increase of \$112,255, or 0.4 percent, and a State General Fund increase of \$119,162, or 1.2 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to the agency's request for supplemental funding to re-open one home for patients due to an anticipated increase in patient census. The agency requests \$177,376, all from the State Institutions

Building Fund, for capital improvements in FY 2017. This is an increase of \$6,907, or 4.1 percent, above the amount approved by the 2016 Legislature. The increase in capital improvement expenditures is attributable to the agency recalculating the amount of payments for bond principal. The revised estimate requests 437.7 FTE positions, which is the same number approved by the 2016 Legislature.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$21.7 million, including \$8.2 million from the State General

Fund, for salaries and wages expenditures in FY 2017. This is an all funds increase of \$345,529, or 1.6 percent, and a State General Fund decrease of \$2.0 million, or 19.4 percent, from the amount approved by the 2016 Legislature. The all funds increase is primarily attributable to an adjustment in salary shrinkage, partially offset by a decrease in employer fringe benefit costs and anticipated classified longevity pay;

- **Contractual Services.** The agency requests \$2.2 million, including \$923,147 from the State General Fund, for contractual services expenditures in FY 2017. This is an all funds decrease of \$255, or less than 0.1 percent, and a State General Fund increase of \$923,147, or 100.0 percent, above the amount approved by the 2016 Legislature;
- **Commodities.** The agency requests \$1.7 million, including \$962,185 from the State General Fund, for commodities expenditures in FY 2017. This is an all funds decrease of \$172,407, or 9.2 percent, and a State General Fund increase of \$962,035, or 641,356.7 percent, from the amount approved by the 2016 Legislature. The all funds decrease is primarily attributable to a decrease in patient household supplies, food for patient consumption, and drug and pharmaceutical expenditures;
- **Capital Outlay.** The agency requests \$186,500, including \$185,500 from the State General Fund, for capital outlay expenditures in FY 2017. This is an all funds increase of \$33,925, or 22.2 percent, and a State General Fund increase of \$185,500, or 100.0 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to

an increase in patient rehabilitation equipment, partially offset by a decrease in patient household equipment and furniture;

- **Debt Service Interest.** The agency requests \$13,994, all from the State Institutions Building Fund, for debt service interest payment in FY 2017. This is a decrease of \$7,537, or 35.0 percent, below the amount approved by the 2016 Legislature. The decrease is attributable to the agency re-estimating debt service interest expenditures; and
- **Other Assistance.** The agency requests \$23,000, all from the State General Fund, for other assistance expenditures in FY 2017. This is a decrease of \$87,000, or 79.1 percent, below the amount approved by the 2016 Legislature. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$25.8 million, including \$10.2 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$25.6 million, including \$10.2 million from the State General Fund, in FY 2017. This is an all funds decrease of \$171,218, or 0.7 percent, and a State General Fund decrease of \$139,958, or 1.4 percent, below the agency's FY 2017 revised estimate. The decrease is partially attributable to the Governor not recommending the agency's request for supplemental funding totaling \$119,162, all from the State General Fund, to re-open one home for patients. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$52,056, including \$20,796 from the State General Fund. The Governor's recommendation includes 437.7

FTE positions, which is the same number as the agency's revised FY 2017 estimate.

The Governor recommends capital improvement expenditures of 177,376, all from the State Institutions Building Fund, in FY 2017. This is the same amount as the agency's revised estimate.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Re-open Home	\$ 119,162	\$ 119,162	0.0	\$ 0	\$ 0	0.0

The **agency** submitted one request for supplemental funding totaling \$119,162, all from the State General Fund, in FY 2017.

Re-open Home. The supplemental request corresponds to increasing staffing and funding for positions to re-open a home for patients at KNI. At the time of the 2014 audit, which recommended closure of two homes, the hospital's census was declining. However, the census has grown and if it continues to grow, the agency states it will be necessary to re-open a home.

The addition of \$119,162, all from the State General Fund, would allow the agency to hire three Mental Health Developmental Disability Technicians in FY 2017, one across each shift. The agency would utilize staff to the extent necessary in that home and across campus to fill voids where vacancies may occur until the home is full.

The **Governor** does not recommend the agency's request for supplemental funding in FY 2017.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 25,143,161	\$ 24,679,616	\$ (463,545)
FTE Positions	437.7	437.7	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (615,313)	\$ (827,609)	
All Other Funds	(8,372)	(88,403)	
TOTAL	<u>\$ (623,685)</u>	<u>\$ (916,012)</u>	
<i>Percent Change:</i>			
State General Fund	(6.0) %	(8.1) %	
All Other Funds	(0.1)	(0.6)	
TOTAL	<u>(2.4) %</u>	<u>(3.6) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of \$25.1 million, including \$9.7 million from the State General Fund, for FY 2018. This is an all funds decrease of \$623,685, or 2.4 percent, and a State General Fund decrease of \$615,313, or 6.0 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a decrease in salary and wages expenditures due to expenditures returning to a normal level

absent the one-time 27th payroll period in FY 2017 and an adjustment in salary shrinkage. The decrease is partially offset by the agency's enhancement request to re-open a home for patients fund positions to staff that home, and an increase in employer fringe benefit costs. The request includes 437.7 FTE positions, which is the same number as the agency's revised FY 2017 estimate.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$21.1 million, including \$7.8 million from the State General Fund, for salaries and wages expenditures for FY 2018. This is an all funds decrease of \$598,646, or 2.8 percent, and a State General Fund decrease of \$433,613, or 5.3 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to salaries and wages returning to normal levels, absent the one-time 27th payroll period in FY 2017 and an adjustment to salary shrinkage, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$2.2 million, including \$920,148 from the State General Fund, for contractual services expenditures for FY 2018. This is an all funds increase of \$2,263, or 0.1 percent, and a State General Fund decrease of \$2,999, or 0.3 percent, from the FY 2017 revised estimate. The all funds increase is attributable to an increase in patient medical services;
- **Commodities.** The agency requests \$1.7 million, including \$806,484 from the State General Fund, for commodities expenditures for FY 2018. This is an all funds increase of \$3,570, or 0.2 percent, and a State General Fund decrease of \$155,701, or 16.2 percent, from the FY 2017 revised estimate. The all funds increase is primarily attributable to an increase in supplies for patient rehabilitation;

- **Capital Outlay.** The agency requests \$186,500, including \$185,500 from the State General Fund, for capital outlay expenditures for FY 2018. This is the same amount as the FY 2017 revised estimate; and
- **Debt Service Interest.** The agency requests \$6,122, all from the State Institutions Building Fund, for debt service interest expenditures for FY 2018. This is a decrease of \$7,872, or 56.3 percent, below the FY 2017 revised estimate. The decrease is attributable to a lower amount of debt service interest, as the final bond principal payment on the Energy Conservation Project debt will occur in FY 2018.

The **Governor** recommends operating expenditures of \$24.7 million, including \$9.4 million from the State General Fund, for FY 2018. This is an all funds decrease of \$463,545, or 1.8 percent, and a State General Fund decrease of \$352,254, or 3.6 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancements totaling \$278,178, all from the State General Fund, to re-open one home for patients. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$151,820, including \$60,670 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$33,547, including \$13,406 from the State General Fund. The Governor's recommendation includes 437.7 FTE positions, which is the same number as the agency's FY 2018 request.

Enhancements Detail

FY 2018 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Re-open Home	\$ 278,178	\$ 278,178	0.0	\$ 0	\$ 0	0.0
TOTAL	\$ 278,178	\$ 278,178	0.0	\$ 0	\$ 0	0.0

The **agency** submitted one enhancement request totaling \$278,178, all from the State General Fund, for FY 2018.

Re-open a Home. The enhancement request corresponds to increasing staffing and funding for these positions to re-open a home for patients at KNI. At the time of the 2014 audit, which recommended closure of two homes, the hospital's census was declining. However, the census has grown and if it continues to grow, the agency states it will be necessary to re-open a home.

The addition of \$278,178, all from the State General Fund, would allow the agency to support six Mental Health Developmental Disability Technicians and one Team Supervisor for FY 2018. The agency would utilize staff to the extent necessary in that home and across campus to fill voids where vacancies may occur until the home is full.

The **Governor** does not recommend the agency's FY 2018 request for enhancement funding.

FY 2018 Reduced Resources

The Governor has requested the agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Position Elimination	\$ (471,229)	\$ (471,229)	(16.0)	\$ 0	\$ 0	0.0

The **agency** submitted one reduced resource option for FY 2018. The agency would consolidate and close one home, which would increase the number of persons living in other homes and would decrease the staffing ratio available to serve the people living in the existing homes. The agency would lay off employees, eliminate 16.0 FTE positions, and salary savings

would total \$471,229, all from the State General Fund, for FY 2018.

The **Governor** does not recommend the agency's reduced resource option for FY 2018.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 25,299,444	\$ 24,748,255	\$ (551,189)
FTE Positions	437.7	437.7	0.0
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 162,405	\$ 81,407	
All Other Funds	(6,122)	(12,768)	
TOTAL	<u>\$ 156,283</u>	<u>\$ 68,639</u>	
<i>Percent Change:</i>			
State General Fund	1.7 %	0.9 %	
All Other Funds	(0.0)	(0.1)	
TOTAL	<u>0.6 %</u>	<u>0.3 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$25.3 million, including \$9.9 million from the State General Fund, for operational expenditures for FY 2019. This is an all funds increase of \$156,283, or 0.6 percent, and a State General Fund increase of \$162,405, or 1.7 percent, above the FY 2018 request. The increase is primarily attributable to the agency’s enhancement request to re-open a home for patients and fund positions to staff that home. The increase is partially offset by an adjustment to salary shrinkage.

The request includes 437.7 FTE positions, which is the same number as the agency’s FY 2018 request.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$21.2 million, including \$8.0 million from the State General Fund, for salaries and wages expenditures for FY

2019. This is an all funds increase of \$161,846, or 0.8 percent, and a State General Fund increase of \$161,404, or 2.1 percent, above the FY 2018 request. The increase is primarily attributable to the agency's enhancement request to re-open one patient home and fund positions to staff that home and an adjustment to salary shrinkage;

- **Contractual Services.** The agency requests \$2.2 million, including \$920,152 from the State General Fund, for contractual services expenditures for FY 2019. This is an all funds decrease of \$310, or less than 0.1 percent, and a State General Fund increase of \$4, or less than 0.1 percent, from the FY 2018 request;
- **Commodities.** The agency requests \$1.7 million, including \$806,481 from the State General Fund, for commodities expenditures for FY 2019. This is an all funds decrease of \$131, or less than 0.1 percent, and a State General Fund decrease of \$3, or less than 0.1 percent, from the FY 2018 request; and

- **Capital Outlay.** The agency requests \$187,500, including \$186,500 from the State General Fund, for capital outlay expenditures for FY 2019. This is a State General Fund increase of \$1,000, or 0.5 percent, above the FY 2018 request. The increase is primarily attributable to an increase in patient rehabilitation equipment.

The **Governor** recommends operating expenditures of \$24.8 million, including \$9.4 million from the State General Fund, for FY 2019. This is an all funds decrease of \$551,189, or 2.2 percent, and a State General Fund decrease of \$433,252, or 4.4 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's request for enhancement funding to re-open a home for patients at KNI, which is a decrease of \$354,755, all from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which is an all funds decrease of \$196,434, including \$78,497 from the State General Fund. The Governor's recommendation includes 437.7 FTE positions, which is the same number as the agency's FY 2019 request.

Enhancements Detail

FY 2019 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Re-open Home	\$ 354,755	\$ 354,755	0.0	\$ 0	\$ 0	0.0
TOTAL	\$ 354,755	\$ 354,755	0.0	\$ 0	\$ 0	0.0

The **agency** submitted two enhancement requests totaling the addition of \$354,755, all from the State General Fund, for FY 2019.

Re-open Home. The enhancement request corresponds to increasing staffing and funding for these positions to re-open a home for patients at KNI. At the time of the 2014 audit, which recommended closure of two homes, the hospital's census was declining. However, the census has grown and if it continues to grow, the agency states it will be necessary to re-open a home.

The addition of \$354,755, all from the State General Fund, which would allow the agency to support eight Mental Health Developmental Disability Technicians and one Team Supervisor for FY 2019. The agency would utilize staff to the extent necessary in that home and across campus to fill voids where vacancies may occur until the home is full.

The **Governor** does not recommend the agency's FY 2019 request for enhancement funding.

FY 2019 Reduced Resources

The Governor has requested the agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Position Elimination	\$ (475,520)	\$ (475,520)	(16.0)	\$ 0	\$ 0	0.0
TOTAL	\$ (475,520)	\$ (475,520)	(16.0)	\$ 0	\$ 0	0.0

The **agency** submitted one reduced resource option for FY 2019. The agency would consolidate and close one home, which would increase the number of persons living in other homes and would decrease the staffing ratio available to serve the people living in the existing homes. The agency would lay

off employees, eliminate 16.0 FTE positions, and see \$475,520, all from the State General Fund, in salary savings for FY 2019.

The **Governor** does not recommend the agency's reduced resource option for FY 2019.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$161,811, including \$60,881 from the State General Fund; FY 2018 longevity payments total \$170,697, including \$61,649 from the State General Fund; and FY 2019 longevity payments total \$170,694, including \$62,091 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$52,056, including \$20,796 from the State General Fund, in FY 2017; by \$151,820, including \$60,670 from the State General Fund, for FY 2018; and by \$196,434, including \$78,497 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$33,547, including \$13,406 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	38.6 %	37.9 %	39.0 %	38.2 %
KNI Fee Fund	6.9	7.0	6.9	7.0
Title XIX Fund	52.5	53.1	52.2	53.1
All Other Funds	1.9	2.0	1.9	1.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Kansas Neurological Institute Fee Fund Analysis

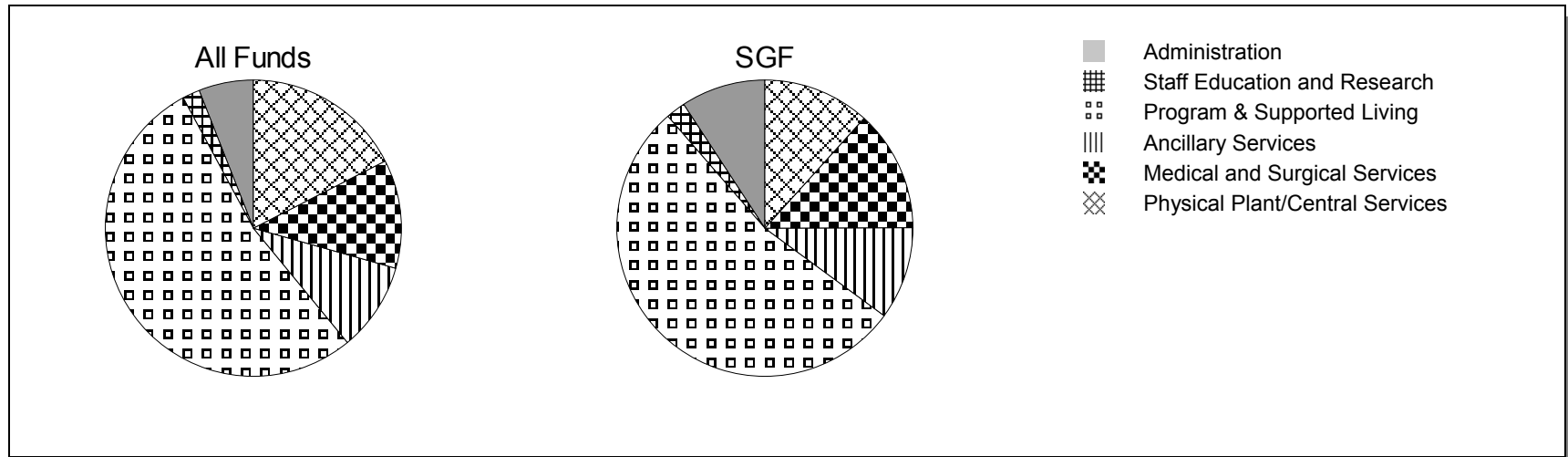
KSA 76-17c01a provides the superintendent of the Kansas Neurological Institute shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the

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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 941,049	\$ 985,278	\$ 985,278	\$ 1,032,692	\$ 1,034,862	\$ 632,500	\$ 642,402
Revenue	1,361,656	1,344,159	1,344,159	1,346,053	1,346,053	1,350,444	1,350,444
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 2,302,705	\$ 2,329,437	\$ 2,329,437	\$ 2,378,745	\$ 2,380,915	\$ 1,982,944	\$ 1,992,846
Less: Expenditures	1,317,427	1,296,745	1,294,575	1,746,245	1,738,513	1,746,245	1,738,050
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 985,278</u>	<u>\$ 1,032,692</u>	<u>\$ 1,034,862</u>	<u>\$ 632,500</u>	<u>\$ 642,402</u>	<u>\$ 236,699</u>	<u>\$ 254,796</u>
Ending Balance as Percent of Expenditures	74.8%	79.6%	79.9%	36.2%	37.0%	13.6%	14.7%
Month Highest Ending Balance	February \$ 1,193,507	February \$ 1,249,601	February \$ 1,249,601	February \$ 1,309,735	February \$ 1,312,487	February \$ 802,182	February \$ 814,741
Month Lowest Ending Balance	March \$ 887,498	March \$ 929,210	March \$ 929,210	March \$ 973,926	March \$ 975,972	March \$ 596,507	March \$ 605,845

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 1,476,173	6.0 %	\$ 865,359	9.3 %
Staff Education and Research	466,756	1.9	197,488	2.1
Program and Supported Living	13,105,079	53.1	5,007,159	53.5
Ancillary Services	2,385,805	9.7	947,643	10.1
Medical and Surgical Services	2,926,265	11.9	1,239,113	13.3
Physical Plant/Central Services	4,319,538	17.5	1,093,733	11.7
TOTAL	\$ 24,679,616	100.0 %	\$ 9,350,495	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Administration	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Staff Edu & Research	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Program & Supp Living	297.0	296.0	296.0	296.0	296.0	296.0	296.0
Ancillary Services	22.7	23.7	23.7	23.7	23.7	23.7	23.7
Med & Surgical Srvs	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Phys Plant/Ctrl Srvs	53.0	53.0	53.0	53.0	53.0	53.0	53.0
TOTAL	437.7	437.7	437.7	437.7	437.7	437.7	437.7

A. Administration

The General Administration program provides overall management activities such as budgeting, planning, and staffing designed to ensure the residents' basic needs are met and 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 the Kansas

Neurological Institute and ensures the Institute 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 961,482	\$ 1,005,880	\$ 1,003,303	\$ 969,606	\$ 960,394	\$ 974,091	\$ 964,324
Contractual Services	489,133	489,979	489,979	489,979	489,979	489,979	489,979
Commodities	18,918	18,800	18,800	18,800	18,800	18,800	18,800
Capital Outlay	20,704	7,000	7,000	7,000	7,000	7,000	7,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,490,237</i>	<i>\$ 1,521,659</i>	<i>\$ 1,519,082</i>	<i>\$ 1,485,385</i>	<i>\$ 1,476,173</i>	<i>\$ 1,489,870</i>	<i>\$ 1,480,103</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	96,758	23,000	23,000	0	0	0	0
TOTAL	<u>\$ 1,586,995</u>	<u>\$ 1,544,659</u>	<u>\$ 1,542,082</u>	<u>\$ 1,485,385</u>	<u>\$ 1,476,173</u>	<u>\$ 1,489,870</u>	<u>\$ 1,480,103</u>
Financing:							
State General Fund	\$ 1,127,758	\$ 920,393	\$ 919,356	\$ 869,068	\$ 865,359	\$ 873,553	\$ 869,621
All Other Funds	459,237	624,266	622,726	616,317	610,814	616,317	610,482
TOTAL	<u>\$ 1,586,995</u>	<u>\$ 1,544,659</u>	<u>\$ 1,542,082</u>	<u>\$ 1,485,385</u>	<u>\$ 1,476,173</u>	<u>\$ 1,489,870</u>	<u>\$ 1,480,103</u>
FTE Positions	16.0	16.0	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	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>

The **agency** requests \$1.5 million, including \$869,068 from the State General Fund, for the Administration program for FY 2018. This is an all funds decrease of \$59,274, or 3.8 percent, and a State General Fund decrease of \$51,325, or 5.6 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in contributions to the Voluntary Retirement Incentive Program. The decrease is partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$1.5 million, including \$865,359 from the State General Fund, for FY 2018. This is an all funds decrease of \$9,212, or 0.6 percent, and a State General Fund decrease of \$3,709, or 0.4 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$1.5 million, including \$873,553 from the State General Fund, for the Administration program for FY 2019. This is an all funds increase of \$4,485, or 0.3 percent, all from the State General Fund, above the FY 2018 request. The increase is primarily attributable to an adjustment in salary shrinkage.

The **Governor** recommends expenditures of \$1.5 million, including \$869,621 from the State General Fund, for FY 2019. This is an all funds decrease of \$9,767, or 0.7 percent, and a State General Fund decrease of \$3,932, or 0.5 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 420,762	\$ 441,958	\$ 440,866	\$ 427,286	\$ 423,386	\$ 429,263	\$ 425,127
Contractual Services	42,602	42,620	42,620	42,620	42,620	42,620	42,620
Commodities	796	750	750	750	750	750	750
Capital Outlay	60	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 464,220</u>	<u>\$ 485,328</u>	<u>\$ 484,236</u>	<u>\$ 470,656</u>	<u>\$ 466,756</u>	<u>\$ 472,633</u>	<u>\$ 468,497</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 464,220</u>	<u>\$ 485,328</u>	<u>\$ 484,236</u>	<u>\$ 470,656</u>	<u>\$ 466,756</u>	<u>\$ 472,633</u>	<u>\$ 468,497</u>
Financing:							
State General Fund	\$ 294,755	\$ 211,042	\$ 210,602	\$ 199,058	\$ 197,488	\$ 201,035	\$ 199,370
All Other Funds	169,465	274,286	273,634	271,598	269,268	271,598	269,127
TOTAL	<u>\$ 464,220</u>	<u>\$ 485,328</u>	<u>\$ 484,236</u>	<u>\$ 470,656</u>	<u>\$ 466,756</u>	<u>\$ 472,633</u>	<u>\$ 468,497</u>
FTE Positions	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>

The **agency** requests \$470,656, including \$199,058 from the State General Fund, for the Staff Education and Research program for FY 2018. This is an all funds decrease of \$14,672, or 3.0 percent, and a State General Fund decrease of \$11,984, or 5.7 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to an adjustment to salary shrinkage and a decrease in salaries and wages expenditures. The decrease is partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$466,756, including \$197,488 from the State General Fund, for FY 2018. This is an all funds decrease of \$3,900, or 0.8 percent, and a State General Fund decrease of \$1,570, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$472,633, including \$201,035 from the State General Fund, for the Staff Education and Training program for FY 2019. This is an increase of \$1,977, or 0.4 percent, all from the State General Fund, above the FY 2018 request. The increase is attributable to an adjustment in salary shrinkage.

The **Governor** recommends expenditures of \$468,497, including \$199,370 from the State General Fund, for FY 2019. This is an all funds decrease of \$4,136, or 0.9 percent, and a State General Fund decrease of \$1,665, or 0.8 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

C. Program and Supported Living

The goal of the Kansas Neurological Institute is to support each resident so each person has a meaningful life. This is accomplished by providing opportunities for choice, promoting personal relationships, and encouraging community involvement for Kansas Neurological Institute residents. The Personalized Lifestyle Designs maps the appropriate services, supports, and training, 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 13,047,694	\$ 13,431,009	\$ 13,280,077	\$ 13,129,450	\$ 12,738,304	\$ 13,254,617	\$ 12,780,189
Contractual Services	15,248	14,550	14,550	14,550	14,550	14,550	14,550
Commodities	332,269	332,225	332,225	332,225	332,225	332,225	332,225
Capital Outlay	27,165	20,000	20,000	20,000	20,000	20,000	20,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 13,422,376</i>	<i>\$ 13,797,784</i>	<i>\$ 13,646,852</i>	<i>\$ 13,496,225</i>	<i>\$ 13,105,079</i>	<i>\$ 13,621,392</i>	<i>\$ 13,146,964</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	387	0	0	0	0	0	0
TOTAL	\$ 13,422,763	\$ 13,797,784	\$ 13,646,852	\$ 13,496,225	\$ 13,105,079	\$ 13,621,392	\$ 13,146,964
Financing:							
State General Fund	\$ 3,219,345	\$ 5,536,181	\$ 5,404,228	\$ 5,330,818	\$ 5,007,159	\$ 5,455,985	\$ 5,053,050
All Other Funds	10,203,418	8,261,603	8,242,624	8,165,407	8,097,920	8,165,407	8,093,914
TOTAL	\$ 13,422,763	\$ 13,797,784	\$ 13,646,852	\$ 13,496,225	\$ 13,105,079	\$ 13,621,392	\$ 13,146,964
FTE Positions	297.0	296.0	296.0	296.0	296.0	296.0	296.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	297.0	296.0	296.0	296.0	296.0	296.0	296.0

The **agency** requests \$13.5 million, including \$5.3 million from the State General Fund, for the Program and Supported

Living program for FY 2018. This is an all funds decrease of \$301,559, or 2.2 percent, and a State General Fund decrease of

\$205,363, or 3.7 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and salaries and wages expenditures. The decrease is partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$13.1 million, including \$5.0 million from the State General Fund, for FY 2018. This is an all funds decrease of \$391,146, or 2.9 percent, and a State General Fund decrease of \$323,659, or 6.1 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's request for enhancement funding totaling \$278,178, all from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$13.6 million, including \$5.5 million from the State General Fund, for the Program and Supported Living program for FY 2019. This is an all funds increase of \$125,167, or 0.9 percent, all from the State General Fund, above the FY 2018 request. The increase is primarily attributable to an adjustment to salary shrinkage and an increase in salary expenditures for classified employees.

The **Governor** recommends expenditures of \$13.1 million, including \$5.1 million from the State General Fund, for FY 2019. This is an all funds decrease of \$474,428, or 3.5 percent, and a State General Fund decrease of \$402,935, or 7.4 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's request for enhancement funding totaling \$354,755, all from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 the Kansas Neurological Institute, including activities with their

foster grandparents. The Supported Employment sub-program provides support for the people who live at the Kansas Neurological Institute 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 the Institute. 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,486,700	\$ 1,642,671	\$ 1,638,897	\$ 1,574,443	\$ 1,560,965	\$ 1,581,728	\$ 1,567,438
Contractual Services	359,289	358,066	358,066	360,329	360,329	360,019	360,019
Commodities	348,351	346,941	346,941	350,511	350,511	350,380	350,380
Capital Outlay	112,172	114,000	114,000	114,000	114,000	115,000	115,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 2,306,512</u>	<u>\$ 2,461,678</u>	<u>\$ 2,457,904</u>	<u>\$ 2,399,283</u>	<u>\$ 2,385,805</u>	<u>\$ 2,407,127</u>	<u>\$ 2,392,837</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 2,306,512</u>	<u>\$ 2,461,678</u>	<u>\$ 2,457,904</u>	<u>\$ 2,399,283</u>	<u>\$ 2,385,805</u>	<u>\$ 2,407,127</u>	<u>\$ 2,392,837</u>
Financing:							
State General Fund	\$ 976,715	\$ 995,402	\$ 994,045	\$ 952,516	\$ 947,643	\$ 960,359	\$ 955,193
All Other Funds	1,329,797	1,466,276	1,463,859	1,446,767	1,438,162	1,446,768	1,437,644
TOTAL	<u>\$ 2,306,512</u>	<u>\$ 2,461,678</u>	<u>\$ 2,457,904</u>	<u>\$ 2,399,283</u>	<u>\$ 2,385,805</u>	<u>\$ 2,407,127</u>	<u>\$ 2,392,837</u>
FTE Positions	22.7	23.7	23.7	23.7	23.7	23.7	23.7
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>22.7</u>	<u>23.7</u>	<u>23.7</u>	<u>23.7</u>	<u>23.7</u>	<u>23.7</u>	<u>23.7</u>

The **agency** requests \$2.4 million, including \$952,516 from the State General Fund, for the Ancillary Services program for FY 2018. This is an all funds decrease of \$62,395, or 2.5 percent, and a State General Fund decrease of \$42,886, or 4.3 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to an adjustment to salary shrinkage and a decrease in base salary expenditures. The decrease is partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$2.4 million, including \$947,643 from the State General Fund, for FY 2018. This is an all funds decrease of \$13,478, or 0.6 percent, and a State General Fund decrease of \$4,873, or 0.5 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$2.4 million, including \$960,359 from the State General Fund, for the Ancillary Services program for FY 2019. This is an all funds increase of \$7,844, or 0.3 percent, and a State General Fund increase of \$7,843, or 0.8 percent, above the FY 2018 request. The increase is primarily attributable to an adjustment to salary shrinkage and an increase in patient rehabilitation equipment.

The **Governor** recommends expenditures of \$2.4 million, including \$955,193 from the State General Fund for FY 2019. This is an all funds decrease of \$14,290, or 0.6 percent, and a State General Fund decrease of \$5,166, or 0.5 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

E. Medical and Surgical Services

The Medical and Surgical Services program provides healthcare for all clients with various types of acute and chronic conditions. It provides intermediate health care 24 hours a day, 7 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 2,571,509	\$ 2,772,959	\$ 2,765,895	\$ 2,677,975	\$ 2,652,767	\$ 2,690,361	\$ 2,663,635
Contractual Services	117,517	110,448	110,448	110,448	110,448	110,448	110,448
Commodities	150,330	153,050	153,050	153,050	153,050	153,050	153,050
Capital Outlay	18,312	10,000	10,000	10,000	10,000	10,000	10,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 2,857,668</u>	<u>\$ 3,046,457</u>	<u>\$ 3,039,393</u>	<u>\$ 2,951,473</u>	<u>\$ 2,926,265</u>	<u>\$ 2,963,859</u>	<u>\$ 2,937,133</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 2,857,668</u>	<u>\$ 3,046,457</u>	<u>\$ 3,039,393</u>	<u>\$ 2,951,473</u>	<u>\$ 2,926,265</u>	<u>\$ 2,963,859</u>	<u>\$ 2,937,133</u>
Financing:							
State General Fund	\$ 999,374	\$ 1,325,509	\$ 1,322,665	\$ 1,249,262	\$ 1,239,113	\$ 1,261,648	\$ 1,250,888
All Other Funds	1,858,294	1,720,948	1,716,728	1,702,211	1,687,152	1,702,211	1,686,245
TOTAL	<u>\$ 2,857,668</u>	<u>\$ 3,046,457</u>	<u>\$ 3,039,393</u>	<u>\$ 2,951,473</u>	<u>\$ 2,926,265</u>	<u>\$ 2,963,859</u>	<u>\$ 2,937,133</u>
FTE Positions	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>

The **agency** requests \$3.0 million, including \$1.2 million from the State General Fund, for the Medical and Surgical Services program for FY 2018. This is an all funds decrease of \$94,984, or 3.1 percent, and a State General Fund decrease of \$76,247, or 5.8 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in base employee salary expenditures. The decrease is partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$2.9 million, including \$1.2 million from the State General Fund, for FY 2018. This is an all funds decrease of \$25,208, or 0.9 percent, and a State General Fund decrease of \$10,149, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$3.0 million, including \$1.3 million from the State General Fund, for the Medical and Surgical Services program for FY 2019. This is an all funds increase of \$12,386, or 0.4 percent, all from the State General Fund, above the FY 2018 request. The increase is primarily attributable to an adjustment in salary shrinkage.

The **Governor** recommends expenditures of \$2.9 million, including \$1.3 million from the State General Fund, for FY 2019. This is an all funds decrease of \$26,726, or 0.9 percent, and a State General Fund decrease of \$10,760, or 0.9 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 2,247,925	\$ 2,363,296	\$ 2,357,517	\$ 2,280,367	\$ 2,259,766	\$ 2,290,913	\$ 2,269,071
Contractual Services	1,161,544	1,166,223	1,166,223	1,166,223	1,166,223	1,166,223	1,166,223
Commodities	855,197	851,927	851,927	851,927	851,927	851,927	851,927
Capital Outlay	94,541	35,500	35,500	35,500	35,500	35,500	35,500
Debt Service	21,531	13,994	13,994	6,122	6,122	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,380,738</i>	<i>\$ 4,430,940</i>	<i>\$ 4,425,161</i>	<i>\$ 4,340,139</i>	<i>\$ 4,319,538</i>	<i>\$ 4,344,563</i>	<i>\$ 4,322,721</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 4,380,738	\$ 4,430,940	\$ 4,425,161	\$ 4,340,139	\$ 4,319,538	\$ 4,344,563	\$ 4,322,721
Financing:							
State General Fund	\$ 2,783,572	\$ 1,329,535	\$ 1,327,208	\$ 1,102,027	\$ 1,093,733	\$ 1,112,574	\$ 1,103,780
All Other Funds	1,597,166	3,101,405	3,097,953	3,238,112	3,225,805	3,231,989	3,218,941
TOTAL	\$ 4,380,738	\$ 4,430,940	\$ 4,425,161	\$ 4,340,139	\$ 4,319,538	\$ 4,344,563	\$ 4,322,721
FTE Positions	53.0	53.0	53.0	53.0	53.0	53.0	53.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	53.0	53.0	53.0	53.0	53.0	53.0	53.0

The **agency** requests \$4.3 million, including \$1.1 million from the State General Fund, for the Physical Plant/Central

Services program for FY 2018. This is an all funds decrease of \$90,801, or 2.1 percent, and a State General Fund decrease of

\$227,508, or 17.1 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in debt service interest expenditures associated with the State's Facility Conservation Improvement Program due to the agency re-estimating debt service interest payments. The decrease is partially offset by an increase in employer fringe benefit costs. Debt service principal expenditures are categorized as capital improvements and are reflected in the capital improvements section.

The **Governor** recommends expenditures of \$4.3 million, including \$1.1 million from the State General Fund, for FY 2018. This is an all funds decrease of \$20,601, or 0.5 percent, and a State General Fund decrease of \$8,294, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$4.3 million, including \$1.1 million from the State General Fund, for the Physical Plant/Central Services program for FY 2019. This is an all funds increase of \$4,424, or 0.1 percent, and a State General Fund increase of \$10,547, or 1.0 percent, above the FY 2018 request. The increase is attributable to an adjustment in salary shrinkage expenditures, partially offset by a decrease in debt service interest expenditures associated with the State's Facility Conservation Improvement Program due to the agency paying the final debt service principal payment in FY 2018.

The **Governor** recommends expenditures of \$4.3 million, including \$1.1 million from the State General Fund, for FY 2019. This is an all funds decrease of \$21,842, or 0.5 percent, and a State General Fund decrease of \$8,794, or 0.8 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Bond Principal	\$ 177,376	\$ 177,376	\$ 185,248	\$ 185,248	\$ 0	\$ 0
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	177,376	177,376	185,248	185,248	0	0
TOTAL	\$ 177,376	\$ 177,376	\$ 185,248	\$ 185,248	\$ 0	\$ 0

Current Year Agency Estimate

FY 2017–Current Year. The agency’s revised estimate totals \$177,376, all from the State Institutions Building Fund, for capital improvements in FY 2017. This is an increase of \$6,907, or 4.1 percent, above the amount approved by the 2016 Legislature. The increase in capital improvement expenditures is attributable to the agency recalculating the amount of payments for bond principal. Although most capital improvements for the Kansas Neurological Institute 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 State’s Facility Conservation Improvement Program 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. Debt service interest expenditures are categorized as an operating expenditure and are included in the Physical Plant/Central Services program.

Current Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of \$177,376, all from the State Institutions

Building Fund, in FY 2017. This is the same amount as the agency's revised FY 2017 estimate.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$185,248, all from the State Institutions Building Fund, for capital improvements for FY 2018. This is an increase of \$7,872, or 4.4 percent, above the revised FY 2017 estimate. The increase in capital improvement expenditures is attributable to the agency re-estimating bond principal payments. 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.

Budget Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of \$185,248, all from the State Institutions Building

Fund, for FY 2018. This is the same amount as the agency's FY 2018 request.

Budget Year Agency Request

FY 2019–Budget Year. The agency does not request capital improvement expenditures for FY 2019. FY 2018 contains the

final payment for participation in the State's Facility Conservation Improvement Program.

Budget Year Governor Recommendation

The **Governor** does not recommend capital improvement expenditures for FY 2019. This is consistent with the agency's FY 2019 request.

PERFORMANCE MEASURES					
<u>Measure</u>	<u>Gov. Rec. for FY 2016</u>	<u>Actual FY 2016</u>	<u>Gov. Rec. FY 2017</u>	<u>Gov. Rec. FY 2018</u>	<u>Gov. Rec. FY 2019</u>
Number of patients participating in supported employment	115	109	109	109	109
Percent of patients whose guardians agree the patient is treated with respect and dignity at KNI	100.0%	100.0%	100.0%	100.0%	100.0%
Percent of patients whose guardians agree that KNI provides a comprehensive array of services that meets the patient's overall needs and expectations	100.0%	95.0%	98.0%	100.0%	100.0%

PARSONS STATE HOSPITAL AND TRAINING CENTER

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 11,450,147	\$ 12,415,680	\$ 12,387,854	\$ 11,655,448	\$ 11,555,785	\$ 11,754,851	\$ 11,644,007
Other Funds	14,676,649	14,509,332	14,479,221	14,502,456	14,394,654	14,495,292	14,388,424
TOTAL	\$ 26,126,796	\$ 26,925,012	\$ 26,867,075	\$ 26,157,904	\$ 25,950,439	\$ 26,250,143	\$ 26,032,431
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	173,595	164,384	164,384	171,260	171,260	178,424	178,424
TOTAL	\$ 173,595	\$ 164,384	\$ 164,384	\$ 171,260	\$ 171,260	\$ 178,424	\$ 178,424
GRAND TOTAL	\$ 26,300,391	\$ 27,089,396	\$ 27,031,459	\$ 26,329,164	\$ 26,121,699	\$ 26,428,567	\$ 26,210,855
Percentage Change:							
Operating Expenditures							
State General Fund	3.1 %	8.4 %	8.2 %	(6.1) %	(6.7) %	0.9 %	0.8 %
All Funds	(0.4)	3.1	2.8	(2.8)	(3.4)	0.4	0.3
FTE Positions	477.2	477.2	477.2	477.2	477.2	477.2	477.2
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	477.2	477.2	477.2	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 and Training Center 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 services 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 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 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, 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 the Department of Social and Rehabilitation Services review the residents at the 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 the 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 (ERO) to carry out

the recommendations concerning the closure of the Kansas Neurological Institute and downsizing of Parsons State Hospital and Training Center, 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 the 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 the 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 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 Division of 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.

The **2016 Legislature** added \$973,000 in FY 2016 and \$1.0 million for FY 2017, all from the State General Fund, from moneys transferred from Larned State Hospital and added 10.0 FTE positions in both years to expand the Sexual Predator Treatment Program Transition Unit at Parsons State Hospital and Training Program. The Legislature also deleted \$117,068, all from the State General Fund, and transferred the same amount to the Kansas Department for Aging and Disability Services in FY 2016 and FY 2017 to reallocate a portion of the funding for a Forensic Psychologist position between the agencies.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Parsons State Hospital and Training Center.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 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 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
Total	170	163	165	164	163

ADMISSIONS

The chart below shows admissions to Parsons State Hospital and Training Center.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
First Admissions	9	8	13	11	9
Re-admissions and Transfers from Other KDADS Institutions	0	3	2	1	1
Total	9	11	15	12	10

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 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
Total	169	164	166	165	164

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency's** revised estimate in FY 2017 is \$27.1 million, including \$12.4 million from the State General Fund, for operational expenditures and capital improvements. This is the same all funds and State General Fund amount approved by the 2016 Legislature. The agency's revised estimate for operational expenditures is \$26.9 million, including \$12.4 million from the State General Fund, in FY 2017. This is an increase of \$3,500, or less than 0.1 percent, from the State General Fund above the amount approved by the 2016 Legislature. The increase is attributable to the agency shifting funding from capital improvements to the operating budget. The revised estimate includes the purchase of a transportation vehicle for the Sexual Predator Treatment Program Transition Unit and an adjustment to salary shrinkage, offset partially by a decrease in utilities

expenditures, computer services expenditures, household furniture and equipment for patients, and food for patients.

The agency's revised estimate for capital improvements is \$164,384, all from the State Institutions Building Fund, in FY 2017. This is an all funds decrease of \$3,500, or 2.1 percent, from the State General Fund below the amount approved by the 2016 Legislature. The decrease is attributable to the agency shifting expenditures from the capital improvements budget to the operating budget, due to the agency finishing minor building improvement projects in FY 2016 that were planned for FY 2017. Capital improvement funding 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.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$26.9 million, including \$12.4 million from the State General Fund. The recommendation is an all funds decrease of \$57,937, or 0.2 percent, and a State General Fund decrease of \$27,826, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the

Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor recommended capital improvement expenditures of \$164,384, all from the State Institutions Building Fund, in FY 2017. This is the same amount as the agency's revised estimate.

FY 2018 Agency Request

The **agency** requests operational expenditures of \$26.2 million, including \$11.7 million from the State General Fund, for FY 2018. This is an all funds decrease of \$767,108, or 2.8 percent, and a State General Fund decrease of \$760,232, or 6.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in salary and wage expenditures due to salaries returning to a normal level absent the one-time 27th payroll

period, partially offset by an increase in employer fringe benefit costs and utilities expenditures. The agency requests capital improvement expenditures of \$171,260, all from the State Institutions Building Fund, for FY 2018. The 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.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$26.0 million, including \$11.6 million from the State General Fund. This is an all funds decrease of \$207,465, or 0.8 percent, and a State General Fund decrease of \$99,663, or 0.9 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$169,918, including \$81,626 from the State General Fund, and to provide a

moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$37,547, including \$18,037 from the State General Fund.

The Governor recommends capital improvement expenditures of \$171,260, all from the State Institutions Building Fund, for FY 2018. This is the same amount as the agency's FY 2018 request.

FY 2019 Agency Request

The **agency** requests operating expenditures of \$26.3 million, including \$11.8 million from the State General Fund, for FY 2019. This is an all funds increase of \$92,239, or 0.4 percent, and a State General Fund increase of \$99,403, or 0.9 percent, above the FY 2018 request. The increase is primarily attributable to an increase in workers' compensation expenditures, employer fringe benefit costs, and utilities expenditures, partially offset by an adjustment to salary shrinkage and a decrease in expenditures by not replacing a

transportation vehicle for the Sexual Predator Treatment Program Transition Unit.

The agency requests capital improvement expenditures of \$178,424, all from the State Institutions Building Fund, for FY 2019. The 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.

FY 2019 Governor Recommendation

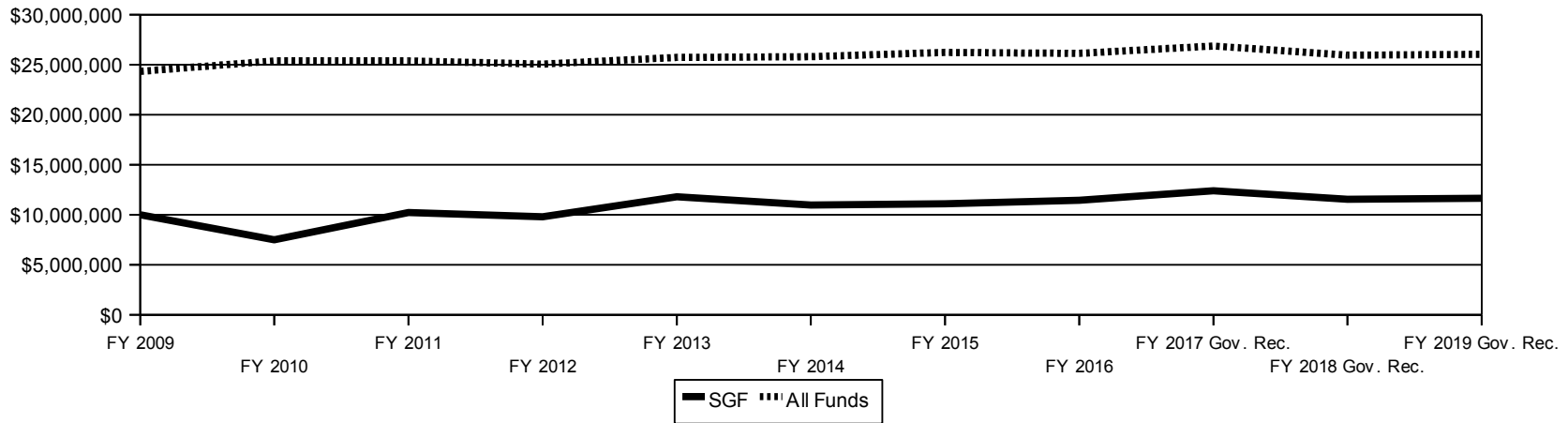
The **Governor** recommends FY 2019 operating expenditures of \$26.0 million, including \$11.6 million from the State General Fund. The recommendation is an all funds decrease of \$217,712, or 0.8 percent, and a State General Fund decrease of \$110,844, or 0.9 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor recommends capital improvement expenditures of \$178,424, all from the State Institutions Building Fund, for FY 2019. This is the same amount as the agency's FY 2019 request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	11,450,147	3.1	26,126,796	(0.4)	477.2
2017 Gov. Rec.	12,387,854	8.2	26,867,075	2.8	477.2
2018 Gov. Rec.	11,555,785	(6.7)	25,950,439	(3.4)	477.2
2019 Gov. Rec.	11,644,007	0.8	26,032,431	0.3	477.2
Eleven-Year Change	\$ 1,654,365	16.6 %	\$ 1,695,581	7.0 %	(20.0)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 1,381,144	\$ 1,498,259	\$ 1,482,258	\$ (16,001)	(1.1) %	\$ 1,495,158	\$ 1,470,923	\$ (24,235)	(1.6)%
Staff Edu & Research	331,056	352,406	348,413	(3,993)	(1.1)	351,605	345,487	(6,118)	(1.7)
SPTP Transition	989,061	1,347,689	1,353,633	5,944	0.4	1,345,326	1,344,852	(474)	(0.0)
Habilitation & Trmt	13,721,795	14,076,960	13,359,212	(717,748)	(5.1)	14,043,880	13,243,069	(800,811)	(5.7)
Ancillary Services	2,410,088	2,441,001	2,441,269	268	0.0	2,436,436	2,424,334	(12,102)	(0.5)
Med & Surgical Services	2,265,477	2,246,360	2,221,648	(24,712)	(1.1)	2,240,611	2,200,590	(40,021)	(1.8)
Phys Plant/Ctrl Services	5,028,175	4,962,337	4,951,471	(10,866)	(0.2)	4,954,059	4,921,184	(32,875)	(0.7)
TOTAL	\$ 26,126,796	\$ 26,925,012	\$ 26,157,904	\$ (767,108)	(2.8) %	\$ 26,867,075	\$ 25,950,439	\$ (916,636)	(3.4)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 22,674,015	\$ 23,533,323	\$ 22,758,086	\$ (775,237)	(3.3) %	\$ 23,475,386	\$ 22,550,621	\$ (924,765)	(3.9)%
Contractual Services	1,914,579	2,008,300	2,031,064	22,764	1.1	2,008,300	2,031,064	22,764	1.1
Commodities	1,269,165	1,273,925	1,281,803	7,878	0.6	1,273,925	1,281,803	7,878	0.6
Capital Outlay	204,599	75,250	70,420	(4,830)	(6.4)	75,250	70,420	(4,830)	(6.4)
Debt Service	14,195	23,407	16,531	(6,876)	(29.4)	23,407	16,531	(6,876)	(29.4)
Subtotal - Operations	\$ 26,076,553	\$ 26,914,205	\$ 26,157,904	\$ (756,301)	(2.8) %	\$ 26,856,268	\$ 25,950,439	\$ (905,829)	(3.4)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	50,243	10,807	0	(10,807)	(100.0)	10,807	0	(10,807)	(100.0)
TOTAL	\$ 26,126,796	\$ 26,925,012	\$ 26,157,904	\$ (767,108)	(2.8) %	\$ 26,867,075	\$ 25,950,439	\$ (916,636)	(3.4)%
Financing:									
State General Fund	\$ 11,450,147	\$ 12,415,680	\$ 11,655,448	\$ (760,232)	(6.1) %	\$ 12,387,854	\$ 11,555,785	\$ (832,069)	(6.7)%
PSH&TC Fee Fund	1,372,393	1,372,386	1,372,386	0	0.0	1,372,386	1,372,386	0	0.0
Title XIX Fund	13,290,061	13,113,539	13,113,539	0	0.0	13,083,428	13,005,737	(77,691)	(0.6)
All Other Funds	14,195	23,407	16,531	(6,876)	(29.4)	23,407	16,531	(6,876)	(29.4)
TOTAL	\$ 26,126,796	\$ 26,925,012	\$ 26,157,904	\$ (767,108)	(2.8) %	\$ 26,867,075	\$ 25,950,439	\$ (916,636)	(3.4)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 1,482,258	\$ 1,489,420	\$ 7,162	0.5 %	\$ 1,470,923	\$ 1,477,244	\$ 6,321	0.4 %
Staff Edu & Research	348,413	349,726	1,313	0.4	345,487	346,600	1,113	0.3
SPTP Transition	1,353,633	1,350,649	(2,984)	(0.2)	1,344,852	1,341,166	(3,686)	(0.3)
Habilitation & Trmt	13,359,212	13,374,232	15,020	0.1	13,243,069	13,254,237	11,168	0.1
Ancillary Services	2,441,269	2,458,764	17,495	0.7	2,424,334	2,440,673	16,339	0.7
Med & Surgical Services	2,221,648	2,233,507	11,859	0.5	2,200,590	2,211,015	10,425	0.5
Phys Plant/Ctrl Services	4,951,471	4,993,845	42,374	0.9	4,921,184	4,961,496	40,312	0.8
TOTAL	\$ 26,157,904	\$ 26,250,143	\$ 92,239	0.4 %	\$ 25,950,439	\$ 26,032,431	\$ 81,992	0.3 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 22,758,086	\$ 22,847,262	\$ 89,176	0.4 %	\$ 22,550,621	\$ 22,629,550	\$ 78,929	0.4 %
Contractual Services	2,031,064	2,056,056	24,992	1.2	2,031,064	2,056,056	24,992	1.2
Commodities	1,281,803	1,293,638	11,835	0.9	1,281,803	1,293,638	11,835	0.9
Capital Outlay	70,420	43,820	(26,600)	(37.8)	70,420	43,820	(26,600)	(37.8)
Debt Service	16,531	9,367	(7,164)	(43.3)	16,531	9,367	(7,164)	(43.3)
Subtotal - Operations	\$ 26,157,904	\$ 26,250,143	\$ 92,239	0.4 %	\$ 25,950,439	\$ 26,032,431	\$ 81,992	0.3 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 26,157,904	\$ 26,250,143	\$ 92,239	0.4 %	\$ 25,950,439	\$ 26,032,431	\$ 81,992	0.3 %
Financing:								
State General Fund	\$ 11,655,448	\$ 11,754,851	\$ 99,403	0.9 %	\$ 11,555,785	\$ 11,644,007	\$ 88,222	0.8 %
PSH&TC Fee Fund	1,372,386	1,372,386	0	0.0	1,372,386	1,372,386	0	0.0
Title XIX Fund	13,113,539	13,113,539	0	0.0	13,005,737	13,006,671	934	0.0
All Other Funds	16,531	9,367	(7,164)	(43.3)	16,531	9,367	(7,164)	(43.3)
TOTAL	\$ 26,157,904	\$ 26,250,143	\$ 92,239	0.4 %	\$ 25,950,439	\$ 26,032,431	\$ 81,992	0.3 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$12,415,680 for Parsons State Hospital and Training

Center in FY 2017. No adjustments have been made subsequently 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	\$ 12,415,680	\$ 12,415,680	\$ 0	\$ 12,387,854	\$ (27,826)
All Other Funds	14,673,716	14,673,716	0	14,643,605	(30,111)
TOTAL	\$ 27,089,396	\$ 27,089,396	\$ 0	\$ 27,031,459	\$ (57,937)
FTE Positions	477.2	477.2	0.0	477.2	0.0

The **agency's** revised estimate in FY 2017 is \$27.1 million, including \$12.4 million from the State General Fund, for operational expenditures and capital improvements. This is the same all funds and State General Fund amount approved by the 2016 Legislature. The agency's revised estimate for operational expenditures is \$26.9 million, including \$12.4 million from the State General Fund, in FY 2017. This is an increase of \$3,500, or less than 0.1 percent from the State General Fund above the amount approved by the 2016 Legislature. The increase is attributable to the agency shifting funding from capital improvements to the operating budget. The revised estimate includes the purchase of a transportation vehicle for the Sexual

Predator Treatment Program Transition Unit and an adjustment to salary shrinkage, offset partially by a decrease in utilities expenditures, computer services expenditures, household furniture and equipment for patients, and food for patients. The increase in operational expenditures is offset by a decrease in capital improvement expenditures of \$3,500, or 2.1 percent, from the State General Fund in FY 2017, which is described in the capital improvements section.

The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$23.5 million, including \$10.9 million from the State General Fund, for salaries and wages in FY 2017. This is an all funds increase of \$534,110, or 2.3 percent, and a State General Fund increase of \$425,174, or 4.0 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to an adjustment to salary shrinkage, partially offset by a decrease in base salary and fringe benefit expenditures;
- **Contractual Services.** The agency requests \$2.0 million, including \$1.1 million from the State General Fund, for contractual services in FY 2017. This an all funds decrease of \$330,620, or 14.1 percent, and a State General Fund decrease of \$378,287, or 25.3 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to a decrease in utilities expenditures, computer services expenditures, and other professional fees;
- **Commodities.** The agency requests \$1.3 million, including \$306,969 from the State General Fund, for commodities in FY 2017. This is an all funds decrease of \$156,455, or 10.9 percent, and a State General Fund decrease of \$16,513, or 5.1 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to a decrease in household supplies, food for patients, and drug and pharmaceutical expenditures;
- **Capital Outlay.** The agency requests \$75,250, including \$42,250 from the State General Fund, for

capital outlay in FY 2017. This is an all funds decrease of \$43,850, or 36.8 percent, and a State General Fund decrease of \$28,450, or 40.2 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to a decrease in equipment for the Sexual Predator Treatment Program Transition Unit and patient household furniture and equipment. This is offset partially by increased expenditures by the agency to replace a transportation vehicle for the Sexual Predator Treatment Program Transition Unit;

- **Debt Service Interest.** The agency requests \$23,407, all from the State Institutions Building Fund, for debt service interest payments. This is the same amount approved by the 2016 Legislature; and
- **Other Assistance.** The agency requests \$10,807, all from the State General Fund, for other assistance in FY 2017. This is an all funds increase of \$315, or 3.0 percent, and a State General Fund increase of \$1,576, or 17.1 percent, above the amount approved by the 2016 Legislature. Other Assistance expenditures include insurance benefit costs incurred as a result of the Voluntary Retirement Incentive Program. FY 2017 is the final year the agency will have expenses associated with the program.

The **Governor** recommends FY 2017 operating expenditures of \$26.9 million, including \$12.4 million from the State General Fund. The recommendation is an all funds decrease of \$57,937, or 0.2 percent, and a State General Fund decrease of \$27,826, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 26,157,904	\$ 25,950,439	\$ (207,465)
FTE Positions	477.2	477.2	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (760,232)	\$ (832,069)	
All Other Funds	(6,876)	(84,567)	
TOTAL	<u>\$ (767,108)</u>	<u>\$ (916,636)</u>	
<i>Percent Change:</i>			
State General Fund	(6.1) %	(6.7) %	
All Other Funds	(0.0)	(0.6)	
TOTAL	<u>(2.8) %</u>	<u>(3.4) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operational expenditures of \$26.2 million, including \$11.7 million from the State General Fund, for FY 2018. This is an all funds decrease of \$767,108, or 2.8 percent, and a State General Fund decrease of \$760,232, or 6.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a

decrease in salary and wage expenditures due to salaries returning to a normal level absent the one-time 27th payroll period, partially offset by an increase in employer fringe benefit costs and utilities expenditures.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$22.8 million, including \$10.2 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$775,237, or 3.3 percent, and a State General Fund decrease of \$712,731, or 6.5 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$2.0 million, including \$1.1 million from the State General Fund, for contractual services for FY 2018. This is an all funds increase of \$22,764, or 1.1 percent, and a State General Fund decrease of \$24,874, or 2.2 percent, from the FY 2017 revised estimate. The all funds increase is primarily attributable to an increase in utilities expenditures;
- **Commodities.** The agency requests \$1.3 million, including \$298,949 from the State General Fund, for commodities for FY 2018. This is an all funds increase of \$7,878, or 0.6 percent, and a State General Fund decrease of \$8,020, or 2.6 percent, from the FY 2017 revised estimate. The all funds

increase is primarily attributable to an increase in food for patients and pharmaceutical supplies;

- **Capital Outlay.** The agency requests \$70,420, including \$38,450 from the State General Fund, for capital outlay for FY 2018. This is an all funds decrease of \$4,830, or 6.4 percent, and a State General Fund decrease of \$3,800, or 9.0 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in patient furniture and housing equipment; and
- **Debt Service Interest.** The agency requests \$16,531, all from special revenue funds, for debt service interest payments for FY 2018. This is a decrease of \$6,876, or 29.4 percent, below the FY 2017 revised estimate. The decrease is attributable to the agency re-estimating debt service interest expenditures.

The **Governor** recommends FY 2018 operating expenditures of \$26.0 million, including \$11.6 million from the State General Fund. This is an all funds decrease of \$207,465, or 0.8 percent, and a State General Fund decrease of \$99,663, or 0.9 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$169,918, including \$81,626 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$37,547, including \$18,037 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2018 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Eliminate DD&TS Program	\$ (555,171)	\$ (555,171)	0.0	\$ 0	\$ 0	0.0
Terminate Two Employees	(27,601)	(27,601)	0.0	0	0	0.0
TOTAL	\$ (582,772)	\$ (582,772)	0.0	\$ 0	\$ 0	0.0

The **agency** submitted reduced resources totaling \$582,772, all from the State General Fund, for FY 2018.

Eliminate DD&TS Program. The first reduced resource option submitted by the agency would eliminate all funding associated with its Dual Diagnosis Treatment and Training Services (DD&TS) outreach program. This would involve laying off FTE positions and eliminating contractual and commodity service costs associated with the program. The agency indicates that if the DD&TS program is eliminated, the total estimated annual increased costs to the State would total \$9.2 million and would necessitate the addition of 28.0 FTE positions.

Terminate Two Employees. The second reduced resource option submitted by the agency would involve terminating two temporary employees. While the agency notes salary savings of eliminating these two positions would total \$27,601, it would necessitate overtime expenditures on other employees, which would total an increase of \$46,164, so the net result of eliminating these positions would cost the agency more than retaining the employees.

The **Governor** does not recommend the agency's reduced resources for FY 2018.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 26,250,143	\$ 26,032,431	\$ (217,712)
FTE Positions	477.2	477.2	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 99,403	\$ 88,222	
All Other Funds	(7,164)	(6,230)	
TOTAL	<u>\$ 92,239</u>	<u>\$ 81,992</u>	
<i>Percent Change:</i>			
State General Fund	0.9 %	0.8 %	
All Other Funds	(0.0)	(0.0)	
TOTAL	<u>0.4 %</u>	<u>0.3 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of \$26.3 million, including \$11.8 million from the State General Fund, for FY 2019. This is an all funds increase of \$92,239, or 0.4 percent, and a State General Fund increase of \$99,403, or 0.9 percent, above the FY 2018 request. The increase is primarily attributable to an increase in workers' compensation expenditures, employer fringe benefit costs, and utilities

expenditures, partially offset by an adjustment to salary shrinkage and a decrease in expenditures by not replacing a transportation vehicle for the Sexual Predator Treatment Program Transition Unit.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$22.8 million, including \$10.5 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$89,176, or 0.4 percent, and a State General Fund increase of \$272,075, or 2.7 percent, above the FY 2018 request. The increase is primarily attributable to an increase in workers' compensation expenditures and employer fringe benefit costs, partially offset by an adjustment to salary shrinkage;
- **Contractual Services.** The agency requests \$2.1 million, including \$940,243 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$24,992, or 1.2 percent, and a State General Fund decrease of \$151,248, or 13.9 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in utilities expenditures;
- **Commodities.** The agency requests \$1.3 million, including \$303,825 from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$11,835, or 0.9 percent, and a State General Fund increase of \$4,876, or 1.6 percent, above the FY 2018 request. The increase is primarily attributable to an increase in food for patients and pharmaceutical supplies;
- **Capital Outlay.** The agency requests \$43,820, including \$12,150 from the State General Fund, for capital outlay for FY 2019. This is an all funds decrease of \$26,600, or 37.8 percent, and a State General Fund decrease of \$26,300, or 68.4 percent, below the FY 2018 request. The decrease is primarily attributable to the agency not replacing a transportation vehicle for use by the Sexual Predator Treatment Program Transition Unit for FY 2019, as it plans to replace one vehicle in FY 2017 and FY 2018. The decrease also is attributable to a decrease in patient household furniture and equipment; and
- **Debt Service Interest.** The agency requests \$9,367, all from the State Institutions Building Fund, for debt service interest for FY 2019. This is a decrease of \$7,164, or 43.3 percent, below the FY 2018 request. The decrease is attributable to the agency re-estimating debt service interest expenditures.

The **Governor** recommends FY 2019 operating expenditures of \$26.0 million, including \$11.6 million from the State General Fund. The recommendation is an all funds decrease of \$217,712, or 0.8 percent, and a State General Fund decrease of \$110,844, or 0.9 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Eliminate DD&TS Program	\$ (559,484)	\$ (559,484)	0.0	\$ 0	\$ 0	0.0
Terminate Two Employees	(28,259)	(28,259)	0.0	0	0	0.0
TOTAL	\$ (587,743)	\$ (587,743)	0.0	\$ 0	\$ 0	0.0

The **agency** submitted reduced resources totaling \$587,743, all from the State General Fund, for FY 2019.

Eliminate DD&TS Program. The first reduced resource option submitted by the agency would eliminate all funding associated with its Dual Diagnosis Treatment and Training Services (DD&TS) outreach program. This would involve laying off FTE positions and eliminating contractual and commodity service costs associated with the program. The agency indicates that if the DD&TS program is eliminated, the total estimated annual increased costs to the State would total \$9.7 million and would necessitate the addition of 28.0 FTE positions.

Terminate Two Employees. The second reduced resource option submitted by the agency would involve terminating two temporary employees. While the agency notes salary savings of eliminating these two positions would total \$28,259, it would necessitate overtime expenditures on other employees, which would total an increase of \$47,151, so the net result of eliminating these positions would cost the agency more than retaining the employees.

The **Governor** does not recommend the agency's reduced resources for FY 2019.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$148,238, including \$68,902 from the State General Fund; FY 2018 longevity payments total \$156,037, including \$70,072 from the State General Fund; and FY 2019 longevity payments total \$165,310, including \$75,883 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$57,937, including \$27,826 from the State General Fund, in FY 2017; by \$169,918, including \$81,626 from the State General Fund, for FY 2018; and by \$217,712, including \$110,844 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$37,547, including \$18,037 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

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 they charge 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 developmentally disabled (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 primarily is 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 Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	44.6 %	44.5 %	44.8 %	44.7 %
PSH&TC Fee Fund	5.2	5.3	5.2	5.3
Title XIX Fund	50.1	50.1	50.0	50.0
State Inst Building Fund	0.1	0.1	0.0	0.0
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Parsons State Hospital and Training Center Fee Fund Analysis

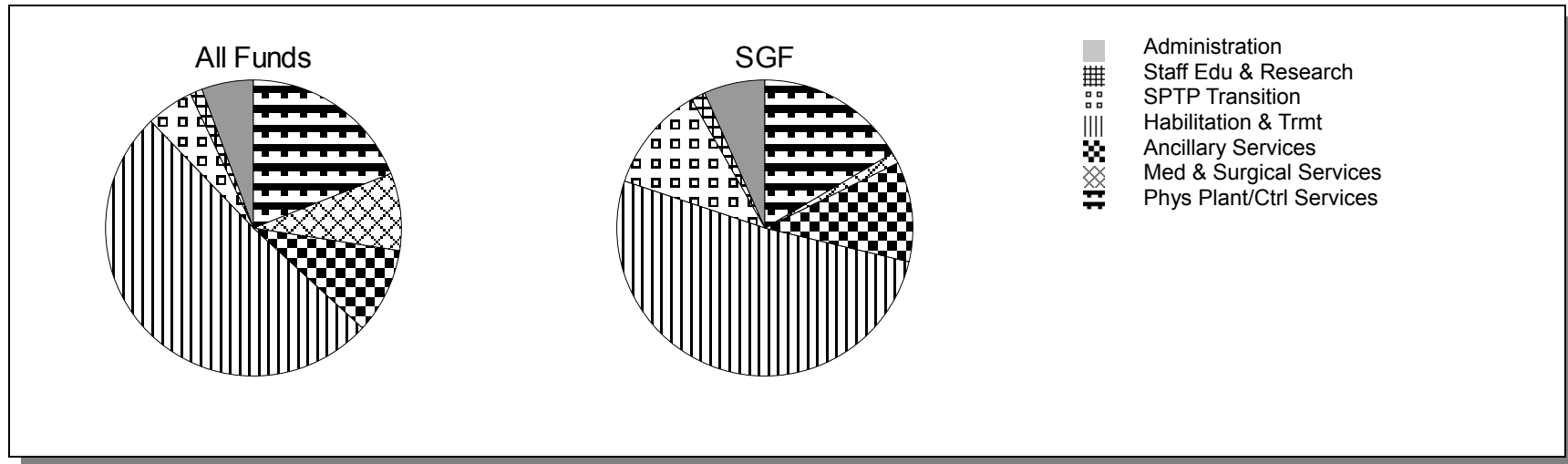
KSA 76-1409a provides that the superintendent of the Parsons State Hospital and Training Center shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Parsons State Hospital and Training

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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 155,716	\$ 38,068	\$ 38,068	\$ 37,810	\$ 37,810	\$ 18,932	\$ 18,932
Revenue	1,254,745	1,372,128	1,372,128	1,353,508	1,353,508	1,355,310	1,355,310
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 1,410,461	\$ 1,410,196	\$ 1,410,196	\$ 1,391,318	\$ 1,391,318	\$ 1,374,242	\$ 1,374,242
Less: Expenditures	1,372,393	1,372,386	1,372,386	1,372,386	1,372,386	1,372,386	1,372,386
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 38,068</u>	<u>\$ 37,810</u>	<u>\$ 37,810</u>	<u>\$ 18,932</u>	<u>\$ 18,932</u>	<u>\$ 1,856</u>	<u>\$ 1,856</u>
Ending Balance as Percent of Expenditures	2.8%	2.8%	2.8%	1.4%	1.4%	0.1%	0.1%
Month Highest Ending Balance	December <u>\$ 146,675</u>	December <u>\$ 35,858</u>	December <u>\$ 35,858</u>	December <u>\$ 35,615</u>	December <u>\$ 35,615</u>	December <u>\$ 17,833</u>	December <u>\$ 17,833</u>
Month Lowest Ending Balance	March <u>\$ 9,048</u>	March <u>\$ 2,212</u>	March <u>\$ 2,212</u>	March <u>\$ 2,197</u>	March <u>\$ 2,197</u>	March <u>\$ 1,100</u>	March <u>\$ 1,100</u>

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 1,470,923	5.7 %	\$ 770,809	6.7 %
Staff Edu & Research	345,487	1.3	179,975	1.6
SPTP Transition	1,344,852	5.2	1,344,852	11.6
Habilitation & Trmt	13,243,069	51.0	5,949,010	51.5
Ancillary Services	2,424,334	9.3	1,260,374	10.9
Med & Surgical Services	2,200,590	8.5	138,075	1.2
Phys Plant/Ctrl Services	4,921,184	19.0	1,912,690	16.6
TOTAL	\$ 25,950,439	100.0 %	\$ 11,555,785	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Staff Edu & Research	5.0	5.0	5.0	5.0	5.0	5.0	5.0
SPTP Transition	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Habilitation & Trmt	288.0	288.0	288.0	288.0	288.0	288.0	288.0
Ancillary Services	34.2	34.2	34.2	34.2	34.2	34.2	34.2
Med & Surgical Services	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Phys Plant/Ctrl Services	81.0	81.0	81.0	81.0	81.0	81.0	81.0
TOTAL	<u>477.2</u>	<u>477.2</u>	<u>477.2</u>	<u>477.2</u>	<u>477.2</u>	<u>477.2</u>	<u>477.2</u>

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,082,801	\$ 1,204,066	\$ 1,200,965	\$ 1,188,063	\$ 1,176,728	\$ 1,195,225	\$ 1,183,049
Contractual Services	263,519	262,948	262,948	262,950	262,950	262,950	262,950
Commodities	19,646	18,800	18,800	18,800	18,800	18,800	18,800
Capital Outlay	14,080	12,445	12,445	12,445	12,445	12,445	12,445
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,380,046</i>	<i>\$ 1,498,259</i>	<i>\$ 1,495,158</i>	<i>\$ 1,482,258</i>	<i>\$ 1,470,923</i>	<i>\$ 1,489,420</i>	<i>\$ 1,477,244</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	1,098	0	0	0	0	0	0
TOTAL	<u>\$ 1,381,144</u>	<u>\$ 1,498,259</u>	<u>\$ 1,495,158</u>	<u>\$ 1,482,258</u>	<u>\$ 1,470,923</u>	<u>\$ 1,489,420</u>	<u>\$ 1,477,244</u>
Financing:							
State General Fund	\$ 1,460,860	\$ 785,771	\$ 784,092	\$ 776,945	\$ 770,809	\$ 714,975	\$ 708,071
All Other Funds	(79,716)	712,488	711,066	705,313	700,114	774,445	769,173
TOTAL	<u>\$ 1,381,144</u>	<u>\$ 1,498,259</u>	<u>\$ 1,495,158</u>	<u>\$ 1,482,258</u>	<u>\$ 1,470,923</u>	<u>\$ 1,489,420</u>	<u>\$ 1,477,244</u>
FTE Positions	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>

The **agency** requests \$1.5 million, including \$776,945 from the State General Fund, for the Administration program for FY 2018. This is an all funds decrease of \$16,001, or 1.1 percent, and a State General Fund decrease of \$8,826, or 1.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to salaries and wages returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017, partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$1.5 million, including \$770,809 from the State General Fund, for FY 2018. This is an all funds decrease of \$11,335, or 0.8 percent, and a State General Fund decrease of \$6,136, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$1.5 million, including \$714,975 from the State General Fund, for the Administration program for FY 2019. This is an all funds increase of \$7,162, or 0.5 percent, and a State General Fund decrease of \$61,970, or 8.0 percent, from the FY 2018 request. The increase is attributable to an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$1.5 million, including \$708,071 from the State General Fund, for FY 2019. This is an all funds decrease of \$12,176, or 0.8 percent, and a State General Fund decrease of \$6,904, or 1.0 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

B. Staff Education and Research

The Staff Education and Research 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 289,664	\$ 311,306	\$ 310,505	\$ 307,313	\$ 304,387	\$ 308,626	\$ 305,500
Contractual Services	39,484	39,500	39,500	39,500	39,500	39,500	39,500
Commodities	1,908	1,600	1,600	1,600	1,600	1,600	1,600
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 331,056</u>	<u>\$ 352,406</u>	<u>\$ 351,605</u>	<u>\$ 348,413</u>	<u>\$ 345,487</u>	<u>\$ 349,726</u>	<u>\$ 346,600</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 331,056</u>	<u>\$ 352,406</u>	<u>\$ 351,605</u>	<u>\$ 348,413</u>	<u>\$ 345,487</u>	<u>\$ 349,726</u>	<u>\$ 346,600</u>
Financing:							
State General Fund	\$ 140,206	\$ 183,276	\$ 182,894	\$ 181,369	\$ 179,975	\$ 182,002	\$ 180,513
All Other Funds	190,850	169,130	168,711	167,044	165,512	167,724	166,087
TOTAL	<u>\$ 331,056</u>	<u>\$ 352,406</u>	<u>\$ 351,605</u>	<u>\$ 348,413</u>	<u>\$ 345,487</u>	<u>\$ 349,726</u>	<u>\$ 346,600</u>
FTE Positions	5.0	5.0	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	0.0	0.0
TOTAL	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>

The **agency** requests \$348,413, including \$181,369 from the State General Fund, for the Staff Education and Research program for FY 2018. This is an all funds decrease of \$3,993, or 1.1 percent, and a State General Fund decrease of \$1,907, or

1.0 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to salaries and wages returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017, partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$345,487, including \$179,975 from the State General Fund, for FY 2018. This is an all funds decrease of \$2,926, or 0.8 percent, and a State General Fund decrease of \$1,394, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$349,726, including \$182,002 from the State General Fund, for the Staff Education and Research program for FY 2019. This is an all funds increase of \$1,313, or 0.4 percent, and a State General Fund increase of \$633, or 0.3 percent, above the FY 2018 request. The increase is attributable to an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$346,600, including \$180,513 from the State General Fund, for FY 2019. This is an all funds decrease of \$3,126, or 0.9 percent, and a State General Fund decrease of \$1,489, or 0.8 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

C. Sexual Predator Treatment Program—Transition

The Sexual Predator Treatment Program (SPTP) 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, also are supported by the program utilizing community providers. Up to 16 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 2015, PSH&TC opened a second reintegration facility (Willow House) to support additional clients entering the program.

SEXUAL PREDATOR TREATMENT PROGRAM—TRANSITION							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 771,419	\$ 979,615	\$ 977,252	\$ 987,869	\$ 979,088	\$ 1,006,964	\$ 997,481
Contractual Services	159,819	322,880	322,880	324,490	324,490	328,210	328,210
Commodities	6,905	12,194	12,194	12,074	12,074	12,575	12,575
Capital Outlay	50,918	33,000	33,000	29,200	29,200	2,900	2,900
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 989,061</u>	<u>\$ 1,347,689</u>	<u>\$ 1,345,326</u>	<u>\$ 1,353,633</u>	<u>\$ 1,344,852</u>	<u>\$ 1,350,649</u>	<u>\$ 1,341,166</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 989,061</u>	<u>\$ 1,347,689</u>	<u>\$ 1,345,326</u>	<u>\$ 1,353,633</u>	<u>\$ 1,344,852</u>	<u>\$ 1,350,649</u>	<u>\$ 1,341,166</u>
Financing:							
State General Fund	\$ 944,191	\$ 1,347,689	\$ 1,345,326	\$ 1,353,633	\$ 1,344,852	\$ 1,350,649	\$ 1,341,166
All Other Funds	44,870	0	0	0	0	0	0
TOTAL	<u>\$ 989,061</u>	<u>\$ 1,347,689</u>	<u>\$ 1,345,326</u>	<u>\$ 1,353,633</u>	<u>\$ 1,344,852</u>	<u>\$ 1,350,649</u>	<u>\$ 1,341,166</u>
FTE Positions	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>22.0</u>	<u>22.0</u>	<u>22.0</u>	<u>22.0</u>	<u>22.0</u>	<u>22.0</u>	<u>22.0</u>

The **agency** requests \$1.4 million, all from the State General Fund, for the Sexual Predator Treatment Program Transition Unit for FY 2018. This is an increase of \$5,944, or 0.4 percent, from the State General Fund above the FY 2017 revised estimate. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in employer fringe benefit costs, partially offset by a decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017. FY 2016 was the first year of operations for the second transition unit and costs reflected the unit had not reached capacity. The increase between FY 2016 actuals and FY 2017 is due to the agency budgeting the transition unit to be fully functional in FY 2017, with an increase in anticipated medical service expenditures for patients.

The **Governor** recommends expenditures of \$1.3 million, all from the State General Fund, for FY 2019. This is a decrease of \$8,781, or 0.6 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation

to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$1.4 million, all from the State General Fund, for the Sexual Predator Treatment Program Transition Unit for FY 2019. This is a decrease of \$2,984, or 0.2 percent, below the FY 2018 request. The decrease is primarily attributable to the agency not purchasing a transportation vehicle for the Sexual Predator Treatment Program Transition Unit and a decrease in patient household furniture and equipment, partially offset by an adjustment to salary shrinkage and an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$1.3 million, all from the State General Fund, for FY 2019. This is a decrease of \$9,483, or 0.7 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 that 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 Lifestyle 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 13 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 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 13,130,643	\$ 13,528,126	\$ 13,495,046	\$ 12,811,762	\$ 12,695,619	\$ 12,820,882	\$ 12,700,887
Contractual Services	189,440	189,380	189,380	191,400	191,400	193,350	193,350
Commodities	340,352	340,100	340,100	343,250	343,250	347,500	347,500
Capital Outlay	27,377	13,350	13,350	12,800	12,800	12,500	12,500
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 13,687,812</i>	<i>\$ 14,070,956</i>	<i>\$ 14,037,876</i>	<i>\$ 13,359,212</i>	<i>\$ 13,243,069</i>	<i>\$ 13,374,232</i>	<i>\$ 13,254,237</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	33,983	6,004	6,004	0	0	0	0
TOTAL	\$ 13,721,795	\$ 14,076,960	\$ 14,043,880	\$ 13,359,212	\$ 13,243,069	\$ 13,374,232	\$ 13,254,237
Financing:							
State General Fund	\$ 5,254,198	\$ 6,561,419	\$ 6,544,991	\$ 6,007,209	\$ 5,949,010	\$ 5,060,604	\$ 5,006,162
All Other Funds	8,467,597	7,515,541	7,498,889	7,352,003	7,294,059	8,313,628	8,248,075
TOTAL	\$ 13,721,795	\$ 14,076,960	\$ 14,043,880	\$ 13,359,212	\$ 13,243,069	\$ 13,374,232	\$ 13,254,237
FTE Positions	288.0	288.0	288.0	288.0	288.0	288.0	288.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	288.0	288.0	288.0	288.0	288.0	288.0	288.0

The **agency** requests \$13.4 million, including \$6.0 million from the State General Fund, for the Habilitation and Treatment program for FY 2018. This is an all funds decrease of \$717,748, or 5.1 percent, and a State General Fund decrease of \$554,210, or 8.5 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017, partially offset by

an increase in employer fringe benefit costs and an increase in food for patient consumption.

The **Governor** recommends expenditures of \$13.2 million, including \$5.9 million from the State General Fund, for FY 2018. This is an all funds decrease of \$116,143, or 0.9 percent, and a State General Fund decrease of \$58,199, or 1.0 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer

contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$13.4 million, including \$5.1 million from the State General Fund, for the Habilitation and Treatment program for FY 2019. This is an all funds increase of \$15,020, or 0.1 percent, and a State General Fund decrease of \$946,605, or 15.8 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in employer fringe benefit costs and an increase in food for patient

consumption, partially offset by an adjustment in salary shrinkage.

The **Governor** recommends expenditures of \$13.3 million, including \$5.0 million from the State General Fund, for FY 2019. This is an all funds decrease of \$119,995, or 0.9 percent, and a State General Fund decrease of \$54,442, or 1.1 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 lifestyle 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 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,809,110	\$ 1,850,244	\$ 1,845,679	\$ 1,850,919	\$ 1,833,984	\$ 1,864,239	\$ 1,846,148
Contractual Services	380,483	380,475	380,475	381,625	381,625	382,975	382,975
Commodities	204,246	204,600	204,600	206,525	206,525	209,350	209,350
Capital Outlay	3,701	2,680	2,680	2,200	2,200	2,200	2,200
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,397,540</i>	<i>\$ 2,437,999</i>	<i>\$ 2,433,434</i>	<i>\$ 2,441,269</i>	<i>\$ 2,424,334</i>	<i>\$ 2,458,764</i>	<i>\$ 2,440,673</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	12,548	3,002	3,002	0	0	0	0
TOTAL	<u>\$ 2,410,088</u>	<u>\$ 2,441,001</u>	<u>\$ 2,436,436</u>	<u>\$ 2,441,269</u>	<u>\$ 2,424,334</u>	<u>\$ 2,458,764</u>	<u>\$ 2,440,673</u>
Financing:							
State General Fund	\$ 1,016,149	\$ 1,330,102	\$ 1,327,762	\$ 1,268,518	\$ 1,260,374	\$ 1,075,662	\$ 1,068,851
All Other Funds	1,393,939	1,110,899	1,108,674	1,172,751	1,163,960	1,383,102	1,371,822
TOTAL	<u>\$ 2,410,088</u>	<u>\$ 2,441,001</u>	<u>\$ 2,436,436</u>	<u>\$ 2,441,269</u>	<u>\$ 2,424,334</u>	<u>\$ 2,458,764</u>	<u>\$ 2,440,673</u>
FTE Positions	34.2	34.2	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	0.0	0.0
TOTAL	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>

The **agency** requests \$2.4 million, including \$1.3 million from the State General Fund, for the Ancillary Services program for FY 2018. This is all funds increase of \$268, or less than 0.1 percent, and a State General Fund decrease of \$61,584, or 4.6 percent, from the FY 2017 revised estimate. The increase is primarily attributable to an increase in employer fringe benefit costs and pharmaceutical expenditures for patient treatment, partially offset by salaries returning to a normal level absent the one-time 27th payroll period occurring in FY 2017.

The **Governor** recommends expenditures of \$2.4 million, including \$1.3 million from the State General fund, for FY 2018. This is an all funds decrease of \$16,935, or 0.7 percent, and a State General Fund decrease of \$8,144, or 0.6 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$2.5 million, including \$1.1 million from the State General Fund, for the Ancillary Services program for FY 2019. This is an all funds increase of \$17,495, or 0.7 percent, and a State General Fund decrease of \$192,856, or 15.2 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in employer fringe benefit costs and pharmaceutical expenditures for patient treatment.

The **Governor** recommends expenditures of \$2.4 million, including \$1.1 million from the State General Fund, for FY 2019. This is an all funds decrease of \$18,091, or 0.7 percent, and a State General Fund decrease of \$6,811, or 0.6 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 2,214,650	\$ 2,194,085	\$ 2,188,336	\$ 2,168,873	\$ 2,147,815	\$ 2,180,432	\$ 2,157,940
Contractual Services	16,383	17,100	17,100	17,600	17,600	17,900	17,900
Commodities	31,812	32,300	32,300	32,300	32,300	32,300	32,300
Capital Outlay	2,632	2,875	2,875	2,875	2,875	2,875	2,875
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 2,265,477</u>	<u>\$ 2,246,360</u>	<u>\$ 2,240,611</u>	<u>\$ 2,221,648</u>	<u>\$ 2,200,590</u>	<u>\$ 2,233,507</u>	<u>\$ 2,211,015</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 2,265,477</u>	<u>\$ 2,246,360</u>	<u>\$ 2,240,611</u>	<u>\$ 2,221,648</u>	<u>\$ 2,200,590</u>	<u>\$ 2,233,507</u>	<u>\$ 2,211,015</u>
Financing:							
State General Fund	\$ 753,916	\$ 136,923	\$ 136,494	\$ 139,690	\$ 138,075	\$ 1,464,971	\$ 1,449,890
All Other Funds	1,511,561	2,109,437	2,104,117	2,081,958	2,062,515	768,536	761,125
TOTAL	<u>\$ 2,265,477</u>	<u>\$ 2,246,360</u>	<u>\$ 2,240,611</u>	<u>\$ 2,221,648</u>	<u>\$ 2,200,590</u>	<u>\$ 2,233,507</u>	<u>\$ 2,211,015</u>
FTE Positions	30.0	30.0	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	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>	<u>30.0</u>	<u>30.0</u>

The **agency** requests \$2.2 million, including \$139,690 from the State General Fund, for the Medical and Surgical Services program for FY 2018. This is an all funds decrease of \$24,712, or 1.1 percent, and a State General Fund increase of \$2,767, or 2.0 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017, partially offset by an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$2.2 million, including \$138,075 from the State General Fund, for FY 2018. This is an all funds decrease of \$21,058, or 0.9 percent, and a State General Fund decrease of \$1,615, or 1.2 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a

moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$2.2 million, including \$1.5 million from the State General Fund, for the Medical and Surgical Services program for FY 2019. This is an all funds increase of \$11,859, or 0.5 percent, and a State General Fund increase of \$1.3 million, or 948.7 percent, above the FY 2018 request. The all funds increase is primarily attributable to an increase in employer fringe benefit costs.

The **Governor** recommends expenditures of \$2.2 million, including \$1.4 million from the State General Fund, for FY 2019. This is an all funds decrease of \$22,492, or 1.0 percent, and a State General Fund decrease of \$15,081, or 1.0 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 services; provides transportation vehicles, vehicle maintenance, and 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 3,375,728	\$ 3,465,881	\$ 3,457,603	\$ 3,443,287	\$ 3,413,000	\$ 3,470,894	\$ 3,438,545
Contractual Services	865,451	796,017	796,017	813,499	813,499	831,171	831,171
Commodities	664,296	664,331	664,331	667,254	667,254	671,513	671,513
Capital Outlay	105,891	10,900	10,900	10,900	10,900	10,900	10,900
Debt Service	14,195	23,407	23,407	16,531	16,531	9,367	9,367
<i>Subtotal - Operations</i>	<u>\$ 5,025,561</u>	<u>\$ 4,960,536</u>	<u>\$ 4,952,258</u>	<u>\$ 4,951,471</u>	<u>\$ 4,921,184</u>	<u>\$ 4,993,845</u>	<u>\$ 4,961,496</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	2,614	1,801	1,801	0	0	0	0
TOTAL	<u>\$ 5,028,175</u>	<u>\$ 4,962,337</u>	<u>\$ 4,954,059</u>	<u>\$ 4,951,471</u>	<u>\$ 4,921,184</u>	<u>\$ 4,993,845</u>	<u>\$ 4,961,496</u>
Financing:							
State General Fund	\$ 1,880,627	\$ 2,070,500	\$ 2,066,295	\$ 1,928,084	\$ 1,912,690	\$ 1,905,988	\$ 1,889,354
All Other Funds	3,147,548	2,891,837	2,887,764	3,023,387	3,008,494	3,087,857	3,072,142
TOTAL	<u>\$ 5,028,175</u>	<u>\$ 4,962,337</u>	<u>\$ 4,954,059</u>	<u>\$ 4,951,471</u>	<u>\$ 4,921,184</u>	<u>\$ 4,993,845</u>	<u>\$ 4,961,496</u>
FTE Positions	81.0	81.0	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	0.0	0.0
TOTAL	<u>81.0</u>	<u>81.0</u>	<u>81.0</u>	<u>81.0</u>	<u>81.0</u>	<u>81.0</u>	<u>81.0</u>

The **agency** requests \$5.0 million, including \$1.9 million from the State General Fund, for the Physical Plant/Central Services program for FY 2018. This is an all funds decrease of \$10,866, or 0.2 percent, and a State General Fund decrease of \$142,416, or 6.9 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017, a decrease in debt service interest payments due to the agency re-estimating debt service expenditures for participation in the State's Facility Conservation Improvement Program, and contributions for the Voluntary Retirement Incentive Program. The decrease is offset partially by an increase in employer fringe benefit costs and utilities expenditures. Debt service principal payments are categorized as capital improvements, and are reflected in the capital improvement section.

The **Governor** recommends expenditures of \$4.9 million, including \$1.9 million from the State General Fund, for FY 2018. This is an all funds decrease of \$30,287, or 0.6 percent, and a State General Fund decrease of \$15,394, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to

the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$5.0 million, including \$1.9 million from the State General Fund, for the Physical Plant/Central Services program for FY 2019. This is an all funds increase of \$42,374, or 0.9 percent, and a State General Fund decrease of \$22,096, or 1.1 percent, from FY 2018 request. The all funds increase is primarily attributable to an increase in employer fringe benefit costs and utilities expenditures, partially offset by a decrease in debt service interest payments for participation in the state's Facility Conservation Improvement Program.

The **Governor** recommends expenditures of \$5.0 million, including \$1.9 million from the State General Fund, for FY 2019. This is an all funds decrease of \$32,349, or 0.6 percent, and a State General Fund decrease of \$16,634, or 0.9 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Bond Principal	\$ 164,384	\$ 164,384	\$ 171,260	\$ 171,260	\$ 178,424	\$ 178,424
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	164,384	164,384	171,260	171,260	178,424	178,424
TOTAL	\$ 164,384	\$ 164,384	\$ 171,260	\$ 171,260	\$ 178,424	\$ 178,424

Current Year Agency Estimate

FY 2017–Current Year. The agency’s revised estimate for capital improvement is \$164,384, all from the State Institutions Building Fund, in FY 2017. This is an all funds decrease of \$3,500, or 2.1 percent from the State General Fund below the amount approved by the 2016 Legislature. The decrease is attributable to the agency finishing minor building improvement projects in FY 2016 that were planned for FY 2017. Capital improvement funding 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. 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 final bond payment is due in FY 2020. Debt service interest payments are categorized as an operating expenditure and are included in the Physical Plant/Central Services program.

Current Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of \$164,384, all from the State Institutions Building

Fund, in FY 2017. This is the same amount as the agency’s revised estimate.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests capital improvement expenditures of \$171,260, all from the State Institutions Building Fund, for FY 2018. The 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.

Budget Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of \$171,260, all from the State Institutions Building Fund, for FY 2018. This is the same amount as the agency’s FY 2018 request.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests capital improvement expenditures of \$178,424, all from the State Institutions Building Fund, for FY 2019. The 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.

Budget Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of \$178,424, all from the State Institutions Building

Fund, for FY 2019. This is the same amount as the agency’s FY 2019 request.

PERFORMANCE MEASURES					
<u>Measure</u>	<u>Gov. Rec. for FY 2016</u>	<u>Actual FY 2016</u>	<u>Gov. Rec. FY 2017</u>	<u>Gov. Rec. FY 2018</u>	<u>Gov. Rec. FY 2019</u>
Percent of residents employed through work programs or in the community	81.2%	84.7%	84.8%	86.6%	89.0%
Percent of compliance with intermediate care facility for the intellectually disabled standards for habilitation and treatment	100.0%	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%	100.0%

LARNED STATE HOSPITAL

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 47,204,418	\$ 56,965,734	\$ 56,872,967	\$ 55,927,912	\$ 48,610,645	\$ 56,413,894	\$ 48,975,306
Other Funds	9,304,212	8,450,409	8,434,819	8,449,806	8,400,413	8,449,806	8,401,547
TOTAL	\$ 56,508,630	\$ 65,416,143	\$ 65,307,786	\$ 64,377,718	\$ 57,011,058	\$ 64,863,700	\$ 57,376,853
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,904	0	0	0	0	0	0
TOTAL	\$ 4,904	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 56,513,534	\$ 65,416,143	\$ 65,307,786	\$ 64,377,718	\$ 57,011,058	\$ 64,863,700	\$ 57,376,853
Percentage Change:							
Operating Expenditures							
State General Fund	10.8 %	20.7 %	20.5 %	(1.8) %	(14.5) %	0.9 %	0.8 %
All Funds	(1.9)	15.8	15.6	(1.6)	(12.7)	0.8	0.6
FTE Positions	924.5	920.5	920.5	920.5	920.5	920.5	920.5
Non-FTE							
Perm.Uncl.Pos.	23.0	23.0	23.0	23.0	23.0	23.0	23.0
TOTAL	947.5	943.5	943.5	943.5	943.5	943.5	943.5

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 Sexual Predator Transition House Program, known as MiCo House, accepts clients in Phases 6 and 7 of their treatment and those 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

In **April 2005**, the Legislative Division of Post Audit (LPA) concluded 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 the Legislature examine these issues and the Department of Social and Rehabilitation Services develop multi-year forecasts based on several scenarios to address resident capacity and housing 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 \$390,145 and 14.0 FTE positions to reoccupy the Dillon building after remodeling was completed in Spring 2006.

The **2009 Legislature** passed House Sub. for SB 91, which 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 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 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 re-offending 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, 11 additional Adult Civil Psychiatric Service beds were opened in the building complex. Funding for the staffing of the newly opened 11-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 Department 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 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 the Department of Social and Rehabilitation Services expected census issues to continue in FY 2012 and FY 2013.

The **2012 Legislature** approved funding to open an additional 30-bed unit for the Sexual Predator Treatment Program, which 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**, LPA performed a follow-up audit of the Sexual Predator Treatment Program and determined that overall, the Program 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 LPA. The agency did not agree 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 2015, LPA performed another 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 Sexual Predator Treatment Program 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 also was noted 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. KDADS 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.

The **2016 Legislature** deleted \$973,000 in FY 2016 and \$1.0 million for FY 2017, all from the State General Fund, and deleted 10.0 FTE positions in both years to decrease operations of the Sexual Predator Treatment Program at Larned State Hospital and added the same amount to expand the Sexual

Predator Treatment Program transition units at Parsons State Hospital and Training Center.

The **2016 Legislature** deleted \$151,461 in FY 2016 and \$155,989 for FY 2017, all from the State General Fund, and deleted 2.0 FTE positions in both years to reallocate a Forensic Psychologist position and Legal Support position and transferred to the Kansas Department for Aging and Disability Services.

The **2016 Legislature** added \$1.0 million, all from the State General Fund, to address under-staffing issues in FY 2016. The Legislature also added \$1.9 million, all from the State General Fund, and deleted \$1.9 million, all from special revenue funds, in FY 2016 to replace Medicaid Disproportionate Share Hospital revenues lost due to a previous calculation of Sexual Predator Treatment Program patients in the indigent patient population group at Larned State Hospital.

The **2016 Legislature** added \$450,000, all from the State General Fund, to provide a 2.5 percent pay increase for mental health technicians at Larned State Hospital for FY 2017.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity for Larned State Hospital at the end of the fiscal year.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
Psychiatric Services Program	90	90	90	90	90
State Security Program	220	230	230	230	230
SPTP	240	240	240	240	240
MiCo Transition House	8	8	8	8	8
Meyer Reintegration	--	16	16	16	16
Total	558	584	584	584	584

AVERAGE DAILY CENSUS

Average Daily Census represents the average number of patients at Larned State Hospital over a fiscal year.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
Psychiatric Services Program	101	86	90	90	90
State Security Program	202	200	200	200	200
SPTP	228	229	241	249	254
MiCo Transition House	7	9	8	8	8
Meyer Reintegration	--	3	8	16	16
Total	548	527	547	563	568

ADMISSIONS

The chart below shows admissions for Larned State Hospital.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
First Admissions	634	584	626	622	618
Readmission	532	552	542	538	510
Transfers in—Other KDADS Institutions	34	111	33	33	33
Total	1,200	1,169	1,201	1,193	1,161

AVERAGE LENGTH OF STAY

The chart below shows the average length of days stay for adults at Larned State Hospital.

	FY 15 Actual	FY 16 Actual	FY 17 Actual	FY 18 Projected	FY 19 Projected
Psychiatric Services Program	51	38	44	43	42
State Security Program	252	299	275	272	270

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency's** revised estimate is \$65.4 million, including \$57.0 million from the State General Fund, in FY 2017. This is the same all funds amount approved by the 2016 Legislature, after adjustments. The revised estimate is a State General Fund

increase of \$6.5 million, or 12.9 percent, above the amount approved by the 2016 Legislature. The State General Fund increase is primarily attributable to the agency's request for supplemental funding in FY 2017, which would replace \$6.5

million in funding from the agency's fee fund and Title XIX Fund with funding from the State General Fund. The revised estimate also includes the transfer of \$252,652 and associated decrease in expenditures to move 4.0 legal support positions to the Kansas Department for Aging and Disability Services. The revised estimate includes 920.5 FTE positions and 23.0 non-

FTE positions in FY 2017. This is a decrease of 4.0 FTE positions below the number approved by the 2016 Legislature. The decrease is attributable to the agency transferring 4.0 legal positions and funding for these positions to the Kansas Department for Aging and Disability Services.

FY 2017 Governor Recommendation

The **Governor** recommends operating expenditures of \$65.3 million, including \$56.9 million from the State General Fund, in FY 2017. This is an all funds decrease of \$108,357, or 0.2 percent, including \$92,767, or 0.2 percent, from the State

General Fund, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

FY 2018 Agency Request

The **agency** requests \$64.4 million, including \$55.9 million from the State General Fund, for operating expenditures for FY 2018. This is an all funds decrease of \$1.0 million, or 1.6 percent, and a State General Fund decrease of \$1.0 million, or 1.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a reduction in salaries and wages and commodities expenditures, partially offset by an increase in contractual services, capital outlay, and other assistance

expenditures. The agency's request includes two requests for enhancement funding. The first request would add \$6.5 million in expenditures from the State General Fund. The second request is for \$500,000, all from the State General Fund, to replace the data storage system at the hospital. The request includes 920.5 FTE positions and 23.0 non-FTE positions. This is the same number as the FY 2017 revised estimate.

FY 2018 Governor Recommendation

The **Governor** recommends operating expenditures of \$57.0 million, including \$48.6 million from the State General Fund, for FY 2018. This is an all funds decrease of \$7.4 million, or 11.4 percent, and a State General Fund decrease of \$7.3 million, or 13.1 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement requests totaling \$7.0 million, all from the State General Fund, for FY 2018,

mainly to replace lost federal funds. The decrease also is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount, which results in an all funds reduction of \$300,302, including \$259,848 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$66,358, including \$57,419 from the State General Fund.

FY 2019 Agency Request

The **agency** requests operating expenditures of \$64.9 million, including \$56.4 million from the State General Fund, for FY 2019. This is an increase of \$485,982, or 0.8 percent, all from the State General Fund, above the FY 2018 request. The increase is primarily attributable to an increase in contractual services, commodities, capital outlay, and other assistance, partially offset by a decrease in salaries and wages

expenditures. The agency's FY 2019 request includes two requests for enhancement funding. The first request would add \$6.5 million from the State General Fund. The second request is for \$600,000, all from the State General Fund, to replace the phone system at the hospital. The request includes 920.5 FTE positions and 23.0 non-FTE positions. This is the same number as the FY 2018 request.

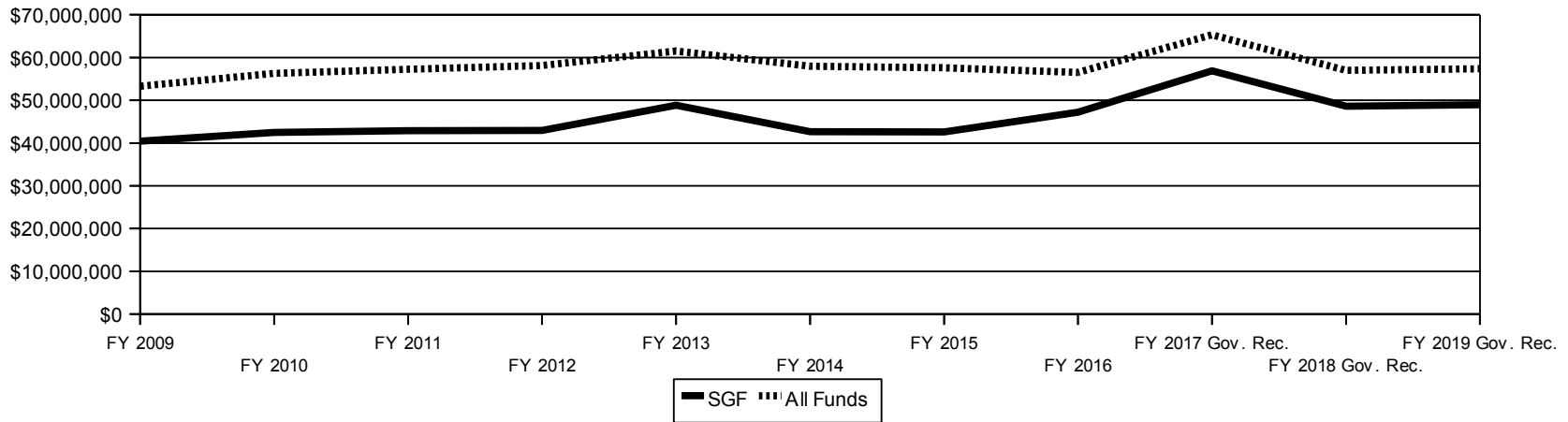
FY 2019 Governor Recommendation

The **Governor** recommends operating expenditures of \$57.4 million, including \$49.0 million from the State General Fund, for FY 2019. This is an all funds decrease of \$7.5 million, or 11.5 percent, and a State General Fund decrease of \$7.4 million, or 13.2 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement requests totaling

\$7.1 million, all from the State General Fund, mainly to replace lost federal funds. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$386,847, including \$338,588 from the State General Fund, for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	47,204,418	10.8	56,508,630	(1.9)	924.5
2017 Gov. Rec.	56,872,967	20.5	65,307,786	15.6	920.5
2018 Gov. Rec.	48,610,645	(14.5)	57,011,058	(12.7)	920.5
2019 Gov. Rec.	48,975,306	0.8	57,376,853	0.6	920.5
Eleven-Year Change	\$ 8,509,921	21.0 %	\$ 4,075,291	7.6 %	(55.7)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 2,964,268	\$ 3,403,665	\$ 4,188,323	\$ 784,658	23.1 %	\$ 3,400,433	\$ 3,670,647	\$ 270,214	7.9 %
Staff Edu & Research	292,884	257,428	250,647	(6,781)	(2.6)	256,899	248,741	(8,158)	(3.2)
Psychiatric Services	7,899,903	8,933,144	8,554,904	(378,240)	(4.2)	8,916,951	7,405,511	(1,511,440)	(17.0)
State Security Hospital	15,992,857	14,977,726	14,048,759	(928,967)	(6.2)	14,949,197	12,160,616	(2,788,581)	(18.7)
Sexual Predator Trmt	14,539,328	16,159,709	15,550,975	(608,734)	(3.8)	16,132,593	15,452,840	(679,753)	(4.2)
Ancillary Services	6,721,196	9,879,035	10,130,490	251,455	2.5	9,860,084	6,470,974	(3,389,110)	(34.4)
Phys Plant/Ctrl Services	8,098,194	11,805,436	11,653,620	(151,816)	(1.3)	11,791,629	11,601,729	(189,900)	(1.6)
TOTAL	\$ 56,508,630	\$ 65,416,143	\$ 64,377,718	\$ (1,038,425)	(1.6) %	\$ 65,307,786	\$ 57,011,058	\$ (8,296,728)	(12.7) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 42,038,958	\$ 46,611,144	\$ 45,018,418	\$ (1,592,726)	(3.4) %	\$ 46,502,184	\$ 38,151,758	\$ (8,350,426)	(18.0) %
Contractual Services	8,660,872	13,605,778	13,861,374	255,596	1.9	13,606,381	13,861,374	254,993	1.9
Commodities	5,017,120	4,909,462	4,723,144	(186,318)	(3.8)	4,909,462	4,723,144	(186,318)	(3.8)
Capital Outlay	681,229	266,116	748,974	482,858	181.4	266,116	248,974	(17,142)	(6.4)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 56,398,179	\$ 65,392,500	\$ 64,351,910	\$ (1,040,590)	(1.6) %	\$ 65,284,143	\$ 56,985,250	\$ (8,298,893)	(12.7) %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	110,451	23,643	25,808	2,165	9.2	23,643	25,808	2,165	9.2
TOTAL	\$ 56,508,630	\$ 65,416,143	\$ 64,377,718	\$ (1,038,425)	(1.6) %	\$ 65,307,786	\$ 57,011,058	\$ (8,296,728)	(12.7) %
Financing:									
State General Fund	\$ 47,204,418	\$ 56,965,734	\$ 55,927,912	\$ (1,037,822)	(1.8) %	\$ 56,872,967	\$ 48,610,645	\$ (8,262,322)	(14.5) %
LSH Fee Fund	3,105,978	2,542,516	3,441,913	899,397	35.4	2,539,506	3,430,617	891,111	35.1
Title XIX Fund	6,068,614	5,568,591	4,668,591	(900,000)	(16.2)	5,556,011	4,630,494	(925,517)	(16.7)
All Other Funds	129,620	339,302	339,302	0	0.0	339,302	339,302	0	0.0
TOTAL	\$ 56,508,630	\$ 65,416,143	\$ 64,377,718	\$ (1,038,425)	(1.6) %	\$ 65,307,786	\$ 57,011,058	\$ (8,296,728)	(12.7) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 4,188,323	\$ 4,284,039	\$ 95,716	2.3 %	\$ 3,670,647	\$ 3,665,570	\$ (5,077)	(0.1)%
Staff Edu & Research	250,647	312,587	61,940	24.7	248,741	309,961	61,220	24.6
Psychiatric Services	8,554,904	8,623,908	69,004	0.8	7,405,511	7,075,649	(329,862)	(4.5)
State Security Hospital	14,048,759	14,143,884	95,125	0.7	12,160,616	12,052,700	(107,916)	(0.9)
Sexual Predator Trmt	15,550,975	15,569,267	18,292	0.1	15,452,840	15,465,705	12,865	0.1
Ancillary Services	10,130,490	10,285,096	154,606	1.5	6,470,974	7,216,413	745,439	11.5
Phys Plant/Ctrl Services	11,653,620	11,644,919	(8,701)	(0.1)	11,601,729	11,590,855	(10,874)	(0.1)
TOTAL	\$ 64,377,718	\$ 64,863,700	\$ 485,982	0.8 %	\$ 57,011,058	\$ 57,376,853	\$ 365,795	0.6 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 45,018,418	\$ 44,997,660	\$ (20,758)	(0.0) %	\$ 38,151,758	\$ 38,110,813	\$ (40,945)	(0.1)%
Contractual Services	13,861,374	14,087,154	225,780	1.6	13,861,374	14,087,154	225,780	1.6
Commodities	4,723,144	4,888,224	165,080	3.5	4,723,144	4,888,224	165,080	3.5
Capital Outlay	748,974	862,339	113,365	15.1	248,974	262,339	13,365	5.4
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 64,351,910	\$ 64,835,377	\$ 483,467	0.8 %	\$ 56,985,250	\$ 57,348,530	\$ 363,280	0.6 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	25,808	28,323	2,515	9.7	25,808	28,323	2,515	9.7
TOTAL	\$ 64,377,718	\$ 64,863,700	\$ 485,982	0.8 %	\$ 57,011,058	\$ 57,376,853	\$ 365,795	0.6 %
Financing:								
State General Fund	\$ 55,927,912	\$ 56,413,894	\$ 485,982	0.9 %	\$ 48,610,645	\$ 48,975,306	\$ 364,661	0.8 %
LSH Fee Fund	3,441,913	3,941,913	500,000	14.5	3,430,617	3,935,562	504,945	14.7
Title XIX Fund	4,668,591	4,168,591	(500,000)	(10.7)	4,630,494	4,126,683	(503,811)	(10.9)
All Other Funds	339,302	339,302	0	0.0	339,302	339,302	0	0.0
TOTAL	\$ 64,377,718	\$ 64,863,700	\$ 485,982	0.8 %	\$ 57,011,058	\$ 57,376,853	\$ 365,795	0.6 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$46,787,147 for Larned State Hospital in FY 2017. Several adjustments have been made subsequently 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 \$41,577, based on the reappropriation of FY 2016 funding which was not spent in FY 2016 and has shifted to FY 2017;
- A reduction of \$41,577 as the result of a lapse of reappropriated funding in FY 2017;
- A reduction of \$252,652 as a result of transfer of funding for four legal positions to the Kansas

Department for Aging and Disability Services in FY 2017; and

- An increase of \$3,935,529 as a result of a transfer from the Kansas Department for Aging and Disability Services (KDADS) and corresponding increase in expenditures for food services for patients, due to the contract for food services shifting from KDADS budget to the hospital's budget.

These adjustments change the FY 2017 approved State General Fund to \$50,470,024. 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	\$ 50,470,024	\$ 56,965,734	\$ 6,495,710	\$ 56,872,967	\$ 6,402,943
All Other Funds	14,946,119	8,450,409	(6,495,710)	8,434,819	(6,511,300)
TOTAL	\$ 65,416,143	\$ 65,416,143	\$ 0	\$ 65,307,786	\$ (108,357)
FTE Positions	924.5	920.5	(4.0)	920.5	(4.0)

The **agency's** revised estimate is \$65.4 million, including \$57.0 million from the State General Fund, in FY 2017. This is the same all funds amount approved by the 2016 Legislature, after adjustments. The revised estimate is a State General Fund increase of \$6.5 million, or 12.9 percent, above the amount approved by the 2016 Legislature. The State General Fund increase is primarily attributable to the agency's request for supplemental funding in FY 2017, which would replace \$6.5 million in funding from the agency's fee fund and Title XIX Fund with funding from the State General Fund. The revised estimate also includes the transfer of \$252,652 and associated decrease in expenditures to move 4.0 legal support positions to the Kansas Department for Aging and Disability Services. The revised estimate includes 920.5 FTE positions and 23.0 non-

FTE positions in FY 2017. This is a decrease of 4.0 FTE positions below the number approved by the 2016 Legislature. The decrease is attributable to the agency transferring 4.0 legal positions and funding for these positions to the Kansas Department for Aging and Disability Services.

The **Governor** recommends operating expenditures of \$65.3 million, including \$56.9 million from the State General Fund, in FY 2017. This is an all funds decrease of \$108,357, or 0.2 percent, including \$92,767, or 0.2 percent, from the State General Fund, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

Supplemental Detail

Supplementals	FY 2017 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement SGF	\$ 6,500,000	\$ 6,500,000	0.0	\$ 6,500,000	\$ 6,500,000	0.0
Revenue Replacement LSH Fee Fund	0	(1,900,000)	0.0	0	(1,900,000)	0.0
Revenue Replacement Title XIX	0	(4,600,000)	0.0	0	(4,600,000)	0.0
TOTAL	\$ 6,500,000	\$ 0	0.0	\$ 6,500,000	\$ 0	0.0

The **agency** submits one request for supplemental funding, which is an increase of \$6.5 million from the State General Fund in FY 2017. Because of reductions to other funding sources, there is no change in total all funds expenditures. The agency states due to reductions in special revenue funding, this supplemental request would maintain its overall expenditures at the approved level of funding but replace lost revenues with funding from the State General Fund.

Revenue Replacement. The request would add \$6.5 million, all from the State General Fund, and delete \$1.9 million from the Larned State Hospital Fee Fund and \$4.6 million from the Title XIX Fund in FY 2017. The agency states the requested funding will offset a portion of the lost federal Disproportionate Share Hospital (DSH) revenues that have been withheld from LSH after reconciliation of past cost report audits. LSH inadvertently included Sexual Predator Treatment Program (SPTP) patient counts in certain cost report calculations, resulting in overpayment of DSH. While corrections have been made to ensure these patients are not included in cost report

calculations in the future, the agency expects that approximately \$1.4 million per quarter for two quarters each year will be withheld from DSH payments due to LSH until the overpayment has been recouped. Payment withholdings could total \$2.9 million per year for up to five fiscal years. Additionally, the hospital has experienced a steady decline in receipts since transitioning from fee for service to a managed care model of service delivery. Receipts into the hospital Fee Fund are from charges billed to a variety of insurances for patients being treated in the Psychiatric Services Program, namely Medicare. In recent years, the ratio of patients who fall into the Medicaid Institutions for Mental Disease (IMD) exclusion has risen, thereby diminishing the hospital's ability to bill either Medicare or Medicaid. Without this additional funding from the State General Fund, the agency states LSH will be short the cash necessary to meet its FY 2017 obligations.

The **Governor** recommends the agency's supplemental request in FY 2017.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 64,377,718	\$ 57,011,058	\$ (7,366,660)
FTE Positions	920.5	920.5	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ (1,037,822)	\$ (8,262,322)	
All Other Funds	(603)	(34,406)	
TOTAL	<u>\$ (1,038,425)</u>	<u>\$ (8,296,728)</u>	
<i>Percent Change:</i>			
State General Fund	(1.8) %	(14.5) %	
All Other Funds	(0.0)	(0.4)	
TOTAL	<u>(1.6) %</u>	<u>(12.7) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$64.4 million, including \$55.9 million from the State General Fund, for operating expenditures for FY 2018. This is an all funds decrease of \$1.0 million, or 1.6 percent, and a State General Fund decrease of \$1.0 million, or 1.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a reduction in salaries and wages and commodities expenditures, partially offset by an increase in contractual services, capital outlay, and other assistance

expenditures. The agency's request includes two requests for enhancement funding. The first request would add \$6.5 million in expenditures from the State General Fund. The second request is for \$500,000, all from the State General Fund, to replace the data storage system at the hospital. The request includes 920.5 FTE positions and 23.0 non-FTE positions. This is the same number as the FY 2017 revised estimate.

The **Governor** recommends operating expenditures of \$57.0 million, including \$48.6 million from the State General Fund, for FY 2018. This is an all funds decrease of \$7.4 million, or 11.4 percent, and a State General Fund decrease of \$7.3 million, or 13.1 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement requests totaling \$7.0 million, all from the State General Fund, for FY 2018. The

decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$300,302, including \$260,208 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$66,358, including \$57,059 from the State General Fund.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement SGF	\$ 6,500,000	\$ 6,500,000	0.0	\$ 0	\$ 0	0.0
Data Storage System Replacement	500,000	500,000	0.0	0	0	0.0
TOTAL	\$ 7,000,000	\$ 7,000,000	0.0	\$ 0	\$ 0	0.0

The **agency** submits two requests for enhancement funding totaling \$7.0 million from the State General Fund for FY 2018.

Revenue Replacement. The request would add \$6.5 million from the State General Fund, for operating expenditures for FY 2018. The agency states the requested funding will offset a portion of the lost federal DSH revenues that have been withheld from LSH after reconciliation of past cost report audits. LSH inadvertently included SPTP patient counts in certain cost report calculations, resulting in overpayment of DSH. While corrections have been made to ensure these patients are not included in cost report calculations in the future, the agency expects that approximately \$1.4 million per quarter for two quarters each year will be withheld from DSH payments due to

LSH until the overpayment has been recouped. Payment withholdings could total \$2.9 million per year for up to five fiscal years. Additionally, the hospital has experienced a steady decline in receipts since transitioning from fee for service to a managed care model of service delivery. Receipts into the hospital Fee Fund are from charges billed to a variety of insurances for patients being treated in the Psychiatric Services Program, namely Medicare. In recent years, the ratio of patients who fall into the IMD exclusion has risen, thereby diminishing the hospital's ability to bill either Medicare or Medicaid. Without this additional funding from the State General Fund, the agency states LSH will be short the cash necessary to meet its FY 2018 obligations.

Data Storage System Replacement. The request would add \$500,000, all from the State General Fund, to replace the data storage system for FY 2018. The agency states the computer data storage system at Larned State Hospital has reached the end of its warranty and has been designated end-of-life by the manufacturer. The storage system is heavily relied upon to support the hospital's electronic medical record. The replacement project would include hardware, software,

virtualization, and licenses. Design and selection of components would be done with an emphasis on standardizing hardware and software across all of the state's institutions to allow for knowledge sharing between technology staff responsible for maintaining these systems.

The **Governor** does not recommend the agency's enhancement requests for FY 2018.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2018 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Transfer Inmate Responsibility	\$ (2,262,468)	\$ (2,262,468)	0.0	\$ 0	\$ 0	0.0

The **agency** submits one reduced resource option totaling \$2.3 million, all from the State General Fund, for FY 2018. The reduced resource option would move responsibility for 90 inmates to the Kansas Department of Corrections (KDOC). KSA 75-5209 authorizes the Secretary of KDOC to make arrangements to administratively transfer an inmate in KDOC custody to another appropriate state institution for observation and treatment with the consent of the administrative head of the receiving agency (Kansas Department for Aging and Disability Services (KDADS) for LSH transfers). This statute has been used to transfer correctional inmates to the State Security Hospital when they were diagnosed with severe mental illnesses in an acute phase. Once stabilized, they were returned to the custody of KDOC.

In 2005, KDOC transferred 60 inmates to the state security hospital. These inmates had been diagnosed with a mental disorder that would benefit from specific psychiatric service. They were returned to KDOC custody in 2016 for placement in alternate facilities in order to ease the stress on other LSH programs undergoing a significant staff shortage. State Security Hospital staff assigned to care for these inmates was thus released to work in other parts of LSH programs. KDADS is paying \$40 per day for the care and treatment of these residents

in other facilities. Under this option, LSH would move full responsibility for the 60 inmates to KDOC and discontinue the payment KDADS makes to KDOC for housing the 60 KDOC offenders in other facilities. KDADS understands that if LSH no longer reimbursed KDOC to house inmates outside of its facilities, it would be necessary for KDOC to care for the inmates on a permanent basis. However, the cost of providing care and treatment for these inmates at LSH far exceeds the \$40 per day of caring for the inmates in other facilities. Additionally, while this change would result in savings for LSH, the cost would be shifted to KDOC and there would ultimately be no savings to the State.

The agency also would return 30 acute inmates to the custody of KDOC so that Isaac Ray South building could be closed. If this option was implemented, acute mental health hospital treatment for KDOC inmates would consist of four beds at the state security hospital. KDADS understands that KDOC would need to assume care and treatment for an additional 30 inmates on a permanent basis. LSH would continue to reserve four beds for KDOC inmates with acute psychiatric needs.

The **Governor** does not recommend the agency's reduced resource option.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 64,863,700	\$ 57,376,853	\$ (7,486,847)
FTE Positions	920.5	920.5	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 485,982	\$ 364,661	
All Other Funds	0	1,134	
TOTAL	<u>\$ 485,982</u>	<u>\$ 365,795</u>	
<i>Percent Change:</i>			
State General Fund	0.9 %	0.8 %	
All Other Funds	0.0	0.0	
TOTAL	<u>0.8 %</u>	<u>0.6 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of \$64.9 million, including \$56.4 million from the State General Fund, for FY 2019. This is an increase of \$485,982, or 0.8 percent, all from the State General Fund, above the FY 2018 request. The increase is primarily attributable to an increase in contractual services, commodities, capital outlay, and other assistance, partially offset by a decrease in salaries and wages

expenditures. The agency's FY 2019 request includes two requests for enhancement funding. The first request would add \$6.5 million from the State General Fund. The second request is for \$600,000, all from the State General Fund, to replace the phone system at the hospital. The request includes 920.5 FTE positions and 23.0 non-FTE positions. This is the same number as the FY 2018 request.

The **Governor** recommends operating expenditures of \$57.4 million, including \$49.0 million from the State General Fund, for FY 2019. This is an all funds decrease of \$7.5 million, or 11.5 percent, and a State General Fund decrease of \$7.4 million, or 13.2 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not

recommending the agency's enhancement requests totaling \$7.1 million, all from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$386,847, including \$338,588 from the State General Fund, for FY 2019.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement SGF	\$ 6,500,000	\$ 6,500,000	0.0	\$ 0	\$ 0	0.0
Phone System Replacement	600,000	600,000	0.0	0	0	0.0
TOTAL	\$ 7,100,000	\$ 7,100,000	0.0	\$ 0	\$ 0	0.0

The **agency** submits two requests for enhancement funding totaling \$7.1 million from the State General Fund for FY 2019.

Revenue Replacement. The request would add \$6.5 million from the State General Fund for FY 2019. The agency states the requested funding will offset a portion of the lost federal DSH revenues that have been withheld from LSH after reconciliation of past cost report audits. LSH inadvertently included SPTP patient counts in certain cost report calculations, resulting in overpayment of DSH. While corrections have been made to ensure these patients are not included in cost report calculations in the future, the agency expects that approximately \$1.4 million per quarter for two quarters each year will be withheld from DSH payments due to LSH until the overpayment has been recouped. Payment withholdings could total \$2.9 million per year for up to five fiscal years. Additionally, the hospital has experienced a steady decline in receipts since

transitioning from fee for service to a managed care model of service delivery. Receipts into the hospital Fee Fund are from charges billed to a variety of insurances for patients being treated in the Psychiatric Services Program, namely Medicare. In recent years, the ratio of patients that fall into the IMD exclusion has risen, thereby diminishing the hospital's ability to bill either Medicare or Medicaid. Without this additional funding from the State General Fund, the agency states LSH will be short the cash necessary to meet its FY 2019 obligations.

Phone System Replacement. The agency requests \$600,000, all from the State General Fund, for FY 2019. The agency states the equipment for the phone system at Larned State Hospital is no longer supported by any vendor or manufacturer. The proposed replacement phone system would include a contractual support relationship with a vendor to augment the hospital's on-site administrator. The agency states

in addition to having new and warranted components available, the new phone system would utilize technologies more readily available in the state's current information technology workforce pool.

The **Governor** does not recommend the agency's requests for enhancement funding for FY 2019.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Transfer Inmate Responsibility	\$ (2,281,770)	\$ (2,281,770)	0.0	\$ 0	\$ 0	0.0

The **agency** submits one reduced resource option totaling \$2.3 million, all from the State General Fund, for FY 2019. The reduced resource option would move responsibility for 90 inmates to KDOC. KSA 75-5209 authorizes the Secretary of KDOC to make arrangements to administratively transfer an inmate in KDOC custody to another appropriate state institution for observation and treatment with the consent of the administrative head of the receiving agency (KDADS for LSH transfers). This statute has been used to transfer correctional inmates to the State Security Hospital when they were diagnosed with severe mental illnesses in an acute phase. Once stabilized, they were returned to the custody of KDOC.

alternate facilities in order to ease the stress on other LSH programs undergoing a significant staff shortage. State Security Hospital staff assigned to care for these inmate was thus released to work in other parts of LSH programs. KDADS is paying \$40 per day for the care and treatment of these residents in other facilities. Under this option, LSH would move full responsibility for the 60 inmates to KDOC and discontinue the payment KDADS makes to KDOC for housing the 60 KDOC offenders in other facilities. KDADS understands that if LSH no longer reimbursed KDOC to house inmates outside of its facilities, it would be necessary for KDOC to care for the inmates on a permanent basis. However, the cost of providing care and treatment for these inmates at LSH far exceeds the \$40 per day of caring for the inmates in other facilities. Additionally, while this change would result in savings for LSH, the cost would be shifted to KDOC and there would ultimately be no savings to the State.

In 2005, KDOC transferred 60 inmates to the state security hospital. These inmates had been diagnosed with a mental disorder that would benefit from specific psychiatric service. They were returned to KDOC custody in 2016 for placement in

The agency also would return 30 acute inmates to the custody of KDOC so Isaac Ray South building could be closed. If this option was implemented, acute mental health hospital treatment for KDOC inmates would consist of four beds at the state security hospital. KDADS understands that KDOC would need to assume care and treatment for an additional 30 inmates

on a permanent basis. LSH would continue to reserve four beds for KDOC inmates with acute psychiatric needs.

The **Governor** does not recommend the agency's reduced resource option.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$138,320; FY 2018 longevity payments total \$145,720; and FY 2019 longevity payments total \$145,720.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$108,960, including \$92,767 from the State General Fund, in FY 2017; by \$300,302, including \$260,208 from the State General Fund, for FY 2018; and by \$386,847, including \$338,588 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$66,358, including \$57,059 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	86.9 %	85.3 %	87.0 %	85.4 %
LSH Fee Fund	5.4	6.0	6.1	6.9
Title XIX Fund	7.3	8.1	6.4	7.2
All Other Funds	0.5	0.6	0.5	0.6
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Larned State Hospital Fee Fund Analysis

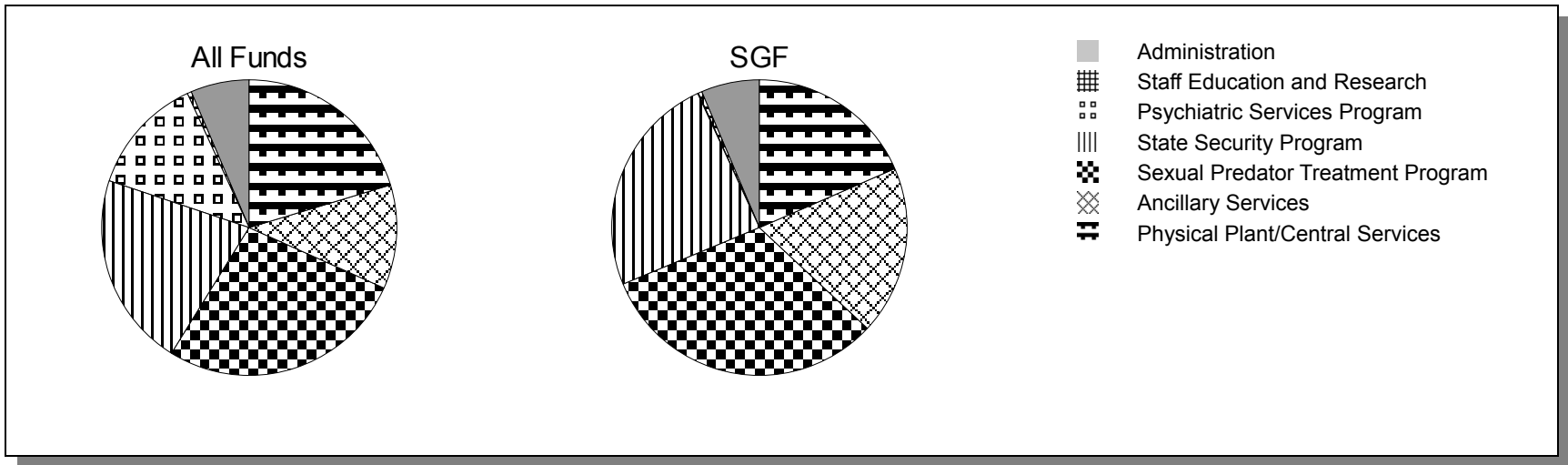
KSA 76-1302a requires the superintendent of Larned State Hospital remit all moneys received from charges under KSA 59-2006 and deposit them into the Larned State Hospital Fee Fund.

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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 241,735	\$ 179,398	\$ 179,398	\$ 594,919	\$ 597,929	\$ 685,308	\$ 699,614
Revenue	3,042,193	2,960,850	2,960,850	3,535,135	3,535,135	3,535,119	3,535,119
Transfers in	1,462	1,477	1,477	1,492	1,492	1,507	1,507
Total Funds Available	\$ 3,285,390	\$ 3,141,725	\$ 3,141,725	\$ 4,131,546	\$ 4,134,556	\$ 4,221,934	\$ 4,236,240
Less: Expenditures	3,105,978	2,542,516	2,539,506	3,441,913	3,430,617	3,941,913	3,935,562
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	14	4,290	4,290	4,325	4,325	4,389	4,389
Ending Balance	\$ 179,398	\$ 594,919	\$ 597,929	\$ 685,308	\$ 699,614	\$ 275,632	\$ 296,289
Ending Balance as Percent of Expenditures	5.8%	23.4%	23.5%	19.9%	20.4%	7.0%	7.5%
Month Highest Ending Balance	June \$ 205,843	June \$ 152,762	June \$ 152,762	June \$ 506,588	June \$ 509,151	June \$ 583,556	June \$ 595,738
Month Lowest Ending Balance	August \$ 1,074,703	August \$ (797,566)	August \$ (797,566)	August \$ (2,644,885)	August \$ (2,658,267)	August \$ (3,046,736)	August \$ (3,110,337)

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 3,670,647	6.4 %	\$ 3,106,947	6.4 %
Staff Edu & Research	248,741	0.4	197,312	0.4
Psychiatric Services	7,405,511	13.0	43,690	0.1
State Security Hospital	12,160,616	21.3	11,847,876	24.4
Sexual Predator Trmt	15,452,840	27.1	15,452,840	31.8
Ancillary Services	6,470,974	11.4	8,983,118	18.5
Phys Plant/Ctrl Services	11,601,729	20.3	8,978,862	18.5
TOTAL	\$ 57,011,058	100.0 %	\$ 48,610,645	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	48.0	31.0	31.0	31.0	31.0	31.0	31.0
Staff Edu & Research	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Psychiatric Services	120.0	123.0	123.0	123.0	123.0	123.0	123.0
State Security Hospital	246.0	272.0	272.0	272.0	272.0	272.0	272.0
Sexual Predator Treatment	345.5	274.5	274.5	274.5	274.5	274.5	274.5
Ancillary Services	51.0	62.0	62.0	62.0	62.0	62.0	62.0
Phys Plant/Ctrl Services	110.0	154.0	154.0	154.0	154.0	154.0	154.0
TOTAL	<u>924.5</u>	<u>920.5</u>	<u>920.5</u>	<u>920.5</u>	<u>920.5</u>	<u>920.5</u>	<u>920.5</u>

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 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. These include 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, provide exemplary customer service, and increase stakeholders' confidence in hospital services.

The Administration program also includes the Trust and Benefits sub-program, which accounts for funding between \$4,000 and \$5,000 in each fiscal year, all from the State General Fund.

ADMINISTRATION							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,952,128	\$ 1,384,123	\$ 1,380,288	\$ 1,760,017	\$ 1,742,341	\$ 1,746,181	\$ 1,727,712
Contractual Services	866,804	1,871,968	1,872,571	1,802,559	1,802,559	1,807,120	1,807,120
Commodities	102,231	107,550	107,550	89,507	89,507	92,820	92,820
Capital Outlay	37,877	40,024	40,024	536,240	36,240	637,918	37,918
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,959,040</i>	<i>\$ 3,403,665</i>	<i>\$ 3,400,433</i>	<i>\$ 4,188,323</i>	<i>\$ 3,670,647</i>	<i>\$ 4,284,039</i>	<i>\$ 3,665,570</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	5,228	0	0	0	0	0	0
TOTAL	\$ 2,964,268	\$ 3,403,665	\$ 3,400,433	\$ 4,188,323	\$ 3,670,647	\$ 4,284,039	\$ 3,665,570
Financing:							
State General Fund	\$ 2,270,022	\$ 2,774,505	\$ 2,770,670	\$ 3,624,623	\$ 3,106,947	\$ 3,713,373	\$ 3,094,904
All Other Funds	694,246	629,160	629,763	563,700	563,700	570,666	570,666
TOTAL	\$ 2,964,268	\$ 3,403,665	\$ 3,400,433	\$ 4,188,323	\$ 3,670,647	\$ 4,284,039	\$ 3,665,570
FTE Positions	48.0	31.0	31.0	31.0	31.0	31.0	31.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	48.0	31.0	31.0	31.0	31.0	31.0	31.0

The **agency** requests \$4.2 million, including \$3.6 million from the State General Fund, for the Administration program for FY 2018. This is an all funds increase of \$784,658, or 23.1 percent, and a State General Fund increase of \$850,118, or 30.6 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an increase in salaries and wages and capital outlay, partially offset by a decrease in contractual services and commodities. The request is detailed below by item of expenditure:

- **Salaries and Wages.** The agency requests \$1.8 million, all from the State General Fund, for salaries and wages for FY 2018. This is an increase of \$375,894, or 27.2 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in salaries and wages expenditures and employer fringe benefit costs;
- **Contractual Services.** The agency requests \$1.8 million, including \$1.3 million from the State General Fund, for contractual services for FY 2018. This is an all funds decrease of \$69,409, or 3.7 percent, and a State General Fund decrease of \$24,167, or 1.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in utilities and postage expenditures;
- **Commodities.** The agency requests \$89,507, including \$32,880 from the State General Fund, for commodities for FY 2018. This is an all funds decrease of \$18,043, or 16.8 percent, and a State General Fund decrease of \$1,589, or 4.6 percent, below the FY 2017 revised estimate.

The decrease is primarily attributable to a decrease in household supplies, data processing supplies, and supplies for patient treatment; and

- **Capital Outlay.** The agency requests \$536,240, including \$500,040 from the State General Fund, for capital outlay for FY 2018. This is an all funds increase of \$496,216, or 1,239.8 percent, and a State General Fund increase of \$499,980, or 833,300.0 percent, above the FY 2017 revised estimate. The increase is primarily attributable to the agency's enhancement request to replace the computer data storage system (\$500,000), partially offset by a decrease in information processing equipment.

The **Governor** recommends expenditures of \$3.7 million, including \$3.1 million from the State General Fund, for the Administration program for FY 2018. This is an all funds decrease of \$517,676, or 12.4 percent, all from the State General Fund, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request to replace the data storage system for FY 2018. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$4.3 million, including \$3.7 million from the State General Fund, for the Administration program for FY 2019. This is an all funds increase of \$95,716, or 2.3 percent, and a State General Fund increase of \$88,750, or 2.4 percent, above the FY 2018 request. The increase is primarily attributable to an increase in contractual services, commodities,

and capital outlay, partially offset by a decrease in salaries and wages expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.7 million, all from the State General Fund, for salaries and wages for FY 2019. This is a decrease of \$13,836, or 0.8 percent, below the FY 2018 request. The decrease is primarily attributable to a decrease in salaries and wages expenditures and employer fringe benefit costs, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$1.8 million, including \$1.3 million from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$4,561, or 0.3 percent, and a State General Fund increase of \$1,866, or 0.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in staffing and recruiting services expenditures;
- **Commodities.** The agency requests \$92,820, including \$33,590 from the State General Fund, for commodities for FY 2019. This is an all funds

increase of \$3,313, or 3.7 percent, and a State General Fund increase of \$710, or 2.2 percent, above the FY 2018 request. The increase is primarily attributable to household supplies, data processing supplies, and supplies for patient treatment; and

- **Capital Outlay.** The agency requests \$637,918, including \$600,050 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$101,678, or 19.0 percent, and a State General Fund increase of \$100,010, or 20.0 percent, above the FY 2018 request. The increase is primarily attributable to the agency's enhancement request to replace the phone system (\$600,000), partially offset by the absence of the FY 2018 enhancement request to replace the computer data storage system.

The **Governor** recommends expenditures of \$3.7 million, including \$3.1 million from the State General Fund, for FY 2019. This is an all funds decrease of \$618,469, or 14.4 percent, all from the State General Fund, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request to replace the hospital's phone system. The decrease also is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 230,982	\$ 196,591	\$ 196,062	\$ 189,823	\$ 187,917	\$ 251,731	\$ 249,105
Contractual Services	58,206	60,222	60,222	60,252	60,252	60,267	60,267
Commodities	559	615	615	572	572	589	589
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 289,747</u>	<u>\$ 257,428</u>	<u>\$ 256,899</u>	<u>\$ 250,647</u>	<u>\$ 248,741</u>	<u>\$ 312,587</u>	<u>\$ 309,961</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	3,137	0	0	0	0	0	0
TOTAL	<u>\$ 292,884</u>	<u>\$ 257,428</u>	<u>\$ 256,899</u>	<u>\$ 250,647</u>	<u>\$ 248,741</u>	<u>\$ 312,587</u>	<u>\$ 309,961</u>
Financing:							
State General Fund	\$ 221,670	\$ 205,993	\$ 205,464	\$ 199,218	\$ 197,312	\$ 261,133	\$ 258,507
All Other Funds	71,214	51,435	51,435	51,429	51,429	51,454	51,454
TOTAL	<u>\$ 292,884</u>	<u>\$ 257,428</u>	<u>\$ 256,899</u>	<u>\$ 250,647</u>	<u>\$ 248,741</u>	<u>\$ 312,587</u>	<u>\$ 309,961</u>
FTE Positions	4.0	4.0	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	0.0	0.0
TOTAL	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>

The **agency** requests \$250,647, including \$199,218 from the State General Fund, for the Staff Education and Research program for FY 2018. This is an all funds decrease of \$6,781, or 2.6 percent, and a State General Fund decrease of \$6,775, or 3.3 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$189,823, all from the State General Fund, for salaries and wages for FY 2018. This is a decrease of \$6,768, or 3.4 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017 and an adjustment in salary shrinkage, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$60,252, including \$8,980 from the State General Fund, for contractual services for FY 2018. This is an all funds increase of \$30, or less than 0.1 percent, and a State General Fund increase of \$3, or less than 0.1 percent, above the FY 2017 revised estimate; and
- **Commodities.** The agency requests \$572, including \$415 from the State General Fund, for commodities for FY 2018. This is an all funds decrease of \$43, or 7.0 percent, and a State General Fund decrease of \$10, or 2.4 percent, below the FY 2017 revised estimate.

The **Governor** recommends expenditures of \$248,741, including \$197,312 from the State General Fund, for FY 2018. This is an all funds decrease of \$1,906, or 0.8 percent, all from the State General Fund, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$312,587, including \$261,133 from the State General Fund, for the Staff Education and Research program for FY 2019. This is an all funds increase of \$61,940, or 24.7 percent, and a State General Fund increase of \$61,915, or 31.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in salaries and wages expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$251,731, all from the State General Fund, for salaries and wages for FY 2019. This is an increase of \$61,908, or 32.6 percent, above the FY 2018 request. The increase is primarily attributable to an increase in salaries and wages and employer fringe benefit expenditures;
- **Contractual Services.** The agency requests \$60,267, including \$8,982 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$15, or less than 0.1 percent, and a State General Fund increase of \$2, or less than 0.1 percent, above the FY 2018 request; and
- **Commodities.** The agency requests \$589, including \$420 from the State General Fund, for

commodities for FY 2019. This is an all funds increase of \$17, or 3.0 percent, and a State General Fund increase of \$5, or 1.2 percent, above the FY 2018 request.

The **Governor** recommends expenditures of \$309,961, including \$258,507 from the State General Fund, for FY 2019. This is an all funds decrease of \$2,626, or 0.8 percent, all from the State General Fund, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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. The adult units had an average daily census of 86 patients in FY 2016.

PSYCHIATRIC SERVICES							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 6,010,784	\$ 6,883,193	\$ 6,867,000	\$ 6,529,941	\$ 5,380,548	\$ 6,521,622	\$ 4,973,363
Contractual Services	1,232,289	1,417,459	1,417,459	1,354,129	1,354,129	1,405,371	1,405,371
Commodities	649,238	630,513	630,513	669,044	669,044	695,047	695,047
Capital Outlay	1,740	1,868	1,868	1,682	1,682	1,759	1,759
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,894,051</i>	<i>\$ 8,933,033</i>	<i>\$ 8,916,840</i>	<i>\$ 8,554,796</i>	<i>\$ 7,405,403</i>	<i>\$ 8,623,799</i>	<i>\$ 7,075,540</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	5,852	111	111	108	108	109	109
TOTAL	<u>\$ 7,899,903</u>	<u>\$ 8,933,144</u>	<u>\$ 8,916,951</u>	<u>\$ 8,554,904</u>	<u>\$ 7,405,511</u>	<u>\$ 8,623,908</u>	<u>\$ 7,075,649</u>
Financing:							
State General Fund	\$ 4,672,185	\$ 1,154,325	\$ 1,154,325	\$ 1,143,690	\$ 43,690	\$ 1,592,607	\$ 92,607
All Other Funds	3,227,718	7,778,819	7,762,626	7,411,214	7,361,821	7,031,301	6,983,042
TOTAL	<u>\$ 7,899,903</u>	<u>\$ 8,933,144</u>	<u>\$ 8,916,951</u>	<u>\$ 8,554,904</u>	<u>\$ 7,405,511</u>	<u>\$ 8,623,908</u>	<u>\$ 7,075,649</u>
FTE Positions	120.0	123.0	123.0	123.0	123.0	123.0	123.0
Non-FTE Uncl.Perm.Pos.	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	<u>122.0</u>	<u>125.0</u>	<u>125.0</u>	<u>125.0</u>	<u>125.0</u>	<u>125.0</u>	<u>125.0</u>

The **agency** requests \$8.6 million, including \$1.1 million from the State General Fund, for the Psychiatric Services program for FY 2018. This is an all funds decrease of \$378,240, or 4.2 percent, and a State General Fund decrease of \$10,635, or 0.9 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages and contractual services, partially offset by an increase in commodities. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.5 million, including \$1.1 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$353,252, or 5.1 percent, and a State General Fund increase of \$100,000, or 10.0 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period that occurred in FY 2017, a decrease in overtime pay, and an adjustment to salary shrinkage, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$1.4 million, including \$38,500 from the State General Fund, for contractual services for FY 2018. This is an all funds decrease of \$63,330, or 4.5 percent, and a State General Fund decrease of \$110,007, or 74.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in staffing and recruiting service, utilities expenditures, and professional fees for patient medical treatment;

- **Commodities.** The agency requests \$669,044, including \$3,548 from the State General Fund, for commodities for FY 2018. This is an all funds increase of \$38,531, or 6.1 percent, and a State General Fund decrease of \$446, or 11.2 percent, from the FY 2017 revised estimate. The all funds increase is primarily attributable to an increase in drugs and pharmaceuticals for patients;
- **Capital Outlay.** The agency requests \$1,682, including \$1,642 from the State General Fund, for capital outlay for FY 2018. This is an all funds decrease of \$186, or 10.0 percent, and a State General Fund decrease of \$182, or 10.0 percent, below the FY 2017 revised estimate; and
- **Other Assistance.** The agency requests \$108, all from the Title XIX Fund, for other assistance for FY 2018. This is a decrease of \$3, or 2.7 percent, below the FY 2017 revised estimate.

The **Governor** recommends expenditures of \$7.4 million, including \$43,690 from the State General Fund, for FY 2018. This is an all funds decrease of \$1.1 million, or 13.4 percent, and a State General Fund decrease of \$1.1 million, or 96.2 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund for FY 2018. The decrease also is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$8.6 million, including \$1.6 million from the State General Fund, for the Psychiatric Services

program for FY 2019. This is an all funds increase of \$69,004, or 0.8 percent, and a State General Fund increase of \$448,917, or 39.3 percent, above the FY 2018 request. The increase is primarily attributable to an increase in contractual services and commodities, partially offset by a decrease in salaries and wages. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.5 million, including \$1.5 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$8,319, or 0.1 percent, and a State General Fund increase of \$400,000, or 36.4 percent, from the FY 2018 request. The all funds decrease is primarily attributable to a decrease in salaries and wages expenditures;
- **Contractual Services.** The agency requests \$1.4 million, including \$87,067 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$51,242, or 3.8 percent, and a State General Fund increase of \$48,567, or 126.1 percent, above the FY 2018 request. The increase is primary attributable to an increase in staffing and recruiting services and professional fees for patient medical treatment;
- **Commodities.** The agency requests \$695,047, including \$3,823 from the State General Fund,

for commodities for FY 2019. This is an all funds increase of \$26,003, or 3.9 percent, and a State General Fund increase of \$275, or 7.8 percent, above the FY 2018 request. The increase is primarily attributable to an increase in drugs and pharmaceuticals for patients;

- **Capital Outlay.** The agency requests \$1,759, including \$1,717 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$77, or 4.6 percent, and a State General Fund increase of \$75, or 4.6 percent, above the FY 2018 request; and
- **Other Assistance.** The agency requests \$109, all from the Title XIX Fund, for other assistance for FY 2019. This is an increase of \$1, or 0.9 percent, above the FY 2018 request.

The **Governor** recommends expenditures of \$7.1 million, including \$92,607 from the State General Fund, for FY 2019. This is an all funds decrease of \$1.5 million, or 18.0 percent, and a State General Fund decrease of \$1.5 million, or 94.2 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund for FY 2019. The decrease also is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

D. State Security Hospital

The State Security Hospital 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 program also provides competency, mental state, pre-sentence, and sexual predator evaluations. The State Security Hospital program collaborates with the Kansas Department for

Aging and Disability Services (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 also is 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. The State Security Hospital program had an average daily census of 200 patients in FY 2016.

STATE SECURITY HOSPITAL							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 13,116,829	\$ 12,761,594	\$ 12,733,065	\$ 11,919,017	\$ 10,030,874	\$ 11,919,017	\$ 9,827,833
Contractual Services	1,413,667	1,111,244	1,111,244	1,087,160	1,087,160	1,142,051	1,142,051
Commodities	1,385,303	1,083,561	1,083,561	1,022,872	1,022,872	1,061,790	1,061,790
Capital Outlay	39,105	20,986	20,986	19,387	19,387	20,693	20,693
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 15,954,904</u>	<u>\$ 14,977,385</u>	<u>\$ 14,948,856</u>	<u>\$ 14,048,436</u>	<u>\$ 12,160,293</u>	<u>\$ 14,143,551</u>	<u>\$ 12,052,367</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	37,953	341	341	323	323	333	333
TOTAL	<u>\$ 15,992,857</u>	<u>\$ 14,977,726</u>	<u>\$ 14,949,197</u>	<u>\$ 14,048,759</u>	<u>\$ 12,160,616</u>	<u>\$ 14,143,884</u>	<u>\$ 12,052,700</u>
Financing:							
State General Fund	\$ 12,883,730	\$ 13,979,193	\$ 13,950,664	\$ 13,736,019	\$ 11,847,876	\$ 13,935,582	\$ 11,844,398
All Other Funds	3,109,127	998,533	998,533	312,740	312,740	208,302	208,302
TOTAL	<u>\$ 15,992,857</u>	<u>\$ 14,977,726</u>	<u>\$ 14,949,197</u>	<u>\$ 14,048,759</u>	<u>\$ 12,160,616</u>	<u>\$ 14,143,884</u>	<u>\$ 12,052,700</u>
FTE Positions	246.0	272.0	272.0	272.0	272.0	272.0	272.0
Non-FTE Uncl.Perm.Pos.	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	<u>247.0</u>	<u>273.0</u>	<u>273.0</u>	<u>273.0</u>	<u>273.0</u>	<u>273.0</u>	<u>273.0</u>

The **agency** requests \$14.0 million, including \$13.7 million from the State General Fund, for the State Security Hospital program for FY 2018. This is an all funds decrease of \$928,967, or 6.2 percent, and a State General Fund decrease of \$243,174, or 1.7 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages, contractual services, commodities, and capital outlay. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$11.9 million, including \$13.7 million from the State General Fund for salaries and wages for FY 2018. This is an all funds decrease of \$842,577, or 6.6 percent, and a State General Fund decrease of \$242,577, or 1.7 percent, below the the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages expenditures due to the absence of the one-time 27th payroll period that occurred in FY 2017, overtime pay expenditures, and an adjustment in salary shrinkage, partially offset by an increase in employer fringe benefit costs. [Note: The agency budgeted \$1.8 million in salary shrinkage from the Title XIX Fund for this program despite budgeting no salary expenditures from the Title XIX Fund for this program. This explains why the State General Fund amount is higher than the all funds total for this category of expenditure];
- **Contractual Services.** The agency requests \$1.1 million, all from special revenue funds, for contractual services for FY 2018. This is a decrease of \$24,084, or 2.2 percent, below the FY 2017 revised estimate. The decrease is

primarily attributable to a decrease in staffing and recruitment services, utilities expenditures, and professional fees for patient medical services;

- **Commodities.** The agency requests \$1.0 million, including \$7,867 from the State General Fund, for commodities for FY 2018. This is an all funds decrease of \$60,689, or 5.6 percent, and a State General Fund increase of \$266, or 3.5 percent, from the FY 2017 revised amount. The all funds decrease is primarily attributable to a decrease in drug and pharmaceutical expenditures;
- **Capital Outlay.** The agency requests \$19,387, including \$8,812 from the State General Fund, for capital outlay for FY 2018. This is an all funds decrease of \$1,599, or 7.6 percent, and a State General Fund decrease of \$845, or 8.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in household equipment and office equipment expenditures; and
- **Other Assistance.** The agency requests \$323, all from the State General fund, for other assistance for FY 2018. This is a decrease of \$18, or 5.3 percent, below the FY 2017 revised estimate.

The **Governor** recommends expenditures of \$12.2 million, including \$11.8 million from the State General Fund, for FY 2018. This is an all funds decrease of \$1.9 million, or 13.4 percent, all from the State General Fund, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement

request for additional funding from the State General Fund for FY 2018. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$14.1 million, including \$13.9 million from the State General Fund, for the State Security Hospital program for FY 2019. This is an all funds increase of \$95,125, or 0.7 percent, and a State General Fund increase of \$199,563, or 1.5 percent, above the FY 2018 request. The increase is primarily attributable to an increase in contractual services, commodities, and capital outlay. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$11.9 million, including \$13.9 million from the State General Fund, for salaries and wages for FY 2019. This is the same all funds amount as the FY 2018 request. The State General Fund amount is an increase of \$200,000, or 1.5 percent, above the FY 2018 request. [Note: The agency budgeted \$2.0 million in salary shrinkage from the Title XIX Fund for this program despite budgeting no salary expenditures from the Title XIX Fund for this program. This explains why the State General Fund amount is higher than the all funds total for this category of expenditure];
- **Contractual Services.** The agency requests \$1.1 million, all from the State General fund, for contractual services for FY 2019. This is an increase of \$54,891, or 5.0 percent, above the FY 2018 request. The increase is primarily attributable to an increase in staffing and

recruiting services expenditures, utilities, and professional fees for patient medical treatment;

- **Commodities.** The agency requests \$1.1 million, including \$7,076 from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$38,918, or 3.8 percent, and a State General Fund decrease of \$791, or 10.1 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in drug and pharmaceutical expenditures;
- **Capital Outlay.** The agency requests \$20,693, including \$9,156 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$1,306, or 6.7 percent, and a State General Fund increase of \$344, or 3.9 percent, above the FY 2018 request. The increase is primarily attributable to an increase in household equipment and office equipment expenditures; and
- **Other Assistance.** The agency requests \$333, all from the State General Fund, for other assistance for FY 2019. This is an increase of \$10, or 3.1 percent, above the FY 2018 request.

The **Governor** recommends expenditures of \$12.1 million, including \$11.8 million from the State General Fund, for FY 2019. This is an all funds decrease of \$2.1 million, or 14.8 percent, all from the State General Fund, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund for FY 2019. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 that would assist motivated offenders to reduce their risk for re-offense to the point 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 who 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 6 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. The Sexual Predator Treatment Program had an average daily census in FY 2016 of 241 patients, including 9 patients in the Mico House transition unit, and 3 patients in the Meyer Reintegration facility.

**SEXUAL PREDATOR TREATMENT PROGRAM
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 10,925,123	\$ 12,140,117	\$ 12,113,001	\$ 11,554,863	\$ 11,456,728	\$ 11,554,863	\$ 11,451,301
Contractual Services	2,405,757	2,863,383	2,863,383	2,925,186	2,925,186	2,885,576	2,885,576
Commodities	923,546	1,057,740	1,057,740	971,887	971,887	1,021,933	1,021,933
Capital Outlay	251,716	75,278	75,278	73,662	73,662	79,014	79,014
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 14,506,142</i>	<i>\$ 16,136,518</i>	<i>\$ 16,109,402</i>	<i>\$ 15,525,598</i>	<i>\$ 15,427,463</i>	<i>\$ 15,541,386</i>	<i>\$ 15,437,824</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	33,186	23,191	23,191	25,377	25,377	27,881	27,881
TOTAL	\$ 14,539,328	\$ 16,159,709	\$ 16,132,593	\$ 15,550,975	\$ 15,452,840	\$ 15,569,267	\$ 15,465,705
Financing:							
State General Fund	\$ 14,526,651	\$ 16,159,709	\$ 16,132,593	\$ 15,550,975	\$ 15,452,840	\$ 15,569,267	\$ 15,465,705
All Other Funds	12,677	0	0	0	0	0	0
TOTAL	\$ 14,539,328	\$ 16,159,709	\$ 16,132,593	\$ 15,550,975	\$ 15,452,840	\$ 15,569,267	\$ 15,465,705
FTE Positions	345.5	274.5	274.5	274.5	274.5	274.5	274.5
Non-FTE Uncl. Perm. Pos.	19.0	19.0	19.0	19.0	19.0	19.0	19.0
TOTAL	364.5	293.5	293.5	293.5	293.5	293.5	293.5

The **agency** requests \$15.6 million, all from the State General Fund, for the Sexual Predator Treatment Program for FY 2018. This is a decrease of \$608,734, or 3.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages, commodities, and capital outlay, partially offset by an increase in contractual services.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$11.6 million, all from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$585,254, or 4.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in

salaries and wages expenditures, overtime expenditures, and an adjustment in salary shrinkage, partially offset by an increase in employer fringe benefit costs;

- **Contractual Services.** The agency requests \$2.9 million, all from the State General Fund, for contractual services for FY 2018. This is an increase of \$61,803, or 2.2 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an increase in professional fees for patient medical treatment, partially offset by a decrease in utilities expenditures;
- **Commodities.** The agency requests \$971,887, all from the State General Fund, for commodities for FY 2018. This is a decrease of \$85,853, or 8.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in drug and pharmaceutical expenditures;
- **Capital Outlay.** The agency requests \$73,662, all from the State General Fund, for capital outlay for FY 2018. This is a decrease of \$1,616, or 2.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in equipment for patient treatment; and
- **Other Assistance.** The agency requests \$25,377, all from the State General Fund, for other assistance for FY 2018. This is an increase of \$2,186, or 9.4 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an increase in stipends for patients

in the Sexual Predator Treatment Program, due to an anticipated increase in the SPTP population.

The **Governor** recommends expenditures of \$15.5 million, all from the State General Fund, for FY 2018. This is a decrease of \$98,135, or 0.6 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$15.6 million, all from the State General Fund, for the Sexual Predator Treatment Program for FY 2019. This is a State General fund increase of \$18,292, or 0.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in commodities, capital outlay, and other assistance, partially offset by a decrease in contractual services. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$11.6 million, all from the State General Fund, for salaries and wages for FY 2019. This is the same amount as the FY 2018 request;
- **Contractual Services.** The agency requests \$2.9 million, all from the State General Fund, for contractual services for FY 2019. This is a decrease of \$39,610, or 1.4 percent, below the FY 2018 request. The decrease is primarily attributable to a decrease in professional fees for patient medical treatment, partially offset by an increase in utilities expenditures;

- **Commodities.** The agency requests \$1.0 million, all from the State General Fund, for commodities for FY 2019. This is an increase of \$50,046, or 5.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in drug and pharmaceutical expenditures;
- **Capital Outlay.** The agency requests \$79,014, all from the State General Fund, for capital outlay for FY 2019. This is an increase of \$5,352, or 7.3 percent, above the FY 2018 request. The increase is primarily attributable to an increase in household equipment, professional equipment for patient treatment, and software expenditures; and

- **Other Assistance.** The agency requests \$27,881, all from the State General Fund, for other assistance for FY 2019. This is an increase of \$2,504, or 9.9 percent, above the FY 2018 request. The increase is primarily attributable to The increase is primarily attributable to an increase in stipends for patients in the Sexual Predator Treatment Program, due to an anticipated increase in the SPTP population.

The **Governor** recommends expenditures of \$15.5 million, all from the State General Fund, for FY 2019. This is a decrease of \$103,562, or 0.7 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

F. Ancillary Services

The Ancillary Services program consists of Allied Clinical Services, which is comprised of medical services, nursing services, chaplaincy services, the psychology department, the

social services department, the pharmacy, the clinical pathology laboratory, and clinic/infection control.

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 4,407,417	\$ 7,539,874	\$ 7,520,923	\$ 7,517,699	\$ 3,858,183	\$ 7,517,697	\$ 4,449,014
Contractual Services	1,920,744	1,921,278	1,921,278	2,223,523	2,223,523	2,357,113	2,357,113
Commodities	380,045	417,412	417,412	388,840	388,840	409,836	409,836
Capital Outlay	1,488	471	471	428	428	450	450
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 6,709,694</i>	<i>\$ 9,879,035</i>	<i>\$ 9,860,084</i>	<i>\$ 10,130,490</i>	<i>\$ 6,470,974</i>	<i>\$ 10,285,096</i>	<i>\$ 7,216,413</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	11,502	0	0	0	0	0	0
TOTAL	\$ 6,721,196	\$ 9,879,035	\$ 9,860,084	\$ 10,130,490	\$ 6,470,974	\$ 10,285,096	\$ 7,216,413
Financing:							
State General Fund	\$ 6,699,792	\$ 13,120,968	\$ 13,102,017	\$ 12,642,634	\$ 8,983,118	\$ 12,576,926	\$ 9,508,243
All Other Funds	21,404	(3,241,933)	(3,241,933)	(2,512,144)	(2,512,144)	(2,291,830)	(2,291,830)
TOTAL	\$ 6,721,196	\$ 9,879,035	\$ 9,860,084	\$ 10,130,490	\$ 6,470,974	\$ 10,285,096	\$ 7,216,413
FTE Positions	51.0	62.0	62.0	62.0	62.0	62.0	62.0
Non-FTE Uncl.Perm.Pos.	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	52.0	63.0	63.0	63.0	63.0	63.0	63.0

The **agency** requests \$10.1 million, including \$12.6 million from the State General Fund, for the Ancillary Services program

for FY 2018. This is an all funds increase of \$251,455, or 2.5 percent, and a State General Fund decrease of \$478,334, or 3.6

percent, from the FY 2017 revised estimate. The all funds increase is primarily attributable to an increase in contractual services, partially offset by a decrease in salaries and wages and commodities. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$7.5 million, including \$11.1 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$22,175, or 0.3 percent, and a State General Fund decrease of \$722,175, or 6.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs and an adjustment in salary shrinkage. [Note: The agency budgeted salary shrinkage of \$2.6 million from the Title XIX Fund and \$1.0 million from the Larned State Hospital Fee Fund despite not budgeting salary expenditures from either fund for this program. This explains why the State General Fund amount is higher than the all funds total for this category of expenditure];
- **Contractual Services.** The agency requests \$2.2 million, including \$1.2 million from the State General Fund, for contractual services for FY 2018. This is an all funds increase of \$302,245, or 15.7 percent, and a State General Fund increase of \$205,099, or 19.7 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an increase in professional fees for patient medical treatment,

staffing and recruiting services, and utilities expenditures;

- **Commodities.** The agency requests \$388,840, including \$277,119 from the State General Fund, for commodities for FY 2018. This is an all funds decrease of \$28,572, or 6.8 percent, and a State General Fund increase of \$38,785, or 16.3 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in supplies for patient treatment and drug and pharmaceutical expenditures; and
- **Capital Outlay.** The agency requests \$428, all from the State General Fund, for capital outlay for FY 2018. This is a decrease of \$43, or 9.1 percent, below the FY 2017 revised estimate.

The **Governor** recommends expenditures of \$6.5 million, including \$9.0 million from the State General Fund, for FY 2018. This is a decrease of \$3.7 million, or 36.1 percent, all from the State General Fund, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's request for additional funding from the State General Fund for FY 2018. The decrease also is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$10.3 million, including \$12.6 million from the State General Fund, for the Ancillary Services program for FY 2019. This is an all funds increase of \$154,606, or 1.5 percent, and a State General Fund decrease of \$65,708, or 0.5 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in contractual services and

commodities. The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests \$7.5 million, including \$10.5 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$2, or less than 0.1 percent, and a State General Fund decrease of \$600,002, or 5.4 percent, below the FY 2018 request. [Note: The agency budgeted salary shrinkage of \$2.5 million from the Title XIX Fund and \$500,000 million from the Larned State Hospital Fee Fund despite not budgeting salary expenditures from either fund for this program. This explains why the State General Fund amount is higher than the all funds total for this category of expenditure];
- **Contractual Services.** The agency requests \$2.4 million, including \$1.8 million from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$133,590, or 6.0 percent, and a State General Fund increase of \$520,862, or 41.8 percent, above the FY 2018 request. The increase is primarily attributable to an increase in professional fees for

patient medical treatment and utilities expenditures;

- **Commodities.** The agency requests \$409,836, including \$290,529 from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$20,996, or 5.4 percent, and a State General Fund increase of \$13,410, or 4.8 percent, above the FY 2018 request. The increase is primarily attributable to an increase in supplies for patient treatment an drug and pharmaceutical expenditures; and
- **Capital Outlay.** The agency requests \$450, all from the State General fund, for capital outlay for FY 2019. This is an increase of \$22, or 5.1 percent, above the FY 2018 request.

The **Governor** recommends expenditures of \$7.2 million, including \$9.5 million from the State General Fund, for FY 2019. This is a decrease of \$3.1 million, or 29.8 percent, all from the State General Fund, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund for FY 2019. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

G. Physical Plant/Central Services

The Physical Plant/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, as well as

works cooperatively with Larned Juvenile Correctional Facility (LJCF) and Larned Correctional Mental Health Facility (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 also are delivered to the LJCF and LCMHF. Also within the Physical Plant/Central Services 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 5,395,695	\$ 5,705,652	\$ 5,691,845	\$ 5,547,058	\$ 5,495,167	\$ 5,486,549	\$ 5,432,485
Contractual Services	763,405	4,360,224	4,360,224	4,408,565	4,408,565	4,429,656	4,429,656
Commodities	1,576,198	1,612,071	1,612,071	1,580,422	1,580,422	1,606,209	1,606,209
Capital Outlay	349,303	127,489	127,489	117,575	117,575	122,505	122,505
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 8,084,601</u>	<u>\$ 11,805,436</u>	<u>\$ 11,791,629</u>	<u>\$ 11,653,620</u>	<u>\$ 11,601,729</u>	<u>\$ 11,644,919</u>	<u>\$ 11,590,855</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	13,593	0	0	0	0	0	0
TOTAL	<u>\$ 8,098,194</u>	<u>\$ 11,805,436</u>	<u>\$ 11,791,629</u>	<u>\$ 11,653,620</u>	<u>\$ 11,601,729</u>	<u>\$ 11,644,919</u>	<u>\$ 11,590,855</u>
Financing:							
State General Fund	\$ 5,930,368	\$ 9,571,041	\$ 9,557,234	\$ 9,030,753	\$ 8,978,862	\$ 8,765,006	\$ 8,710,942
All Other Funds	2,167,826	2,234,395	2,234,395	2,622,867	2,622,867	2,879,913	2,879,913
TOTAL	<u>\$ 8,098,194</u>	<u>\$ 11,805,436</u>	<u>\$ 11,791,629</u>	<u>\$ 11,653,620</u>	<u>\$ 11,601,729</u>	<u>\$ 11,644,919</u>	<u>\$ 11,590,855</u>
FTE Positions	110.0	154.0	154.0	154.0	154.0	154.0	154.0
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>110.0</u>	<u>154.0</u>	<u>154.0</u>	<u>154.0</u>	<u>154.0</u>	<u>154.0</u>	<u>154.0</u>

The **agency** requests \$11.7 million, including \$9.0 million from the State General Fund, for the Physical Plant/Central Services program for FY 2018. This is an all funds decrease of \$151,816, or 1.3 percent, and a State General Fund decrease of \$540,288, or 5.6 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages, commodities, and capital outlay, partially offset by an increase in contractual services. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$5.5 million, all from the State General Fund, for salaries and wages for FY 2018. This is a decrease of \$158,594, or 2.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and wages expenditures due to the absence of the one-time 27th payroll period that occurred in FY 2017 and an adjustment in salary shrinkage, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$4.4 million, including \$2.4 million from the State General Fund, for contractual services for FY 2018. This is an all funds increase of \$48,341, or 1.1 percent, and a State General Fund decrease of \$586,899, or 19.4 percent, from the FY 2017 revised estimate. The all funds increase is primarily attributable to an increase in building repair expenditures, partially offset by a decrease in utilities expenditures;
- **Commodities.** The agency requests \$1.6 million, including \$963,085 from the State General Fund, for commodities for FY 2018. This is an all funds

decrease of \$31,649, or 2.0 percent, and a State General Fund increase of \$212,821, or 28.4 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in supplies for the facility power plant, small tools, household supplies, and stationery and office supplies; and

- **Capital Outlay.** The agency requests \$117,575, including \$79,303 from the State General Fund, for capital outlay for FY 2018. This is an all funds decrease of \$9,914, or 7.8 percent, and a State General Fund decrease of \$7,616, or 8.8 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in shop and plant maintenance equipment.

The **Governor** recommends expenditures of \$11.6 million, including \$9.0 million from the State General Fund, for FY 2018. This is a decrease of \$51,891, or 0.4 percent, all from the State General Fund, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$11.6 million, including \$8.8 million from the State General Fund, for the Physical Plant/Central Services program for FY 2019. This is an all funds decrease of \$8,701, or 0.1 percent, and a State General fund decrease of \$265,747, or 2.9 percent, below the FY 2018 request. The decrease is primarily attributable to a decrease in salaries and wages, partially offset by an increase in contractual services, commodities, and capital outlay. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$5.5 million, all from the State General Fund, for salaries and wages for FY 2019. This is a decrease of \$60,509, or 1.1 percent, below the FY 2018 request. The decrease is primarily attributable to a decrease in salaries and wages expenditures and associated fringe benefit expenditures, as the hospital anticipates being able to offer a lower salary to new employees in positions left vacant due to retirement;
- **Contractual Services.** The agency requests \$4.4 million, including \$2.4 million from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$21,091, or 0.5 percent, and a State General Fund decrease of \$82,060, or 3.4 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in utilities expenditures and building repair expenditures;
- **Commodities.** The agency requests \$1.6 million, including \$836,053 from the State General Fund,

for commodities for FY 2019. This is an all funds increase of \$25,787, or 1.6 percent, and a State General Fund decrease of \$127,032, or 13.2 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in supplies for the facility power plant and household supplies; and

- **Capital Outlay.** The agency requests \$122,505, including \$83,157 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$4,930, or 4.2 percent, and a State General Fund increase of \$3,854, or 4.9 percent, above the FY 2018 request. The increase is primarily attributable to an increase in shop and plant maintenance equipment.

The **Governor** recommends expenditures of \$11.6 million, including \$8.7 million from the State General Fund, for FY 2019. This is a decrease of \$54,064, or 0.5 percent, all from the State General Fund, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Average serious patient injuries from patient aggression per 1,000 inpatient days	0.068	0.122	0.102	0.075	0.067
Average restraint hours per 1,000 inpatient hours	0.084	0.061	0.055	0.050	0.045
Percent of direct care staff, clinicians, and designated support staff trained in crisis intervention techniques	99.23%	99.69%	99.69%	99.69%	99.69%

OSAWATOMIE STATE HOSPITAL

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 22,795,150	\$ 23,485,509	\$ 23,451,573	\$ 25,027,204	\$ 13,382,334	\$ 25,699,235	\$ 13,450,888
Other Funds	10,067,817	9,314,072	9,297,394	6,714,072	6,685,100	6,114,072	6,082,854
TOTAL	\$ 32,862,967	\$ 32,799,581	\$ 32,748,967	\$ 31,741,276	\$ 20,067,434	\$ 31,813,307	\$ 19,533,742
Capital Improvements:							
State General Fund	\$ 0	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Other Funds	30,753	0	0	0	0	0	0
TOTAL	\$ 30,753	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
GRAND TOTAL	\$ 32,893,720	\$ 32,829,581	\$ 32,778,967	\$ 31,771,276	\$ 20,097,434	\$ 31,843,307	\$ 19,563,742
Percentage Change:							
Operating Expenditures							
State General Fund	74.9 %	3.0 %	2.9 %	6.6 %	(42.9) %	2.7 %	0.5 %
All Funds	2.2	(0.2)	(0.3)	(3.2)	(38.7)	0.2	(2.7)
FTE Positions	483.1	478.1	478.1	478.1	478.1	478.1	478.1
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	483.1	478.1	478.1	478.1	478.1	478.1	478.1

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 30-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 did not have additional resources to serve persons seeking voluntary admissions. In FY 2010, the number of days over census was 123, or 34.0 percent of the time. In FY 2011, the number of days over census was 119, or 33.0 percent of the time. The agency indicates that a hospital of

similar size and serving a similar population as Osawatomie should run at an 85.0 percent capacity for its average daily census over the course of a year.

Osawatomie State Hospital is licensed by the Kansas Department of Health and Environment (KDHE). KDHE, along with the federal Centers for Medicare and Medicaid Services (CMS), conduct periodic surveys, both announced and unannounced, to determine compliance with applicable laws, regulations, and standards.

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 Marshal inspection. A 30-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 the Rainbow Mental Health Facility's fee funds to the Osawatomie State Hospital fee funds as part of the closure of the 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 Facility 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 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.

In the December of 2015, the federal Centers for Medicare and Medicaid Services (CMS) conducted follow-up surveys at Osawatomie State Hospital and cited the facility for staffing and patient safety concerns. CMS de-certified the facility, meaning it could not bill for Medicaid or Medicare reimbursements.

The **2016 Legislature** added \$2.0 million, all from the State General Fund, to address re-certification and under-staffing issues in FY 2016. The Legislature also added \$9.5 million, all from the State General Fund, and deleted \$5.9 million, all from special revenue funds, for increased operational expenditures, a consulting contract to regain federal Centers for Medicare and Medicaid Services certification, and to offset reductions in fee fund and Title XIX revenue in FY 2016. The Legislature deleted \$1.5 million, all from the State General Fund, in FY 2016 and FY 2017 and added \$1.5 million, all from the Osawatomie State Hospital Fee Fund, in FY 2016 and FY 2017 to change the source of operational funding in FY 2016 and FY 2017. The Legislature added \$1.3 million, all from the State General Fund, to increase registered nurse pay by 10.0 percent and mental health technician pay by 12.0 percent for FY 2017.

The **2016 Legislature** added language prohibiting the privatization of Osawatomi State Hospital in FY 2016, FY 2017, and FY 2018 without prior specific authorization by the Legislature. The Legislature added language that any request for proposal to provide services and management at Osawatomi State Hospital in FY 2016 and FY 2017 must include provisions for electronic medical records. Provisions noted patient data must not be hosted offshore and any selection of entity providing services or management must be approved by the Legislature.

In August of 2016, two living units were functionally separated from the hospital to form Adair Acute Care (AAC), which is functionally considered a free-standing unit, though it is included among the 206 overall licensed beds on the grounds. The agency notes certification from CMS for these beds will be sought during FY 2017 and if certification is gained, will be maintained during the remainder of FY 2017 and future fiscal years.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Osawatomi State Hospital at the end of each fiscal year.

	FY 15 Actual	FY 16 Actual	FY 17 Actual	FY 18 Projected	FY 19 Projected
Total	206	206	146	146	146

ADMISSIONS

The chart below shows admissions at Osawatomi State Hospital.

	FY 15 Actual*	FY 16 Actual*	FY 17 Projected	FY 18 Projected	FY 19 Projected
Total	2,342	1,230	1,217	1,365	1,365

* The decrease in admissions for FY 2017, FY 2018, and FY 2019 is related to the agency's moratorium on admissions to keep the census no higher than 146 as it pursues re-certification of the facility.

AVERAGE LENGTH OF STAY

The chart below shows the average length of stay in days for adults at Osawatomie State Hospital.

	FY 15 Actual	FY 16 Actual	FY 17 Projected	FY 18 Projected	FY 19 Projected
OSH Hospital	28	42	110	90	90
Adair Acute Care	--	--	19	14	14

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency's** revised estimate is \$32.8 million, including \$23.5 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. This is an all funds decrease of \$1,998, or less than 0.1 percent, and a State General Fund increase of \$9.0 million, or 62.0 percent, above the amount approved by the 2016 Legislature.

The agency's revised estimate for operating expenditures is \$32.8 million, including \$23.5 million from the State General Fund. This is an all funds decrease of \$31,998, or 0.1 percent, and a State General Fund increase of \$9.0 million, or 61.8 percent, above the amount approved by the 2016 Legislature. The all funds decrease is primarily attributable to the agency shifting \$30,000 in operating expenditures to the capital improvements budget in FY 2017. The change in State General Fund expenditures is primarily attributable to the agency's

supplemental request to add \$9.0 million from the State General Fund for operational expenditures and decrease fee fund and Title XIX Fund expenditures by the same amount. The revised estimate includes 478.1 FTE positions, which is a decrease of 5.0 FTE positions below the number approved by the 2016 Legislature. The decrease is attributable to the agency transferring five legal positions and funding for these positions to the Kansas Department for Aging and Disability Services.

The revised estimate for capital improvements is \$30,000, all from the State General Fund, in FY 2017. This is an increase of \$30,000, or 100.0 percent, above the amount approved by the 2016 Legislature. The increase is attributable to anticipated small repairs and improvements to hospital buildings due to the age of certain structures.

FY 2017 Governor Recommendation

The **Governor** recommends total expenditures of \$32.8 million, including \$23.5 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$32.7 million, including \$23.5 million from the State General Fund, for FY 2017. This is an all funds decrease of \$50,614, or 0.2 percent, and a State General Fund decrease of \$33,936, or 0.1 percent, below the agency's revised FY 2017

estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor recommends capital improvements totaling \$30,000, all from the State General Fund, in FY 2017. This is the same amount as the agency's revised FY 2017 estimate.

FY 2018 Agency Request

The **agency** requests operational expenditures of \$31.7 million, including \$25.0 million from the State General Fund, for FY 2018. This is an all funds decrease of \$1.1 million, or 3.2 percent, and a State General Fund increase of \$1.5 million, or 6.6 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to a \$1.0 million decrease in salaries and wages expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs. The change in State General Fund expenditures is primarily attributable to the agency's enhancement request to add \$11.6 million from the State General Fund for operational expenditures

and decrease fee fund and Title XIX Fund expenditures by the same amount. The request includes 478.1 FTE positions, which is the same number as the FY 2017 revised estimate.

The agency requests capital improvement expenditures of \$30,000, all from the State General Fund, for FY 2018. This funding is for anticipated small repairs and improvements to hospital buildings due to the age of certain structures. Other capital improvement expenditures for the agency are included in the capital improvements budget for the Kansas Department for Aging and Disability Services.

FY 2018 Governor Recommendation

The **Governor** recommends operating expenditures of \$20.1 million, including \$13.4 million from the State General Fund, for FY 2018. This is an all funds decrease of \$11.7 million, or 36.8 percent, and a State General Fund decrease of \$11.6 million, or 46.5 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional

funding totaling \$11.6 million from the State General Fund to replace projected fee fund and federal fund shortfalls. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$60,478, including \$36,749 from the State General Fund, and to provide a moratorium on employer contributions for death and disability

for one quarter, which results in an all funds reduction of \$13,364, including \$8,121 from the State General Fund.

FY 2019 Agency Request

The **agency** requests operational expenditures of \$31.8 million, including \$25.7 million from the State General Fund, for FY 2019. This is an all funds increase of \$72,031, or 0.2 percent, and a State General Fund increase of \$672,031, or 2.7 percent, above the FY 2018 request. The all funds increase is primarily attributable to an adjustment in salary shrinkage. The change in State General Fund expenditures is primarily attributable to the agency's enhancement request to add \$12.2 million from the State General Fund for operational expenditures and decrease fee fund and Title XIX Fund expenditures by the

FY 2019 Governor Recommendation

The **Governor** recommends operating expenditures of \$19.5 million, including \$13.5 million from the State General Fund, for FY 2019. This is an all funds decrease of \$12.3 million, or 38.6 percent, including \$12.2 million from the State General Fund, or 47.7 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding totaling \$12.2 million from the State General Fund to replace projected fee fund and federal fund shortfalls.

The Governor recommends capital improvement expenditures of \$30,000, all from the State General Fund, for FY 2018. This is the same amount as the agency's FY 2018 request.

same amount. The agency request includes 478.1 FTE positions, which is the same number as the FY 2018 request.

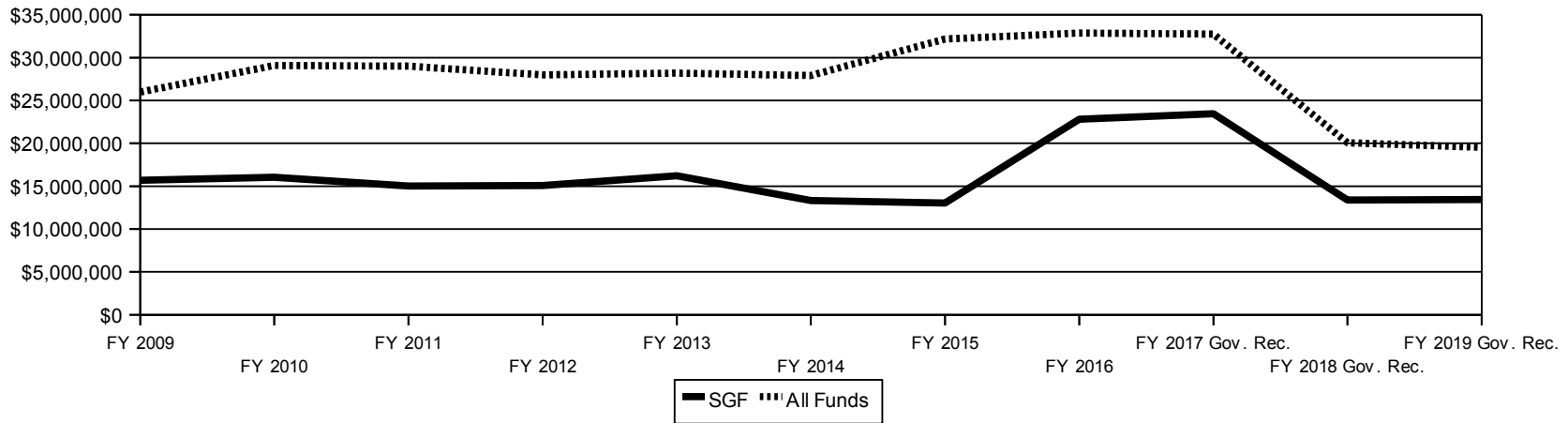
The agency requests \$30,000, all from the State General Fund, for capital improvement expenditures for FY 2019. This funding is for anticipated small repairs and improvements to hospital buildings due to the age of certain structures. Other capital improvement expenditures for the agency are included in the capital improvements budget for the Kansas Department for Aging and Disability Services.

The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which is a decrease of \$79,565, including \$48,347 from the State General Fund.

The Governor recommends capital improvement expenditures of \$30,000, all from the State General Fund, for FY 2019. This is the same amount as the agency's FY 2019 request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	22,795,150	74.9	32,862,967	2.2	483.1
2017 Gov. Rec.	23,451,573	2.9	32,748,967	(0.3)	478.1
2018 Gov. Rec.	13,382,334	(42.9)	20,067,434	(38.7)	478.1
2019 Gov. Rec.	13,450,888	0.5	19,533,742	(2.7)	478.1
Eleven-Year Change	\$ (2,223,857)	(14.2)%	\$ (6,447,292)	(24.8)%	36.7

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 4,424,115	\$ 3,008,281	\$ 3,001,622	\$ (6,659)	(0.2)%	\$ 3,005,234	\$ 1,404,073	\$ (1,601,161)	(53.3)%
Med & Surgical Services	6,766,485	6,465,181	6,419,949	(45,232)	(0.7)	6,456,944	4,410,530	(2,046,414)	(31.7)
Clinical Services	15,634,510	17,261,002	15,844,784	(1,416,218)	(8.2)	17,227,797	8,795,072	(8,432,725)	(48.9)
Phys Plant/Central Svcs	6,037,857	6,065,117	6,474,921	409,804	6.8	6,058,992	5,457,759	(601,233)	(9.9)
TOTAL	\$ 32,862,967	\$ 32,799,581	\$ 31,741,276	\$ (1,058,305)	(3.2)%	\$ 32,748,967	\$ 20,067,434	\$ (12,681,533)	(38.7)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 22,311,518	\$ 21,026,996	\$ 20,021,691	\$ (1,005,305)	(4.8)%	\$ 20,976,382	\$ 8,347,849	\$ (12,628,533)	(60.2)%
Contractual Services	7,816,951	9,140,766	9,140,766	0	0.0	9,140,766	9,140,766	0	0.0
Commodities	2,254,878	2,257,419	2,257,419	0	0.0	2,257,419	2,257,419	0	0.0
Capital Outlay	426,607	321,400	321,400	0	0.0	321,400	321,400	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 32,809,954	\$ 32,746,581	\$ 31,741,276	\$ (1,005,305)	(3.1)%	\$ 32,695,967	\$ 20,067,434	\$ (12,628,533)	(38.6)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	53,013	53,000	0	(53,000)	(100.0)	53,000	0	(53,000)	(100.0)
TOTAL	\$ 32,862,967	\$ 32,799,581	\$ 31,741,276	\$ (1,058,305)	(3.2)%	\$ 32,748,967	\$ 20,067,434	\$ (12,681,533)	(38.7)%
Financing:									
State General Fund	\$ 22,795,150	\$ 23,485,509	\$ 25,027,204	\$ 1,541,695	6.6%	\$ 23,451,573	\$ 13,382,334	\$ (10,069,239)	(42.9)%
OSH Fee Fund	7,635,019	6,489,674	3,989,674	(2,500,000)	(38.5)	6,483,087	3,977,674	(2,505,413)	(38.6)
Title XIX Fund	2,425,942	2,824,398	2,724,398	(100,000)	(3.5)	2,814,307	2,707,426	(106,881)	(3.8)
All Other Funds	6,856	0	0	0	--	0	0	0	--
TOTAL	\$ 32,862,967	\$ 32,799,581	\$ 31,741,276	\$ (1,058,305)	(3.2)%	\$ 32,748,967	\$ 20,067,434	\$ (12,681,533)	(38.7)%

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 3,001,622	\$ 3,456,484	\$ 454,862	15.2 %	\$ 1,404,073	\$ 1,959,124	\$ 555,051	39.5 %
Med & Surgical Services	6,419,949	5,560,512	(859,437)	(13.4)	4,410,530	3,550,364	(860,166)	(19.5)
Clinical Services	15,844,784	16,310,786	466,002	2.9	8,795,072	8,557,221	(237,851)	(2.7)
Phys Plant/Central Svcs	6,474,921	6,485,525	10,604	0.2	5,457,759	5,467,033	9,274	0.2
TOTAL	\$ 31,741,276	\$ 31,813,307	\$ 72,031	0.2 %	\$ 20,067,434	\$ 19,533,742	\$ (533,692)	(2.7)%
By Major Object of Expenditure:								
Salaries and Wages	\$ 20,021,691	\$ 20,093,722	\$ 72,031	0.4 %	\$ 8,347,849	\$ 7,814,157	\$ (533,692)	(6.4)%
Contractual Services	9,140,766	9,140,766	0	0.0	9,140,766	9,140,766	0	0.0
Commodities	2,257,419	2,257,419	0	0.0	2,257,419	2,257,419	0	0.0
Capital Outlay	321,400	321,400	0	0.0	321,400	321,400	0	0.0
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 31,741,276	\$ 31,813,307	\$ 72,031	0.2 %	\$ 20,067,434	\$ 19,533,742	\$ (533,692)	(2.7)%
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 31,741,276	\$ 31,813,307	\$ 72,031	0.2 %	\$ 20,067,434	\$ 19,533,742	\$ (533,692)	(2.7)%
Financing:								
State General Fund	\$ 25,027,204	\$ 25,699,235	\$ 672,031	2.7 %	\$ 13,382,334	\$ 13,450,888	\$ 68,554	0.5 %
OSH Fee Fund	3,989,674	3,689,674	(300,000)	(7.5)	3,977,674	3,676,744	(300,930)	(7.6)
Title XIX Fund	2,724,398	2,424,398	(300,000)	(11.0)	2,707,426	2,406,110	(301,316)	(11.1)
All Other Funds	0	0	0	--	0	0	0	--
TOTAL	\$ 31,741,276	\$ 31,813,307	\$ 72,031	0.2 %	\$ 20,067,434	\$ 19,533,742	\$ (533,692)	(2.7)%

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$13,482,193 for Osawatomie State Hospital in FY 2017. Several adjustment has been made subsequently to that amount. The adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$1,998, based on the reappropriation of FY 2016 funding which was not spent in FY 2016 and has shifted to FY 2017;
- A decrease of \$290,499, due to the transfer of funding for five legal positions to the Kansas

Department for Aging and Disability Services (KDADS); and

- An increase of \$1.3 million as a result of a transfer from KDADS and corresponding increase in expenditures for food services for patients due to the contract for food services shifting from KDADS budget to the hospital's budget.

The adjustment changes the FY 2017 approved State General Fund to \$14,517,507. 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	\$ 14,517,507	\$ 23,515,509	\$ 8,998,002	\$ 23,481,573	\$ 8,964,066
All Other Funds	18,314,072	9,314,072	(9,000,000)	9,297,394	(9,016,678)
TOTAL	\$ 32,831,579	\$ 32,829,581	\$ (1,998)	\$ 32,778,967	\$ (52,612)
FTE Positions	483.1	478.1	(5.0)	478.1	(5.0)

The **agency's** revised estimate is \$32.8 million, including \$23.5 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. This is an all funds decrease of \$1,998, or less than 0.1 percent, and a State General Fund increase of \$9.0 million, or 62.0 percent, above the amount approved by the 2016 Legislature.

The agency's revised estimate for operating expenditures is \$32.8 million, including \$23.5 million from the State General Fund. This is an all funds decrease of \$31,998, or 0.1 percent, and a State General Fund increase of \$9.0 million, or 61.8 percent, above the amount approved by the 2016 Legislature. The all funds decrease is primarily attributable to the agency shifting \$30,000 in operating expenditures to the capital improvements budget in FY 2017. The change in State General Fund expenditures is primarily attributable to the agency's supplemental request to add \$9.0 million from the State General Fund for operational expenditures and decrease fee fund and Title XIX Fund expenditures by the same amount. The revised estimate includes 478.1 FTE positions, which is a decrease of 5.0 FTE positions below the number approved by the 2016 Legislature. The decrease is attributable to the agency transferring five legal positions and funding for these positions to the Kansas Department for Aging and Disability Services.

The revised estimate for capital improvements is \$30,000, all from the State General Fund, in FY 2017. This is an increase of \$30,000, or 100.0 percent, above the amount approved by the 2016 Legislature. The increase is attributable to the agency shifting funding from the operating budget to capital improvements for small repairs and improvements to hospital buildings due to the age of certain structures.

The FY 2017 revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$21.0 million, including \$20.7 million from the State General Fund, for salaries and wages in FY 2017. This is an all funds decrease of \$5.1 million, or 19.7 percent, and a State General Fund increase of \$5.9 million, or 40.0 percent, from the amount approved by the 2016 Legislature. The all funds decrease is primarily attributable to a decrease in salary and wage expenditures and an adjustment to salary shrinkage. The agency reports it has experienced difficulty filling open positions so it has pursued additional contract labor;
- **Contractual Services.** The agency requests \$9.1 million, including \$1.8 million from the State General Fund, for contractual services in FY 2017. This is an increase of \$5.1 million, or 124.0 percent, and a State General Fund increase of \$3.1 million, or 242.1 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to an increase in staffing and recruiting services and food for patients. The agency reports it has experienced difficulty filling all positions so it has increased expenditures on contract nurses to fill gaps in services. The food service increase is due to the hospital taking on the contract for food services within its budget. Previously, the hospital outsourced food services and transferred money to the Kansas Department for Aging and Disability Services to pay the vendor, but starting in FY 2017, the hospital will be paying the vendor directly;

- **Commodities.** The agency requests \$2.3 million, including \$596,821 from the State General Fund, for commodities in FY 2017. This is an increase of \$712,494, or 46.1 percent, and a State General Fund increase of \$596,671 above the amount approved by the 2016 Legislature. The increase is primarily attributable to an increase in drug and pharmaceutical supplies for patients and grounds supplies for the Physical Plant and Central Services program;
- **Capital Outlay.** The agency requests \$321,400, all from the State General Fund, for capital outlay in FY 2017. This is an increase of \$321,400, or 100.0 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to an increase in household furniture for patients and computer equipment; and
- **Other Assistance.** The agency requests \$53,000, all from the State General fund, for other assistance in FY 2017. This is an increase

of \$53,000, or 100.0 percent, above the amount approved by the 2016 Legislature. The increase is attributable to expenditures for the Voluntary Retirement Incentive Program. FY 2017 is the final year the agency will have expenditures for the program.

The **Governor** recommends total expenditures of \$32.8 million, including \$23.5 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$32.7 million, including \$23.5 million from the State General Fund, for FY 2017. This is an all funds decrease of \$50,614, or 0.2 percent, and a State General Fund decrease of \$33,936, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor recommends capital improvements totaling \$30,000, all from the State General Fund, in FY 2017. This is the same amount as the agency's revised FY 2017 estimate.

Supplemental Detail

Supplementals	FY 2017 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement SGF	\$ 9,000,000	\$ 9,000,000	0.0	\$ 9,000,000	\$ 9,000,000	0.0
Revenue Replacement OSH Fee Fund	0	(3,500,000)	0.0	0	(3,500,000)	0.0
Revenue Replacement Title XIX	0	(5,500,000)	0.0	0	(5,500,000)	0.0
TOTAL	\$ 9,000,000	\$ 0	0.0	\$ 9,000,000	\$ 0	0.0

The **agency** submits one request for supplemental funding, which is an increase of \$9.0 million from the State General Fund in FY 2017. Because of reductions to other funding sources, there is no change in total all funds expenditures. The supplemental request would add \$9.0 million, all from the State General Fund, and delete \$3.5 million from the Osawatomie State Hospital Fee Fund and \$5.5 million from the Title XIX Fund in FY 2017. The agency notes it has experienced lower than anticipated revenues in both its fee funds and its Title XIX Fund. Revenue shortfalls are attributable to several factors, including that the hospital has been unable to bill Medicare or

Medicaid since January 2016 due to federal Center for Medicare and Medicaid Services (CMS) de-certification. The agency also is unable to bill certain private insurance companies due to contract provisions that require the hospital to be CMS certified. Furthermore, the hospital's new facility, Adair Acute Care, will only be certified for 60 beds. The remaining beds will be used at the hospital, but will only be licensed beds. In total, the hospital has a projected revenue shortfall of \$9.0 million in FY 2017.

The **Governor** concurs with the agency's supplemental request in FY 2017.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 31,741,276	\$ 20,067,434	\$ (11,673,842)
FTE Positions	478.1	478.1	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 1,541,695	\$ (10,069,239)	
All Other Funds	(2,600,000)	(2,612,294)	
TOTAL	<u>\$ (1,058,305)</u>	<u>\$ (12,681,533)</u>	
<i>Percent Change:</i>			
State General Fund	6.6 %	(42.9) %	
All Other Funds	(27.9)	(28.1)	
TOTAL	<u>(3.2) %</u>	<u>(38.7) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operational expenditures of \$31.7 million, including \$25.0 million from the State General Fund, for FY 2018. This is an all funds decrease of \$1.1 million, or 3.2 percent, and a State General Fund increase of \$1.5 million, or 6.6 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to a \$1.0 million decrease in salaries and wages expenditures due to salaries returning to a

normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs. The change in State General Fund expenditures is primarily attributable to the agency's enhancement request to add \$11.6 million from the State General Fund for operational expenditures and decrease fee fund and Title XIX Fund expenditures by the

same amount. The request includes 478.1 FTE positions, which is the same number as the FY 2017 revised estimate.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$20.0 million, including \$21.4 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$1.0 million, or 4.8 percent, and a State General Fund increase of \$696,325, or 3.4 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$9.1 million, including \$2.5 million from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is an increase of \$630,455, or 34.3 percent, above the FY 2017 revised estimate;

- **Commodities.** The agency requests \$2.3 million, including \$864,736 from the State General Fund, for commodities for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is an increase of \$267,915, or 44.9 percent, above the FY 2017 revised estimate; and
- **Capital Outlay.** The agency requests \$321,400, all from the State General Fund, for capital outlay expenditures for FY 2018. This is the same amount as the FY 2017 revised estimate.

The **Governor** recommends operating expenditures of \$20.1 million, including \$13.4 million from the State General Fund, for FY 2018. This is an all funds decrease of \$11.7 million, or 36.8 percent, and a State General Fund decrease of \$11.6 million, or 46.5 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding totaling \$11.6 million from the State General Fund to replace projected fee fund and federal fund shortfalls. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$60,478, including \$36,749 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$13,364, including \$8,121 from the State General Fund.

Enhancements Detail

Enhancements	FY 2018 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement SGF	\$ 11,600,000	\$ 11,600,000	0.0	\$ 0	\$ 0	0.0

The **agency** submits one request for enhancement funding, which is an increase of \$11.6 million from the State General Fund for FY 2018. The agency notes it has experienced lower than anticipated revenues in both its fee fund and its Title XIX Fund, so it has decreased expenditures from both accounts and has requested replacement of funding from the State General Fund. Revenue shortfalls are attributable to several factors, including that the hospital has been unable to bill Medicare or Medicaid since January 2016 due to federal Center for Medicare and Medicaid Services de-certification. The agency also is

unable to bill certain private insurance companies due to contract provisions that require the hospital to be CMS certified. Furthermore, the hospital's new facility, Adair Acute Care, will only be certified for 60 beds. The remaining beds will be used at the hospital, but will only be licensed beds. In total, the hospital has a projected revenue shortfall of \$11.6 million for FY 2018.

The **Governor** does not recommend the agency's enhancement request for FY 2018.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduce Nursing Expenditures	\$ (621,194)	\$ (621,194)	0.0	\$ 0	\$ 0	0.0

The **agency** submits one reduced resource option totaling \$621,194, all from the State General Fund, for FY 2018. The agency notes that, historically, recruiting nurses from the greater Kansas City metropolitan area has been extremely challenging and notes it is a reasonably strong belief that recent gains in hiring registered nurses will be challenging to sustain. To

achieve salary savings, the agency would hold open positions as they become open.

The **Governor** does not recommend the agency's reduced resources for FY 2018.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 31,813,307	\$ 19,533,742	\$ (12,279,565)
FTE Positions	478.1	478.1	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 672,031	\$ 68,554	
All Other Funds	(600,000)	(602,246)	
TOTAL	<u>\$ 72,031</u>	<u>\$ (533,692)</u>	
<i>Percent Change:</i>			
State General Fund	2.7 %	0.5 %	
All Other Funds	(8.9)	(9.0)	
TOTAL	<u>0.2 %</u>	<u>(2.7) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operational expenditures of \$31.8 million, including \$25.7 million from the State General Fund, for FY 2019. This is an all funds increase of \$72,031, or 0.2 percent, and a State General Fund increase of \$672,031, or 2.7 percent, above the FY 2018 request. The all funds increase is primarily attributable to an adjustment in salary shrinkage. The change in State General Fund expenditures is primarily

attributable to the agency's enhancement request to add \$12.2 million from the State General Fund for operational expenditures and decrease fee fund and Title XIX Fund expenditures by the same amount. The agency request includes 478.1 FTE positions, which is the same number as the FY 2018 request.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$20.1 million, including \$15.4 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$72,031, or 0.4 percent, and a State General Fund decrease of \$6.0 million, or 28.1 percent, from the FY 2018 request. The all funds increase is primarily attributable to an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$9.1 million, all from the State General Fund, for contractual services for FY 2019. This is the same all funds amount as the FY 2018 request. It is a State General Fund increase of \$6.7 million, or 270.5 percent, above the FY 2018 request;
- **Commodities.** The agency requests \$2.3 million, including \$864,736 from the State General Fund,

for commodities for FY 2019. This is the same all funds and State General Fund amounts as the FY 2018 request; and

- **Capital Outlay.** The agency requests \$321,400, all from the State General Fund, for capital outlay for FY 2019. This is the same amount as the FY 2018 request.

The **Governor** recommends operating expenditures of \$19.5 million, including \$13.5 million from the State General Fund, for FY 2019. This is an all funds decrease of \$12.3 million, or 38.6 percent, including \$12.2 million from the State General Fund, or 47.7 percent, below the agency’s FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency’s enhancement request for additional funding totaling \$12.2 million from the State General Fund to replace projected fee fund and federal fund shortfalls. The decrease also is attributable to the Governor’s recommendation to hold KPERS employer contributions at the FY 2016 amount, which is a decrease of \$79,565, including \$48,347 from the State General Fund.

Enhancements Detail

Enhancements	FY 2019 ENHANCEMENTS					
	Agency Request			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement SGF	\$ 12,200,000	\$ 12,200,000	0.0	\$ 0	\$ 0	0.0

The **agency** submits one request for enhancement funding, which is an increase of \$12.2 million from the State General Fund for FY 2019. The agency notes it has experienced lower

than anticipated revenues in both its fee fund and its Title XIX Fund, so it has decreased expenditures from both accounts and has requested replacement of funding from the State General

Fund. Revenue shortfalls are attributable to several factors, including that the hospital has been unable to bill Medicare or Medicaid since January 2016 due to federal Center for Medicare and Medicaid Services de-certification. The agency also is unable to bill certain private insurance companies due to contract provisions that require the hospital to be CMS certified. Furthermore, the hospital's new facility, Adair Acute Care, will

only be certified for 60 beds. The remaining 146 beds will be used at the hospital, but will only be licensed beds. In total, the hospital has a projected revenue shortfall of \$12.2 million for FY 2019.

The **Governor** does not recommend the agency's enhancement for FY 2019.

FY 2019 Reduced Resources

The **Governor** has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduce Nursing Expenditures	\$ (624,796)	\$ (624,796)	0.0	\$ 0	\$ 0	0.0

The **agency** submits one reduced resource option totaling \$624,796, all from the State General Fund, for FY 2019. The agency notes that, historically, recruiting nurses from the greater Kansas City metropolitan area has been extremely challenging and notes it is a reasonable strong belief that recent gains in hiring registered nurses will be challenging to sustain. To

achieve salary savings, the agency would hold open positions as they become open.

The **Governor** does not recommend the agency's reduced resources for FY 2019.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$70,760; FY 2018 longevity payments total \$78,160; and FY 2019 longevity payments total \$78,160.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including

\$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$50,614, including \$33,936 from the State General Fund, in FY 2017; by \$60,478, including \$36,749 from the State General Fund, for FY 2018; and by \$79,565, including \$48,347 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$13,364, including \$8,121 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	78.8 %	66.7 %	80.8 %	68.9 %
OSH Fee Fund	12.6	19.8	11.6	18.8
Title XIX Fund	8.6	13.5	7.6	12.3
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Osawatomie State Hospital Fee Fund

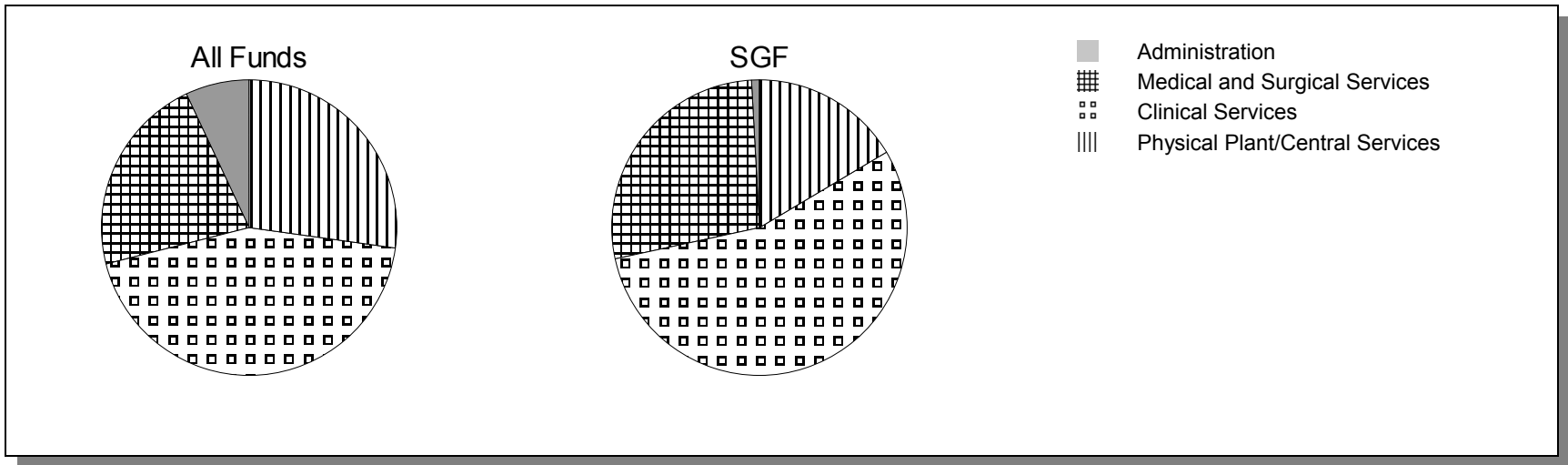
KSA 76-1201c provides that the superintendent of the Osawatomie State Hospital shall remit all moneys received from charges made under KSA 59-2006 and deposit the moneys into

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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 1,774,761	\$ 2,369,827	\$ 2,369,827	\$ 0	\$ 6,587	\$ 130,173	\$ 148,760
Revenue	4,996,529	4,119,847	4,119,847	4,119,847	4,119,847	4,119,847	4,119,847
Transfers in	3,264,309	3,900,000	3,900,000	0	0	0	0
Total Funds Available	\$ 10,035,599	\$ 10,389,674	\$ 10,389,674	\$ 4,119,847	\$ 4,126,434	\$ 4,250,020	\$ 4,268,607
Less: Expenditures	7,665,772	6,489,674	6,483,087	3,989,674	3,977,674	3,689,674	3,676,744
Transfers Out	0	3,900,000	3,900,000	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 2,369,827	\$ 0	\$ 6,587	\$ 130,173	\$ 148,760	\$ 560,346	\$ 591,863
Ending Balance as Percent of Expenditures	30.9%	0.0%	0.1%	3.3%	3.7%	15.2%	16.1%
Month Highest Ending Balance	January \$ 6,850,473	January \$ 9,147,393	January \$ 9,147,393	June \$ 130,173	June \$ 148,760	January \$ 502,460	January \$ 574,205
Month Lowest Ending Balance	April \$ (318,723)	April \$ (425,589)	April \$ (425,589)	April \$ (19,770)	April \$ (1,183)	April \$ (23,377)	April \$ (26,715)

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 1,404,073	7.0 %	\$ (119,173)	(0.9)%
Medical and Surgical Services	4,410,530	22.0	3,751,160	28.0
Clinical Services	8,795,072	43.8	7,506,091	56.1
Physical Plant/Central Services	5,457,759	27.2	2,244,256	16.8
TOTAL	\$ 20,067,434	100.0 %	\$ 13,382,334	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	41.5	36.5	36.5	36.5	36.5	36.5	36.5
Med & Surgical Services	25.5	25.5	25.5	25.5	25.5	25.5	25.5
Clinical Services	329.1	329.1	329.1	329.1	329.1	329.1	329.1
Phys Plant/Central Services	87.1	87.1	87.1	87.1	87.1	87.1	87.1
TOTAL	<u><u>483.1</u></u>	<u><u>478.1</u></u>	<u><u>478.1</u></u>	<u><u>478.1</u></u>	<u><u>478.1</u></u>	<u><u>478.1</u></u>	<u><u>478.1</u></u>

A. Administration

The General Administration program provides overall management activities such as budgeting, planning, and staffing designed to ensure 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 the Rainbow Mental Health Facility. The Administration program includes actual expenditures from FY 2015 from the former Staff Education and Research program. The Administration program includes FY 2016 actual expenditures for the Staff Education and Research and Trust and Benefits programs.

ADMINISTRATION							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 2,671,575	\$ 1,273,259	\$ 1,270,212	\$ 1,319,600	\$ (277,949)	\$ 1,774,462	\$ 277,102
Contractual Services	1,553,253	1,537,121	1,537,121	1,537,121	1,537,121	1,537,121	1,537,121
Commodities	37,843	34,751	34,751	34,751	34,751	34,751	34,751
Capital Outlay	108,431	110,150	110,150	110,150	110,150	110,150	110,150
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,371,102</i>	<i>\$ 2,955,281</i>	<i>\$ 2,952,234</i>	<i>\$ 3,001,622</i>	<i>\$ 1,404,073</i>	<i>\$ 3,456,484</i>	<i>\$ 1,959,124</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	53,013	53,000	53,000	0	0	0	0
TOTAL	\$ 4,424,115	\$ 3,008,281	\$ 3,005,234	\$ 3,001,622	\$ 1,404,073	\$ 3,456,484	\$ 1,959,124
Financing:							
State General Fund	\$ 1,734,954	\$ 1,191,301	\$ 1,191,281	\$ 1,480,809	\$ (119,173)	\$ 3,454,483	\$ 1,954,501
All Other Funds	2,689,161	1,816,980	1,813,953	1,520,813	1,523,246	2,001	4,623
TOTAL	\$ 4,424,115	\$ 3,008,281	\$ 3,005,234	\$ 3,001,622	\$ 1,404,073	\$ 3,456,484	\$ 1,959,124
FTE Positions	41.5	36.5	36.5	36.5	36.5	36.5	36.5
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	41.5	36.5	36.5	36.5	36.5	36.5	36.5

The **agency** requests expenditures of \$3.0 million, including \$1.5 million from the State General Fund, for the Administration program for FY 2018. This is an all funds decrease of \$6,659, or 0.2 percent, and a State General Fund increase of \$289,508, or 24.3 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in other assistance, as FY 2017 was the final year the agency will be making expenditures for the Voluntary Retirement Incentive Program and a decrease in salaries expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017. The decrease is partially offset by an increase of \$46,341 due to an adjustment to salary shrinkage and an increase in employer fringe benefit costs. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.3 million, including \$1.2 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds increase of \$43,341, or 3.6 percent, and a State General Fund increase of \$241,949, or 26.6 percent, above the revised FY 2017 estimate. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in employer fringe benefit costs, partially offset by a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017;
- **Contractual Services.** The agency requests \$1.5 million, including \$184,299 from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is an increase of \$100,559, or

120.1 percent, above the FY 2017 revised estimate;

- **Commodities.** The agency requests \$34,751, all from the State General Fund, for commodities for FY 2018. This is the same amount as the FY 2017 revised estimate;
- **Capital Outlay.** The agency requests \$110,150, all from the State General Fund, for capital improvements for FY 2018. This is the same amount as the FY 2017 revised estimate; and
- **Other Assistance.** The agency does not request funding for other assistance for FY 2018. This is a decrease of \$53,000, or 100.0 percent, all from the State General Fund, below the FY 2017 revised estimate. The decrease is attributable to the agency making its last payment for the Voluntary Retirement Incentive Program in FY 2017.

The **Governor** recommends \$1.4 million for FY 2018. This is a decrease of \$1.6 million, or 53.2 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests expenditures of \$3.5 million, including \$3.5 million from the State General Fund, for the Administration program for FY 2019. This is an all funds increase of \$454,862, or 15.2 percent, and a State General Fund increase of \$2.0

million, or 133.3 percent, above the FY 2018 request. The all funds increase is attributable to an adjustment in salary shrinkage. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.8 million, including \$1.8 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$454,862, or 34.5 percent, and a State General Fund increase of \$620,852, or 53.9 percent, above the FY 2018 request. The increase is primarily attributable to an adjustment in salary shrinkage, by shifting salary shrinkage to the Medical and Surgical Services program;
- **Contractual Services.** The agency requests \$1.5 million, all from the State General Fund, for contractual services for FY 2019. This is the same all funds amount as the FY 2018 request. The State General Fund amount is an increase of \$1.4 million, or 734.0 percent, above the FY 2018 request;

- **Commodities.** The agency requests \$34,751, all from the State General Fund, for commodities for FY 2019. This is the same amount as the FY 2018 request;
- **Capital Outlay.** The agency requests \$110,150, all from the State General Fund, for capital outlay for FY 2019. This is the same amount as the FY 2018 request; and
- **Other Assistance.** The agency does not request funding for other assistance for FY 2019.

The **Governor** recommends \$2.0 million, including \$2.0 from the State General Fund, for FY 2019. This is an all funds decrease of \$1.5 million, or 43.3 percent, and a State General Fund decrease of \$1.5 million, or 43.4 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 dietitians. Medical and Surgical Services provide services in a variety of specialized areas and 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 3,197,800	\$ 2,990,576	\$ 2,982,339	\$ 2,936,091	\$ 926,672	\$ 2,076,654	\$ 66,506
Contractual Services	1,923,293	1,933,035	1,933,035	1,933,035	1,933,035	1,933,035	1,933,035
Commodities	1,489,827	1,491,570	1,491,570	1,500,823	1,500,823	1,500,823	1,500,823
Capital Outlay	155,565	50,000	50,000	50,000	50,000	50,000	50,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 6,766,485</u>	<u>\$ 6,465,181</u>	<u>\$ 6,456,944</u>	<u>\$ 6,419,949</u>	<u>\$ 4,410,530</u>	<u>\$ 5,560,512</u>	<u>\$ 3,550,364</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 6,766,485</u>	<u>\$ 6,465,181</u>	<u>\$ 6,456,944</u>	<u>\$ 6,419,949</u>	<u>\$ 4,410,530</u>	<u>\$ 5,560,512</u>	<u>\$ 3,550,364</u>
Financing:							
State General Fund	\$ 4,354,598	\$ 2,769,013	\$ 2,764,831	\$ 5,756,857	\$ 3,751,160	\$ 4,556,383	\$ 2,550,246
All Other Funds	2,411,887	3,696,168	3,692,113	663,092	659,370	1,004,129	1,000,118
TOTAL	<u>\$ 6,766,485</u>	<u>\$ 6,465,181</u>	<u>\$ 6,456,944</u>	<u>\$ 6,419,949</u>	<u>\$ 4,410,530</u>	<u>\$ 5,560,512</u>	<u>\$ 3,550,364</u>
FTE Positions	25.5	25.5	25.5	25.5	25.5	25.5	25.5
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>25.5</u>	<u>25.5</u>	<u>25.5</u>	<u>25.5</u>	<u>25.5</u>	<u>25.5</u>	<u>25.5</u>

The **agency** requests expenditures of \$6.4 million, including \$5.8 million from the State General Fund, for the Medical and Surgical Services program for FY 2018. This is an all funds decrease of \$45,232, or 0.7 percent, and a State General Fund increase of \$3.0 million, or 107.9 percent, from the revised FY 2017 estimate. The all funds decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in medical supplies for patient treatment and an increase in employer fringe benefit costs. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.9 million, including \$3.7 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$54,485, or 1.8 percent, and a State General Fund increase of \$1.6 million, or 80.1 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$1.9 million, all from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is an increase of \$1.4 million, or 235.8 percent, above the FY 2017 revised estimate;

- **Commodities.** The agency requests \$1.5 million, including \$108,140 from the State General Fund, for commodities for FY 2018. This is an all funds increase of \$9,253, or 0.6 percent, above the FY 2017 revised estimate. The State General Fund amount is the same as the FY 2017 revised estimate. The all funds increase is primarily attributable to an increase in medical supplies for patient treatment; and
- **Capital Outlay.** The agency requests \$50,000, all from the State General Fund, for capital outlay for FY 2018. This the same amount as the FY 2017 revised estimate.

The **Governor** recommends \$4.4 million, including \$3.8 million from the State General Fund, for FY 2018. This is an all funds decrease of \$2.0 million, or 31.3 percent, and a State General Fund decrease of \$2.0 million, or 34.8 percent, below the agency's FY 2018 request. The decrease is primarily attributable to Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests expenditures of \$5.6 million, including \$4.6 million from the State General Fund, for the Medical and Surgical Services program for FY 2019. This is an all funds decrease of \$859,437, or 13.4 percent, and a State General Fund decrease of \$1.2 million, or 20.9 percent, below the FY 2018 request. The all funds decrease is attributable to an adjustment in salary shrinkage.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.1 million, including \$2.5 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$859,437, or 29.3 percent, and a State General Fund decrease of \$1.2 million, or 32.7 percent, below the FY 2018 request. The decrease is primarily attributable to an adjustment in salary shrinkage, shifting salary shrinkage from other programs to the Medical and Surgical Services program;
- **Contractual Services.** The agency requests \$1.9 million, all from the State General Fund, for contractual services for FY 2019. This is the same amount as the FY 2018 request;
- **Commodities.** The agency requests \$1.5 million, including \$108,140 from the State General Fund,

for commodities for FY 2019. This is the same all funds and State General Fund amounts as the FY 2018 request; and

- **Capital Outlay.** The agency requests \$50,000, all from the State General Fund, for capital outlay for FY 2019. This is the same amount as the FY 2018 request.

The **Governor** recommends \$3.6 million, including \$2.6 million from the State General Fund, for FY 2019. This is an all funds decrease of \$2.0 million, or 36.2 percent, and a State General Fund decrease of \$2.0 million, or 44.0 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 sub-program 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 2016 – 2019

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 12,605,064	\$ 14,225,289	\$ 14,192,084	\$ 12,818,324	\$ 5,768,612	\$ 13,284,326	\$ 5,530,761
Contractual Services	2,995,724	3,001,955	3,001,955	3,001,955	3,001,955	3,001,955	3,001,955
Commodities	33,372	33,758	33,758	24,505	24,505	24,505	24,505
Capital Outlay	350	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 15,634,510</u>	<u>\$ 17,261,002</u>	<u>\$ 17,227,797</u>	<u>\$ 15,844,784</u>	<u>\$ 8,795,072</u>	<u>\$ 16,310,786</u>	<u>\$ 8,557,221</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 15,634,510</u>	<u>\$ 17,261,002</u>	<u>\$ 17,227,797</u>	<u>\$ 15,844,784</u>	<u>\$ 8,795,072</u>	<u>\$ 16,310,786</u>	<u>\$ 8,557,221</u>
Financing:							
State General Fund	\$ 13,069,694	\$ 14,552,958	\$ 14,528,905	\$ 14,537,444	\$ 7,506,091	\$ 12,694,080	\$ 4,960,297
All Other Funds	2,564,816	2,708,044	2,698,892	1,307,340	1,288,981	3,616,706	3,596,924
TOTAL	<u>\$ 15,634,510</u>	<u>\$ 17,261,002</u>	<u>\$ 17,227,797</u>	<u>\$ 15,844,784</u>	<u>\$ 8,795,072</u>	<u>\$ 16,310,786</u>	<u>\$ 8,557,221</u>
FTE Positions	329.1	329.1	329.1	329.1	329.1	329.1	329.1
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>329.1</u>	<u>329.1</u>	<u>329.1</u>	<u>329.1</u>	<u>329.1</u>	<u>329.1</u>	<u>329.1</u>

The **agency** requests expenditures of \$15.8 million, including \$14.5 million from the State General Fund, for the Clinical Services program for FY 2018. This is an all funds decrease of \$1.4 million, or 8.2 percent, and a State General Fund decrease of \$15,514, or 0.1 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to an adjustment in salary shrinkage, a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, and a decrease in

supplies for patient treatment, partially offset by an increase in employer fringe benefit costs. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$12.8 million, including \$14.5 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$1.4

million, or 9.9 percent, and a State General Fund decrease of \$311, or less than 0.1 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to an adjustment in salary shrinkage and a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs. The agency states the request for salary expenditures only includes positions that the hospital estimates needing after operational changes have been made for re-certification and the opening of the Adair Acute Care unit;

- **Contractual Services.** The agency requests \$3.0 million, including \$23,415 from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is a decrease of \$15,203, or 39.4 percent, below the FY 2017 revised estimate;
- **Commodities.** The agency requests \$24,505, all from the State General Fund, for commodities for FY 2018. This is an all funds decrease of \$9,253, or 27.4 percent, below the FY 2017 revised estimate. The State General Fund amount is the same as the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in supplies for patient treatment; and
- **Capital Outlay.** The agency does not request capital outlay for FY 2018.

The **Governor** recommends \$8.8 million, including \$7.5 million from the State General Fund, for FY 2018. This is an all

funds decrease of \$7.0 million, or 44.5 percent, and a State General Fund decrease of \$7.0 million, or 48.4 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests expenditures of \$16.3 million, including \$12.7 million from the State General Fund, for the Clinical Services program for FY 2019. This is an all funds increase of \$466,002, or 2.9 percent, and a State General Fund decrease of \$1.8 million, or 12.7 percent, from the FY 2018 request. The all funds increase is primarily attributable to an adjustment in salary shrinkage. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$13.3 million, including \$9.7 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$466,002, or 3.6 percent, and a State General Fund decrease of \$4.9 million, or 33.3 percent, from the FY 2018 request. The all funds increase is primarily attributable to an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$3.0 million, all from the State General Fund, for contractual services for FY 2019. This is the same all funds amount as the FY 2018 request. The State General Fund amount is an increase of

\$3.0 million, or 12,720.6 percent, above the FY 2018 request;

- **Commodities.** The agency requests \$24,505, all from the State General Fund, for commodities for FY 2019. This is the same amount as the FY 2019 request; and
- **Capital Outlay.** The agency does not request capital outlay for FY 2019.

The **Governor** recommends \$8.6 million, including \$5.0 from the State General Fund, for FY 2019. This is a decrease of \$7.8 million, or 47.5 percent, and a State General Fund decrease of \$7.7 million, or 60.9 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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, and 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 also is provided to the 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 3,837,079	\$ 2,537,872	\$ 2,531,747	\$ 2,947,676	\$ 1,930,514	\$ 2,958,280	\$ 1,939,788
Contractual Services	1,344,681	2,668,655	2,668,655	2,668,655	2,668,655	2,668,655	2,668,655
Commodities	693,836	697,340	697,340	697,340	697,340	697,340	697,340
Capital Outlay	162,261	161,250	161,250	161,250	161,250	161,250	161,250
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 6,037,857</u>	<u>\$ 6,065,117</u>	<u>\$ 6,058,992</u>	<u>\$ 6,474,921</u>	<u>\$ 5,457,759</u>	<u>\$ 6,485,525</u>	<u>\$ 5,467,033</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 6,037,857</u>	<u>\$ 6,065,117</u>	<u>\$ 6,058,992</u>	<u>\$ 6,474,921</u>	<u>\$ 5,457,759</u>	<u>\$ 6,485,525</u>	<u>\$ 5,467,033</u>
Financing:							
State General Fund	\$ 3,635,904	\$ 4,972,237	\$ 4,966,556	\$ 3,252,094	\$ 2,244,256	\$ 4,994,289	\$ 3,985,844
All Other Funds	2,401,953	1,092,880	1,092,436	3,222,827	3,213,503	1,491,236	1,481,189
TOTAL	<u>\$ 6,037,857</u>	<u>\$ 6,065,117</u>	<u>\$ 6,058,992</u>	<u>\$ 6,474,921</u>	<u>\$ 5,457,759</u>	<u>\$ 6,485,525</u>	<u>\$ 5,467,033</u>
FTE Positions	87.1	87.1	87.1	87.1	87.1	87.1	99.9
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	99.9
TOTAL	<u>87.1</u>	<u>87.1</u>	<u>87.1</u>	<u>87.1</u>	<u>87.1</u>	<u>87.1</u>	<u>199.8</u>

The **agency** requests expenditures of \$6.5 million, including \$3.3 million from the State General Fund, for FY 2018. This is an all funds increase of \$409,804, or 6.8 percent, and a State General Fund decrease of \$1.7 million, or 34.6 percent, from the FY 2017 revised estimate. The all funds increase is primarily attributable to an adjustment in salary shrinkage and a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.9 million, including \$2.1 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds increase of \$409,804, or 16.1 percent, and a State General Fund decrease of \$1.2 million, or 36.3 percent, from the FY 2017 revised estimate. The all funds increase is primarily attributable to an adjustment in salary shrinkage and an increase in employer fringe benefit costs, partially offset by a decrease in salary expenditures due to salaries returning to a normal level absent the one-time 27th payroll period in FY 2017;
- **Contractual Services.** The agency requests \$2.7 million, including \$326,107 from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is a decrease of \$812,351, or 71.4 percent, below the FY 2017 revised estimate;
- **Commodities.** The agency requests \$697,340, all from the State General Fund, for commodities

for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is an increase of \$267,915, or 62.4 percent, above the FY 2017 revised estimate; and

- **Capital Outlay.** The agency requests \$161,250, all from the State General Fund, for capital outlay for FY 2018. This is the same amount as the FY 2017 revised estimate.

The **Governor** recommends \$5.5 million, including \$2.2 million from the State General Fund, for FY 2018. This is an all funds decrease of \$1.0 million, or 15.7 percent, and a State General Fund decrease of \$1.0 million, or 31.0 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests expenditures of \$6.5 million, including \$5.0 million from the State General Fund, for FY 2019. This is an all funds increase of \$10,604, or 0.2 percent, and a State General Fund increase of \$1.7 million, or 53.6 percent, above the FY 2018 request. The increase is primarily attributable to an adjustment in salary shrinkage. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$3.0 million, including \$1.5 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$10,604, or

0.4 percent, and a State General Fund decrease of \$600,353, or 29.0 percent, from the FY 2018 request. The all funds increase is primarily attributable to an adjustment in salary shrinkage;

- **Contractual Services.** The agency requests \$2.7 million, all from the State General Fund, for contractual services for FY 2019. This is the same all funds amount as the FY 2018 request. The State General Fund amount is an increase of \$2.3 million, or 718.3 percent, above the FY 2018 request;
- **Commodities.** The agency requests \$697,340, all from the State General Fund, for commodities for FY 2019. This is the same amount as the FY 2018 request; and

- **Capital Outlay.** The agency requests \$161,250, all from the State General Fund, for capital outlay for FY 2019. This is the same amount as the FY 2018 request.

The **Governor** recommends \$5.5 million, including \$4.0 million from the State General Fund, for FY 2019. This is an all funds decrease of \$1.0 million, or 15.7 percent, and a State General Fund decrease of \$1.0 million, or 20.2 percent, below the agency's FY 2019 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement request for additional funding from the State General Fund. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Minor Repairs	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Financing:						
State General Fund	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
All Other Funds	0	0	0	0	0	0
TOTAL	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000

Current Year Agency Estimate

FY 2017–Current Year. The agency requests \$30,000, all from the State General Fund, for capital improvement expenditures in FY 2017. This funding is for anticipated small repairs and improvements to hospital buildings due to the age of

certain structures. Other capital improvement expenditures for the agency are included in the capital improvements budget for the Kansas Department for Aging and Disability Services.

Current Year Governor Recommendation

The **Governor** concurs with the agency’s capital improvements revised FY 2017 estimate.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$30,000, all from the State General Fund, for capital improvement expenditures for FY 2018. This funding is for anticipated small repairs and improvements to hospital buildings due to the age of

certain structures. Other capital improvement expenditures for the agency are included in the capital improvements budget for the Kansas Department for Aging and Disability Services.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for capital improvements for FY 2018.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$30,000, all from the State General Fund, for capital improvement expenditures for FY 2019. This funding is for anticipated small repairs and improvements to hospital buildings due to the age of

certain structures. Other capital improvement expenditures for the agency are included in the capital improvements budget for the Kansas Department for Aging and Disability Services.

Budget Year Governor Recommendation

The **Governor** concurs with the agency’s request for capital improvements for FY 2019.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of months patient restraint and seclusion hours within one standard deviation of the national mean	12	12	12	12	12
Percent of days over licensed capacity	0.0%	0.0%	0.0%	0.0%	0.0%

KANSAS COMMISSION ON VETERANS' AFFAIRS OFFICE

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 6,289,492	\$ 6,849,565	\$ 6,839,754	\$ 6,735,682	\$ 6,401,719	\$ 6,819,528	\$ 6,479,870
Other Funds	14,206,714	14,872,942	14,839,021	14,875,512	15,047,451	15,320,950	15,465,209
TOTAL	\$ 20,496,206	\$ 21,722,507	\$ 21,678,775	\$ 21,611,194	\$ 21,449,170	\$ 22,140,478	\$ 21,945,079
Capital Improvements:							
State General Fund	\$ 54,653	\$ 9,900	\$ 9,900	\$ 100,000	\$ 100,000	\$ 49,965	\$ 49,965
Other Funds	2,416,794	3,126,854	3,126,854	1,558,950	1,558,950	1,883,330	1,558,950
TOTAL	\$ 2,471,447	\$ 3,136,754	\$ 3,136,754	\$ 1,658,950	\$ 1,658,950	\$ 1,933,295	\$ 1,608,915
GRAND TOTAL	\$ 22,967,653	\$ 24,859,261	\$ 24,815,529	\$ 23,270,144	\$ 23,108,120	\$ 24,073,773	\$ 23,553,994

Percentage Change:

Operating Expenditures

State General Fund	(16.9) %	8.9 %	8.7 %	(1.7) %	(6.4) %	1.2 %	1.2 %
All Funds	7.6	6.0	5.8	(0.5)	(1.1)	2.4	2.3

FTE Positions	314.5	368.0	368.0	368.0	368.0	368.0	368.0
Non-FTE							
Perm.Uncl.Pos.	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	320.5	374.0	374.0	374.0	374.0	374.0	374.0

AGENCY OVERVIEW

The mission of the Kansas Commission on Veterans' Affairs Office (KCAVO) 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, 6 service organization offices, 2 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 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 10 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 from 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**, the Legislative Division of 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** passed HB 2681, which abolished the KCVA, establishing KCVAO 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 Triplett 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 2017 Agency Estimate

The **agency** submits a revised estimate of \$24.9 million, including \$6.9 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the agency submits a revised estimate of \$21.7 million, including \$6.8 million from the State General Fund, for operating expenditures in FY 2017. This is an all funds increase of \$205,228, or 1.0 percent, and a State General Fund increase of \$36,087, or 0.5 percent, above the amount approved by the 2016 Legislature. The all funds increase is primarily attributable to an increase in commodities expenditures, partially offset by a decrease in contractual services, capital outlay, and salaries and wages expenditures. The agency's revised estimate includes the agency's supplemental requests for additional funding for pharmaceuticals at the Kansas Veterans' Home and replacement of funding due to scratch lotto proceeds coming in higher than estimated. The revised estimate includes 368.0 FTE

FY 2017 Governor Recommendation

The **Governor** recommends \$24.8 million, including \$6.8 million from the State General Fund, for operating expenditures

The **2016 Legislature** added \$600,000, all from the Federal Long Term Care *Per Diem* Fund, in FY 2016 due to an increase in pharmaceutical supply costs. The Legislature also added \$161,500, all from the State Institutions Building Fund, to remodel several rooms in the Custer House at the Kansas Soldiers' Home for FY 2017.

positions, which is the same number approved by the 2016 Legislature.

The agency submits a revised estimate of \$3.1 million, including \$9,900 from the State General Fund, for capital improvements in FY 2017. This is an all funds increase of \$888,354, or 39.5 percent, all from special revenue funds, above the amount approved by the 2016 Legislature. The increase is attributable to the reappropriation of \$822,104, all from the State Institutions Building Fund, for projects not yet completed from previous fiscal years. The remaining increase is attributable to the reappropriation of \$66,250, all from the State Institutions Building Fund, which has been added to the rehabilitation and repair account at the Kansas Veterans' Home and the emergency repairs and maintenance account at the Kansas Soldiers' Home, in FY 2017 to establish higher yearly amounts going forward.

and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$21.7 million,

including \$6.8 million from the State General Fund, in FY 2017. This is an all funds decrease of \$43,732, or 0.2 percent, and a State General Fund decrease of \$9,811, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is

FY 2018 Agency Request

The **agency** requests \$21.6 million, including \$6.7 million from the State General Fund, for operating expenditures for FY 2018. This is an all funds decrease of \$111,313, or 0.5 percent, and a State General Fund decrease of \$113,883, or 1.7 percent, below the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in salaries and wages expenditures, partially offset by an increase in commodities expenditures. The agency's revised estimate includes the agency's supplemental request for additional funding for pharmaceuticals for veterans at the Kansas Veterans' Home.

FY 2018 Governor Recommendation

The **Governor** recommends operating expenditures of \$21.4 million, including \$6.4 million from the State General Fund, for FY 2018. This is an all funds decrease of \$162,024, or 0.7 percent, and a State General Fund decrease of \$333,963, or 5.0 percent, below the agency's FY 2018 request. The all funds decrease is primarily attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$132,700, including \$27,816 from the State General Fund, and to provide a moratorium on employer contributions for death and

attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements revised FY 2017 estimate.

The decrease is primarily attributable to a decrease in salaries and wages, partially offset by an increase in commodities expenditures. The request includes 368.0 FTE positions and 6.0 non-FTE positions for FY 2018. This is the same number as the revised FY 2017 estimate.

The agency requests \$1.7 million, including \$100,000 from the State General Fund, for capital improvements for FY 2018. This is an all funds decrease of \$1.5 million, or 47.1 percent, and a State General Fund increase of \$90,100, or 910.1 percent, from the FY 2017 revised estimate.

disability for one quarter, which results in an all funds reduction of \$29,324, including \$6,147 from the State General Fund. The additional State General Fund decrease is attributable to the Governor's recommendation for the agency to reduce State General Fund expenditures by \$300,000 for FY 2018 and replace State General Fund expenditures with funding from special revenue funds.

The Governor concurs with the agency's capital improvements FY 2018 request.

FY 2019 Agency Request

The **agency** requests \$22.1 million, including \$6.8 million from the State General Fund, for operating expenditures for FY 2019. This is an all funds increase of \$529,284, or 2.4 percent, and a State General Fund increase of \$83,846, or 1.2 percent, above the FY 2018 request. The all funds increase is primarily attributable to an increase in salaries and wages, commodities, and capital outlay expenditures. The agency's request includes the agency's supplemental request for additional funding for

pharmaceuticals for veterans at the Kansas Veterans' Home. The request includes 368.0 FTE positions and 6.0 non-FTE positions, which is the same number as the FY 2018 request.

The agency requests \$1.9 million, including \$49,965 from the State General Fund, for capital improvements for FY 2019. This is an all funds increase of \$274,345, or 16.5 percent, above the FY 2018 request.

FY 2019 Governor Recommendation

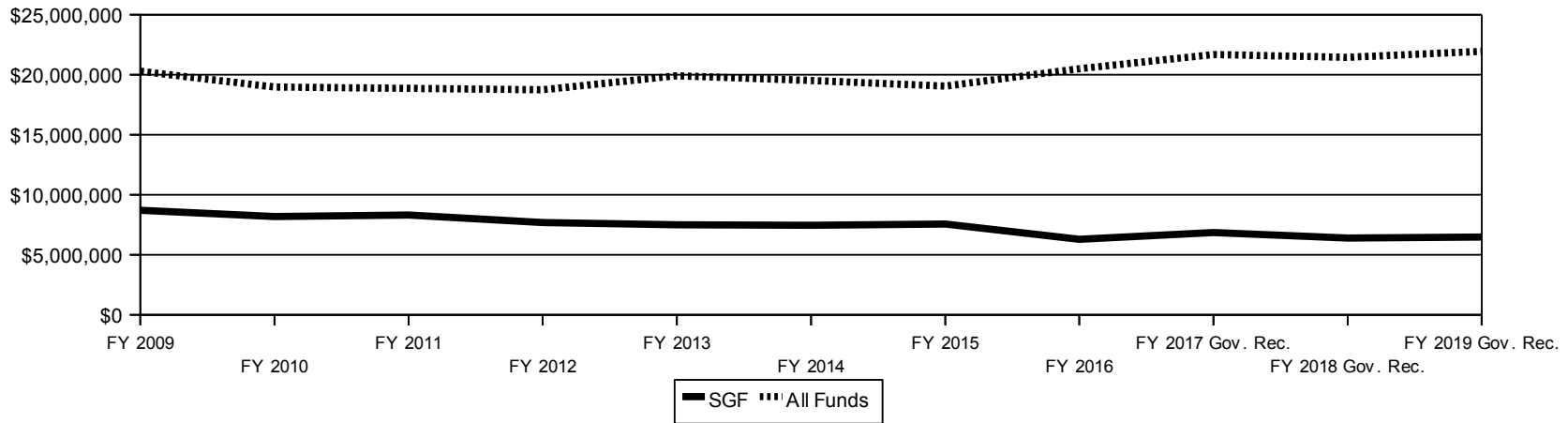
The **Governor** recommends operating expenditures of \$21.9 million, including \$6.5 million from the State General Fund, for FY 2019. This is an all funds decrease of \$195,399, or 0.9 percent, and a State General Fund decrease of \$339,658, or 5.0 percent, below the agency's FY 2019 request. The all funds decrease is partially attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which is an all funds decrease of \$195,399, including a State General Fund decrease of \$39,658 from the State General Fund, for FY 2019. The remaining State General Fund decrease is attributable to the Governor's recommendation to reduce expenditures from the State General

Fund by \$300,000 for FY 2019 and replace State General Fund expenditures with funding from special revenue funds.

The Governor recommends capital improvement expenditures of \$1.6 million, including \$49,965 from the State General Fund, for FY 2019. This is a decrease of \$324,380, or 16.8 percent, all from special revenue funds, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold capital improvements expenditures at the Kansas Soldiers' Home and Kansas Veterans' Home at the amounts approved for FY 2018.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	6,289,492	(16.9)	20,496,206	7.6	314.5
2017 Gov. Rec.	6,839,754	8.7	21,678,775	5.8	368.0
2018 Gov. Rec.	6,401,719	(6.4)	21,449,170	(1.1)	368.0
2019 Gov. Rec.	6,479,870	1.2	21,945,079	2.3	368.0
Eleven-Year Change	\$ (2,233,076)	(25.6)%	\$ 1,660,089	8.2 %	(154.0)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 555,906	\$ 592,764	\$ 582,376	\$ (10,388)	(1.8) %	\$ 591,428	\$ 577,492	\$ (13,936)	(2.4) %
Veterans' Services	2,774,360	2,814,290	2,817,935	3,645	0.1	2,809,751	2,800,946	(8,805)	(0.3)
Kansas Soldiers' Home	7,562,806	7,476,637	7,354,003	(122,634)	(1.6)	7,461,149	7,297,312	(163,837)	(2.2)
Kansas Veterans' Home	8,725,974	9,916,724	9,944,376	27,652	0.3	9,896,306	9,868,110	(28,196)	(0.3)
Cemeteries Program	877,160	922,092	912,504	(9,588)	(1.0)	920,141	905,310	(14,831)	(1.6)
TOTAL	\$ 20,496,206	\$ 21,722,507	\$ 21,611,194	\$ (111,313)	(0.5) %	\$ 21,678,775	\$ 21,449,170	\$ (229,605)	(1.1) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 14,391,848	\$ 17,517,613	\$ 17,384,921	\$ (132,692)	(0.8) %	\$ 17,473,881	\$ 17,222,897	\$ (250,984)	(1.4) %
Contractual Services	3,073,453	1,211,895	1,212,802	907	0.1	1,211,895	1,212,802	907	0.1
Commodities	1,912,790	2,167,195	2,187,411	20,216	0.9	2,167,195	2,187,411	20,216	0.9
Capital Outlay	504,535	225,804	226,060	256	0.1	225,804	226,060	256	0.1
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 19,882,626	\$ 21,122,507	\$ 21,011,194	\$ (111,313)	(0.5) %	\$ 21,078,775	\$ 20,849,170	\$ (229,605)	(1.1) %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	613,580	600,000	600,000	0	0.0	600,000	600,000	0	0.0
TOTAL	\$ 20,496,206	\$ 21,722,507	\$ 21,611,194	\$ (111,313)	(0.5) %	\$ 21,678,775	\$ 21,449,170	\$ (229,605)	(1.1) %
Financing:									
State General Fund	\$ 6,289,492	\$ 6,849,565	\$ 6,735,682	\$ (113,883)	(1.7) %	\$ 6,839,754	\$ 6,401,719	\$ (438,035)	(6.4) %
Veterans' Home FF	2,500,383	3,052,024	2,652,691	(399,333)	(13.1)	3,044,881	2,805,194	(239,687)	(7.9)
Soldiers' Home FF	1,517,554	1,612,860	1,577,442	(35,418)	(2.2)	1,608,961	1,687,208	78,247	4.9
Federal Domiciliary <i>Per Diem</i> Fund	1,444,582	1,400,109	1,462,089	61,980	4.4	1,397,617	1,452,987	55,370	0.0
Federal Long Term Care <i>Per Diem</i> Fund	7,711,236	7,832,931	8,334,703	501,772	6.4	7,814,458	8,231,310	416,852	0.0
All Other Funds	1,032,959	975,018	848,587	(126,431)	(13.0)	973,104	870,752	(102,352)	(10.5)
TOTAL	\$ 20,496,206	\$ 21,722,507	\$ 21,611,194	\$ (111,313)	(0.5) %	\$ 21,678,775	\$ 21,449,170	\$ (229,605)	(1.1) %

*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 (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 standard operating expenditures, but are included in further detail in the program level analysis as an off budget program.

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 582,376	\$ 589,984	\$ 7,608	1.3 %	\$ 577,492	\$ 584,286	\$ 6,794	1.2 %
Veterans' Services	2,817,935	2,840,121	22,186	0.8	2,800,946	2,820,575	19,629	0.7
Kansas Soldiers' Home	7,354,003	7,458,206	104,203	1.4	7,297,312	7,390,513	93,201	1.3
Kansas Veterans' Home	9,944,376	10,325,839	381,463	3.8	9,868,110	10,231,749	363,639	3.7
Cemeteries Program	912,504	926,328	13,824	1.5	905,310	917,956	12,646	1.4
TOTAL	\$ 21,611,194	\$ 22,140,478	\$ 529,284	2.4 %	\$ 21,449,170	\$ 21,945,079	\$ 495,909	2.3 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 17,384,921	\$ 17,887,307	\$ 502,386	2.9 %	\$ 17,222,897	\$ 17,691,908	\$ 469,011	2.7 %
Contractual Services	1,212,802	1,214,002	1,200	0.1	1,212,802	1,214,002	1,200	0.1
Commodities	2,187,411	2,207,511	20,100	0.9	2,187,411	2,207,511	20,100	0.9
Capital Outlay	226,060	231,658	5,598	2.5	226,060	231,658	5,598	2.5
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 21,011,194	\$ 21,540,478	\$ 529,284	2.5 %	\$ 20,849,170	\$ 21,345,079	\$ 495,909	2.4 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	600,000	600,000	0	0.0	600,000	600,000	0	0.0
TOTAL	\$ 21,611,194	\$ 22,140,478	\$ 529,284	2.4 %	\$ 21,449,170	\$ 21,945,079	\$ 495,909	2.3 %
Financing:								
State General Fund	\$ 6,735,682	\$ 6,819,528	\$ 83,846	1.2 %	\$ 6,401,719	\$ 6,479,870	\$ 78,151	1.2 %
Veterans' Home FF	2,652,691	2,758,096	105,405	4.0	2,805,194	2,930,599	125,405	4.5
Soldiers' Home FF	1,577,442	1,611,756	34,314	2.2	1,687,208	1,693,571	6,363	0.4
Federal Domiciliary <i>Per Diem</i> Fund	1,462,089	1,510,528	48,439	3.3	1,452,987	1,499,843	46,856	0.0
Federal Long Term Care <i>Per Diem</i> Fund	8,334,703	8,595,224	260,521	3.1	8,231,310	8,491,573	260,263	0.0
All Other Funds	848,587	845,346	(3,241)	(0.4)	870,752	849,623	(21,129)	(2.4)
TOTAL	\$ 21,611,194	\$ 22,140,478	\$ 529,284	2.4 %	\$ 21,449,170	\$ 21,945,079	\$ 495,909	2.3 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$6,823,378 for the Kansas Commission on Veterans' Affairs Office in FY 2017. No adjustments have been made subsequently 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	\$ 6,823,378	\$ 6,859,465	\$ 36,087	\$ 6,849,654	\$ 26,276
All Other Funds	16,942,301	17,999,796	1,057,495	17,965,875	1,023,574
TOTAL	<u>\$ 23,765,679</u>	<u>\$ 24,859,261</u>	<u>\$ 1,093,582</u>	<u>\$ 24,815,529</u>	<u>\$ 1,049,850</u>
FTE Positions	368.0	368.0	0.0	368.0	0.0

The **agency** submits a revised estimate of \$24.9 million, including \$6.9 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the agency submits a revised estimate of \$21.7 million, including \$6.8 million from the State General Fund, for operating expenditures in FY 2017. This is an all funds increase of \$205,228, or 1.0 percent, and a State General Fund increase of \$36,087, or 0.5 percent, above the amount approved by the 2016 Legislature. The all funds increase is primarily attributable to an increase in commodities expenditures, partially offset by a decrease in contractual services, capital outlay, and salaries and wages expenditures. The agency's revised estimate

includes the agency's supplemental requests for additional funding for pharmaceuticals at the Kansas Veterans' Home and replacement of funding due to scratch lotto proceeds coming in higher than estimated. The revised estimate includes 368.0 FTE positions, which is the same number approved by the 2016 Legislature.

The agency submits a capital improvements revised estimate of \$3.1 million, including \$9,900 from the State General Fund, in FY 2017. This is an all funds increase of \$888,354, or 39.5 percent, all from special revenue funds, above the amount approved by the 2016 Legislature. The increase is attributable

to the reappropriation of \$822,104, all from the State Institutions Building Fund, for projects not yet completed from previous fiscal years. The remaining increase is attributable to the reappropriation of \$66,250, all from the State Institutions Building Fund, which has been added to the rehabilitation and repair account at the Kansas Veterans' Home and the emergency repairs and maintenance account at the Kansas Soldiers' Home, in FY 2017 to establish higher yearly amounts going forward.

The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's revised estimate totals \$17.5 million, including \$3.8 million from the State General Fund, for salaries and wages in FY 2017. This is an all funds decrease of \$7,736, or less than 0.1 percent, and a State General Fund decrease of \$366,772, or 8.8 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to an adjustment in salary shrinkage;
- **Contractual Services.** The agency's revised estimate totals \$1.2 million, including \$760,890 from the State General Fund, for contractual services in FY 2017. This is an all funds decrease of \$47,217, or 3.8 percent, and a State General Fund decrease of \$155,026, or 16.9 percent, below amount approved by the 2016 Legislature. The decrease is primarily attributable to a decrease in in-state travel expenditures and projected utilities expenditures;
- **Commodities.** The agency's revised estimate totals \$2.2 million, including \$1.6 million from the State

General Fund, for commodities in FY 2017. This is an all funds increase of \$300,552, or 16.1 percent, and a State General Fund increase of \$584,182, or 59.8 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to the agency's request for supplemental funding for increased pharmaceutical expenditures;

- **Capital Outlay.** The agency's revised estimate totals \$225,804, including \$142,968 from the State General Fund, for capital outlay in FY 2017. This is an all funds decrease of \$40,371, or 15.2 percent, and a State General Fund decrease of \$26,297, or 15.5 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to a decrease in computer expenditures; and
- **Other Assistance.** The agency's revised estimate totals \$600,000, all from the State General Fund, for other assistance in FY 2017. This is the same amount approved by the 2016 Legislature.

The **Governor** recommends \$24.8 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$21.7 million, including \$6.8 million from the State General Fund, in FY 2017. This is an all funds decrease of \$43,732, or 0.2 percent, and a State General Fund decrease of \$9,811, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements revised FY 2017 estimate.

Supplemental Detail

Supplementals	FY 2017 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Pharmaceuticals	\$ 0	\$ 240,000	0.0	\$ 0	\$ 240,000	0.0
Increased Expenditures Scratch Lotto Vet Services	21,202	21,202	0.0	21,202	21,202	0.0
Increased Expenditures Scratch Lotto KS Soldiers Home	14,885	14,885	0.0	14,885	14,885	0.0
Replacement of Funding KS Hometown Heroes Fund	0	(21,202)	0.0	0	(21,202)	0.0
Replacement of Funding Soldiers Home Medicare FD	0	(14,885)	0.0	0	(14,885)	0.0
TOTAL	\$ 36,087	\$ 240,000	0.0	\$ 36,087	\$ 240,000	0.0

The **agency** submits two requests for supplemental funding in FY 2017 totaling \$240,000, including \$36,087 from the State General Fund, in FY 2017.

Pharmaceuticals. The agency requests \$240,000, all from the Federal Long Term Care *Per Diem* Fund, in FY 2017 for pharmaceutical expenditures at the Kansas Veterans' Home. The agency states that prior to the previous fiscal year, the federal Department of Veterans' Affairs (VA) provided pharmaceuticals at a significantly lower rate. Due to staff shortages, the VA severed the arrangement and the KVH had to contract with a local pharmacy to provide medications.

Replacement of Funding. The agency requests additional expenditures with State General Fund scratch lotto proceeds after proceeds came in higher than estimated. By statute, scratch lotto tickets dedicated to benefit veterans and the National Guard in Kansas are paid annually to each agency. Actual receipts have exceeded estimates, and the agency requests an increase in expenditure authority by \$21,202 for veterans' services and by \$14,885 for the Kansas Soldiers' Home. The agency would decrease planned expenditures from the Kansas Hometown Heroes Fund and the Soldiers' Home Medicare Fund.

The **Governor** recommends the agency's supplemental requests in FY 2017.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 21,611,194	\$ 21,449,170	\$ (162,024)
FTE Positions	368.0	368.0	0.0
<i>Change from FY 2017:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ (113,883)	\$ (438,035)	
All Other Funds	2,570	208,430	
TOTAL	<u>\$ (111,313)</u>	<u>\$ (229,605)</u>	
<i>Percent Change:</i>			
State General Fund	(1.7) %	(6.4) %	
All Other Funds	0.0	1.4	
TOTAL	<u>(0.5) %</u>	<u>(1.1) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$21.6 million, including \$6.7 million from the State General Fund, for operating expenditures for FY 2018. This is an all funds decrease of \$111,313, or 0.5 percent, and a State General Fund decrease of \$113,883, or 1.7 percent, below the FY 2017 revised estimate. The all funds decrease is primarily attributable to a decrease in salaries and wages expenditures, partially offset by an increase in commodities expenditures. The agency's revised estimate includes the

agency's supplemental request for additional funding for pharmaceuticals for veterans at the Kansas Veterans' Home. The decrease is primarily attributable to a decrease in salaries and wages, partially offset by an increase in commodities expenditures. The request includes 368.0 FTE positions and 6.0 non-FTE positions for FY 2018, which is the same number as the revised FY 2017 estimate.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$17.4 million, including \$3.8 million from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$132,692, or 0.8 percent, and a State General Fund decrease of \$2,132, or 0.1 percent, below the agency's FY 2017 revised estimate. The decrease is primarily attributable to the absence of the one-time 27th payroll period which occurred in FY 2017, partially offset by an increase in employer fringe benefit costs and an adjustment in salary shrinkage. The adjustment in salary shrinkage is due to the agency's plan to fill additional positions as the census for the Kansas Veterans' Home is projected to increase from 143 patients in FY 2017 to 165 patients for FY 2018;
- **Contractual Services.** The agency requests \$1.2 million, including \$663,552 from the State General Fund, for contractual services for FY 2018. This is an all funds increase of \$907, or 0.1 percent, and a State General Fund decrease of \$97,338, or 12.8 percent, from the agency's revised FY 2017 estimate;
- **Commodities.** The agency requests \$2.2 million, including \$1.5 million from the State General Fund, for commodities for FY 2018. This is an all funds increase of \$20,216, or 0.9 percent, and a State General Fund decrease of \$14,669, or 0.9 percent, from the agency's revised FY 2017 estimate. The all

funds increase is primarily attributable to an increase drug and pharmaceutical supplies for patients;

- **Capital Outlay.** The agency requests \$226,060, including \$143,224 from the State General Fund, for capital outlay for FY 2018. This is an all funds increase of \$256, or 0.1 percent, all from the State General Fund, above the agency's revised FY 2017 estimate; and
- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for other assistance for FY 2018. This is the same amount as the revised FY 2017 estimate.

The **Governor** recommends operating expenditures of \$21.4 million, including \$6.4 million from the State General Fund, for FY 2018. This is an all funds decrease of \$162,024, or 0.7 percent, and a State General Fund decrease of \$333,963, or 5.0 percent, below the agency's FY 2018 request. The decrease is primarily attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$132,700, including \$27,816 from the State General Fund, and to provide a moratorium on employer contributions for death and disability for one quarter, which results in an all funds reduction of \$29,324, including \$6,147 from the State General Fund. The additional State General Fund decrease is attributable to the Governor's recommendation for the agency to reduce State General Fund expenditures by \$300,000 for FY 2018 and replace requested State General Fund expenditures with funding from special revenue funds.

Enhancements Detail

FY 2018 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Pharmaceuticals	\$ 0	\$ 260,000	0.0	\$ 0	\$ 260,000	0.0
TOTAL	\$ 0	\$ 260,000	0.0	\$ 0	\$ 260,000	0.0

The **agency** submits one request for enhancement funding totaling \$260,000, all from the Federal Long Term Care *Per Diem* Fund, for FY 2018.

Pharmaceuticals. The agency requests \$260,000, all from the Federal Long Term Care *Per Diem* Fund, for FY 2018. The agency states that in previous fiscal years, the federal

Department of Veterans' Affairs (VA) provided pharmaceuticals at a significantly lower rate. Due to staff shortages, the VA severed the arrangement and the KVH had to contract with a local pharmacy to provide medications.

The **Governor** recommends the agency's enhancement request for FY 2018.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resource budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below

provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Replace State General Fund Expenditures	\$ (341,784)	\$ (341,784)	0.0	\$ (300,000)	\$ (300,000)	0.0
Substitute Veterans' Home FF	0	280,524	0.0	0	175,000	0.0
Substitute Federal Domiciliary <i>Per Diem</i> Fund Expenditures	0	60,561	0.0	0	0	0.0
Substitute Federal Long Term Care <i>Per Diem</i> Fund Expenditures	0	699	0.0	0	0	0.0
Substitute Soldiers' Home FF	0	0	0.0	0	125,000	0.0
TOTAL	\$ (341,784)	\$ 0	0.0	\$ (300,000)	\$ 0	0.0

The **agency** submitted one reduced resource option, which would reduce expenditures from the State General Fund by \$341,784, for FY 2018. The agency would replace State General Fund expenditures with funding from federal funds and other special revenue funds so there is no all funds decrease in expenditures. The funding used to replace the State General Fund moneys would include an increase in expenditures from the Veterans' Home Fee Fund (\$280,524), Federal Domiciliary

Per Diem Fund (\$60,561), and Federal Long Term Care *Per Diem* Fund (\$699).

The **Governor** recommends reduced expenditures from the State General Fund by \$300,000 for FY 2018. The Governor recommends replacing these expenditures with \$175,000 from the Veterans' Home Fee Fund and \$125,000 from the Soldiers' Home Fee Fund.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 22,140,478	\$ 21,945,079	\$ (195,399)
FTE Positions	368.0	368.0	0.0
Change from FY 2018:			
<i>Dollar Change:</i>			
State General Fund	\$ 83,846	\$ 78,151	
All Other Funds	445,438	417,758	
TOTAL	<u>\$ 529,284</u>	<u>\$ 495,909</u>	
<i>Percent Change:</i>			
State General Fund	1.2 %	1.2 %	
All Other Funds	3.0	2.8	
TOTAL	<u>2.4 %</u>	<u>2.3 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$22.1 million, including \$6.8 million from the State General Fund, for operating expenditures for FY 2019. This is an all funds increase of \$529,284, or 2.4 percent, and a State General Fund increase of \$83,846, or 1.2 percent, above the FY 2018 request. The all funds increase is primarily attributable to an increase in salaries and wages, commodities, and capital outlay expenditures. The agency's request includes the agency's supplemental request for additional funding for

pharmaceuticals for veterans at the Kansas Veterans' Home. The request includes 368.0 FTE positions and 6.0 non-FTE positions, which is the same number as the FY 2018 request.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$17.9 million, including \$3.8 million from the State General

Fund, for FY 2019. This is an all funds increase of \$502,386, or 2.9 percent, and a State General Fund increase of \$31,204, or 0.8 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs and an adjustment in salary shrinkage. The adjustment in salary shrinkage is due to the agency's plan to fill additional positions as the census for the Kansas Veterans' Home is projected to increase from 165 patients for FY 2018 to 172 patients for FY 2019;

- **Contractual Services.** The agency requests \$1.2 million, including \$710,496 from the State General Fund, for FY 2019. This is an all funds increase of \$1,200, or 0.1 percent, and a State General Fund increase of \$46,944, or 7.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in building space rental expenditures;
- **Commodities.** The agency requests \$2.2 million, including \$1.5 million from the State General Fund, for FY 2019. This is an all funds increase of \$20,100, or 0.9 percent, and a State General Fund increase of \$100, or less than 0.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in drug and pharmaceutical supplies for patients;

- **Capital Outlay.** The agency requests \$231,658, including \$148,822 from the State General Fund, for FY 2019. This is an increase of \$5,598, or 2.5 percent, all from the State General Fund. The increase is attributable to an increase in computer expenditures to replace computer equipment used by the mobile offices for the Veterans' Services program; and
- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for FY 2019. This is the same amount as the FY 2018 request.

The **Governor** recommends operating expenditures of \$21.9 million, including \$6.5 million from the State General Fund, for FY 2019. This is an all funds decrease of \$195,399, or 0.9 percent, and a State General Fund decrease of \$339,658, or 5.0 percent, below the agency's FY 2019 request. The all funds decrease partially attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which is an all funds decrease of \$195,399, including a State General Fund decrease of \$39,658, for FY 2019. The remaining State General Fund decrease is attributable to the Governor's recommendation to reduce expenditures from the State General Fund by \$300,000 for FY 2019 and replace requested State General Fund expenditures with funding from special revenue funds.

Enhancements Detail

FY 2019 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Pharmaceuticals	\$ 0	\$ 280,000	0.0	\$ 0	\$ 280,000	0.0

The **agency** submits one request for enhancement funding totaling \$280,000, all from the Federal Long Term Care *Per Diem* Fund, for FY 2019.

Pharmaceuticals. The agency requests \$280,000, all from the Federal Long Term Care *Per Diem* Fund, for FY 2019. The agency states that in previous fiscal years, the federal

Department of Veterans' Affairs (VA) provided pharmaceuticals at a significantly lower rate. Due to staff shortages, the VA severed the arrangement and the KVH had to contract with a local pharmacy to provide medications.

The **Governor** recommends the agency's enhancement for FY 2019.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resource budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below

provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2019 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Replace State General Fund Expenditures	\$ (343,475)	\$ (343,475)	0.0	\$ (300,000)	\$ (300,000)	0.0
Substitute Veterans' Home Fee Fund Expenditures	0	180,412	0.0	0	200,000	0.0
Substitute Veterans' Home Medicare Fund Expenditures	0	119,483	0.0	0	0	0.0
Substitute Federal Domiciliary <i>Per Diem</i> Fund Expenditures	0	23,016	0.0	0	0	0.0
Substitute Federal Long Term Care <i>Per Diem</i> Fund Expenditures	0	20,564	0.0	0	0	0.0
Substitute Soldiers' Home Fee Fund Expenditures	0	0	0.0	0	100,000	0.0
TOTAL	\$ (343,475)	\$ 0	0.0	\$ (300,000)	\$ 0	0.0

The **agency** submits one reduced resource option, which would reduce expenditures from the State General Fund by \$343,475, for FY 2019. The agency would replace State General Fund expenditures with funding from federal funds and other special revenue funds so there is no all funds decrease in expenditures. The funding used to replace the State General Fund moneys would include an increase in expenditures from the Veterans' Home Fee Fund (\$180,412), Veterans' Home Medicare Fund (\$119,483), Federal Domiciliary *Per Diem* Fund

(\$23,016), and Federal Long Term Care *Per Diem* Fund (\$20,564).

The **Governor** recommends reduced expenditures from the State General Fund by \$300,000, for FY 2019. The Governor recommends replacing these expenditures with \$200,000 from the Veterans' Home Fee Fund and \$100,000 from the Soldiers' Home Fee Fund.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$61,124, including \$13,204 from the State General Fund; FY 2018 longevity payments total \$68,965, including \$13,808 from the State General Fund; and FY 2019 longevity payments total \$68,965, including \$13,542 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$43,732, including \$9,811 from the State General Fund, in FY 2017; by \$132,700, including \$27,816 from the State General Fund, for FY 2018; and by \$195,399, including \$39,658 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$29,324, including \$6,147 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	31.2 %	29.8 %	30.8 %	29.5 %
Veterans Home Fee Fund	12.3	13.1	12.5	13.4
Soldiers Home Fee Fund	7.3	7.9	7.3	7.7
Fed Dom <i>Per Diem</i> Fund	6.8	6.8	6.8	6.8
Fed LTC <i>Per Diem</i> Fund	38.6	38.4	38.8	38.7
All Other Funds	3.9	4.1	3.8	3.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add 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 Solders' Home Fee Fund is authorized by KSA 76-1952.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ (4,167)	\$ 190,533	\$ 190,533	\$ 69,403	\$ 73,302	\$ 200,603	\$ 94,736
Revenue	1,716,128	1,491,730	1,491,730	1,708,642	1,708,642	1,708,642	1,708,642
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 1,711,961	\$ 1,682,263	\$ 1,682,263	\$ 1,778,045	\$ 1,781,944	\$ 1,909,245	\$ 1,803,378
Less: Expenditures	1,521,428	1,612,860	1,608,961	1,577,442	1,687,208	1,611,756	1,693,571
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 190,533	\$ 69,403	\$ 73,302	\$ 200,603	\$ 94,736	\$ 297,489	\$ 109,807
Ending Balance as Percent of Expenditures	12.5%	4.3%	4.6%	12.7%	5.6%	18.5%	6.5%
Month Highest Ending Balance	June \$ 261,953	June \$ 831,846	June \$ 831,846	June \$ 303,006	June \$ 320,028	June \$ 875,811	June \$ 413,607
Month Lowest Ending Balance	October \$ 58,038	October \$ 184,303	October \$ 184,303	October \$ 67,134	October \$ 70,905	October \$ 194,044	October \$ 91,639

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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 349,784	\$ 140,277	\$ 140,277	\$ 2,592	\$ 9,735	\$ 280,524	\$ 135,164
Revenue	2,448,527	2,914,339	2,914,339	2,930,623	2,930,623	2,938,508	2,938,508
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 2,798,311	\$ 3,054,616	\$ 3,054,616	\$ 2,933,215	\$ 2,940,358	\$ 3,219,032	\$ 3,073,672
Less: Expenditures	2,657,988	3,052,024	3,044,881	2,652,691	2,805,194	2,758,096	2,930,599
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	46	0	0	0	0	0	0
Ending Balance	<u>\$ 140,277</u>	<u>\$ 2,592</u>	<u>\$ 9,735</u>	<u>\$ 280,524</u>	<u>\$ 135,164</u>	<u>\$ 460,936</u>	<u>\$ 143,073</u>
Ending Balance as Percent of Expenditures	5.3%	0.1%	0.3%	10.6%	4.8%	16.7%	4.9%
Month Highest Ending Balance	November \$ 691,393	November \$ 277,276	November \$ 277,276	November \$ 5,123	November \$ 19,242	November \$ 554,492	November \$ 302,748
Month Lowest Ending Balance	June \$ 140,277	June \$ 2,592	June \$ 9,735	June \$ 1,053	June \$ 3,954	June \$ 27,745	June \$ 62,210

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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 245,060	\$ 123,501	\$ 123,501	\$ 82,414	\$ 84,906	\$ 94,624	\$ 106,218
Revenue	1,379,398	1,359,022	1,359,022	1,474,299	1,474,299	1,589,576	1,589,576
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 1,624,458	\$ 1,482,523	\$ 1,482,523	\$ 1,556,713	\$ 1,559,205	\$ 1,684,200	\$ 1,695,794
Less: Expenditures	1,500,957	1,400,109	1,397,617	1,462,089	1,452,987	1,510,528	1,499,843
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 123,501</u>	<u>\$ 82,414</u>	<u>\$ 84,906</u>	<u>\$ 94,624</u>	<u>\$ 106,218</u>	<u>\$ 173,672</u>	<u>\$ 195,951</u>
Ending Balance as Percent of Expenditures	8.2%	5.9%	6.1%	6.5%	7.3%	11.5%	13.1%
Month Highest Ending Balance	March <u>\$ 1,201,030</u>	March <u>\$ 605,274</u>	March <u>\$ 605,274</u>	March <u>\$ 334,790</u>	March <u>\$ 416,121</u>	March <u>\$ 463,749</u>	March <u>\$ 520,571</u>
Month Lowest Ending Balance	June \$ 123,501	June \$ 82,414	June \$ 84,906	June \$ 94,624	June \$ 106,218	July \$ 134,005	July \$ 150,424

Federal Long Term Care *Per Diem* Fund

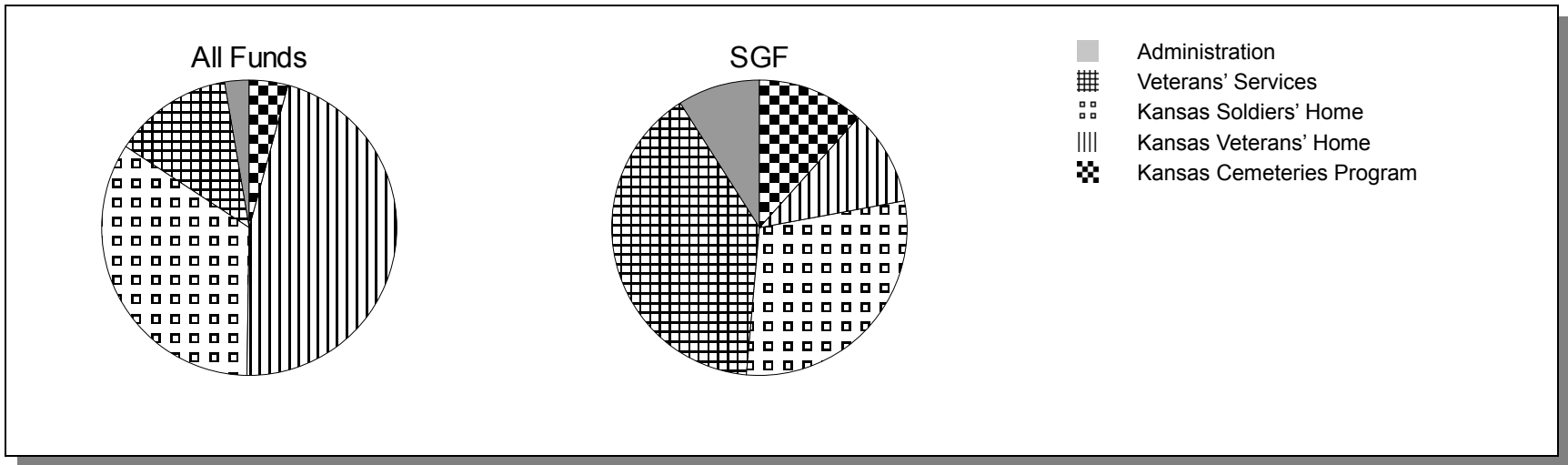
The Federal Long Term Care *Per Diem* Fund includes the Veterans' Home Federal Fund Long Term Care (*VA Per Diem*) and the Soldiers' Home Federal Fund Long Term Care (*VA Per Diem*). 38 Code of Federal Regulations, Part 17, Subpart 51.40 provides that *per diem* for long-term care is provided to an

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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 1,246,052	\$ 460,935	\$ 460,935	\$ 11,900	\$ 30,373	\$ 51,558	\$ 173,424
Revenue	6,926,119	7,383,896	7,383,896	8,374,361	8,374,361	8,564,929	8,564,929
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 8,172,171	\$ 7,844,831	\$ 7,844,831	\$ 8,386,261	\$ 8,404,734	\$ 8,616,487	\$ 8,738,353
Less: Expenditures	7,711,236	7,832,931	7,814,458	8,334,703	8,231,310	8,595,224	8,491,573
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 460,935	\$ 11,900	\$ 30,373	\$ 51,558	\$ 173,424	\$ 21,263	\$ 246,780
Ending Balance as Percent of Expenditures	6.0%	0.2%	0.4%	0.6%	2.1%	0.2%	2.9%
Month Highest Ending Balance	September \$ 1,036,663	September \$ 383,479	September \$ 383,479	June \$ 51,558	June \$ 173,424	September \$ 42,894	September \$ 144,281
Month Lowest Ending Balance	June \$ 460,935	June \$ 11,900	June \$ 30,373	February \$ 351	February \$ 897	February \$ 1,523	February \$ 5,122

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 577,492	2.7 %	\$ 577,492	9.0 %
Veterans' Services	2,800,946	13.1	2,533,323	39.6
Kansas Soldiers' Home	7,297,312	34.0	1,877,556	29.3
Kansas Veterans' Home	9,868,110	46.0	668,321	10.4
Cemeteries Program	905,310	4.2	745,027	11.6
TOTAL	\$ 21,449,170	100.0 %	\$ 6,401,719	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

Program	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Administration	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Veterans' Services	27.0	32.0	32.0	32.0	32.0	32.0	32.0
Kansas Soldiers' Home	100.0	112.0	112.0	112.0	112.0	112.0	112.0
Kansas Veterans' Home	166.8	201.3	201.3	201.3	201.3	201.3	201.3
Cemeteries Program	15.8	16.8	16.8	16.8	16.8	16.8	16.8
TOTAL	314.5	368.0	368.0	368.0	368.0	368.0	368.0

Note: Totals may not add due to rounding.

A. Administration

The Administration program provides guidance and oversight for all veteran programs while also providing leadership, direction, technical guidance, and support for all agency staff. The program contains the agency's fiscal services, human resources, and information technology functions. The 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 462,782	\$ 498,570	\$ 497,234	\$ 486,803	\$ 481,919	\$ 493,111	\$ 487,413
Contractual Services	77,866	78,936	78,936	79,843	79,843	81,043	81,043
Commodities	7,007	7,007	7,007	7,223	7,223	7,323	7,323
Capital Outlay	8,251	8,251	8,251	8,507	8,507	8,507	8,507
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 555,906</u>	<u>\$ 592,764</u>	<u>\$ 591,428</u>	<u>\$ 582,376</u>	<u>\$ 577,492</u>	<u>\$ 589,984</u>	<u>\$ 584,286</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 555,906</u>	<u>\$ 592,764</u>	<u>\$ 591,428</u>	<u>\$ 582,376</u>	<u>\$ 577,492</u>	<u>\$ 589,984</u>	<u>\$ 584,286</u>
Financing:							
State General Fund	\$ 555,906	\$ 592,764	\$ 591,428	\$ 582,376	\$ 577,492	\$ 589,984	\$ 584,286
All Other Funds	0	0	0	0	0	0	0
TOTAL	<u>\$ 555,906</u>	<u>\$ 592,764</u>	<u>\$ 591,428</u>	<u>\$ 582,376</u>	<u>\$ 577,492</u>	<u>\$ 589,984</u>	<u>\$ 584,286</u>
FTE Positions	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Non-FTE Uncl.Perm.Pos.	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	<u>6.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>

The agency requests expenditures of \$582,376, all from the State General Fund, for the Administration program for FY 2018. This is a decrease of \$10,388, or 1.8 percent, all from the State General Fund, below the FY 2017 revised estimate. The decrease is primarily attributable to a decrease in salaries and

wages. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$486,803, all from the State General Fund, for

salaries and wages for FY 2018. This is a decrease of \$11,767, or 2.4 percent, below the FY 2017 revised estimate. The decrease is primarily attributable to salaries and wages returning to a normal level absent the one-time 27th payroll period in FY 2017, partially offset by an increase in employer fringe benefit costs;

- **Contractual Services.** The agency requests \$79,843, all from the State General Fund, for contractual services for FY 2018. This is an increase of \$907, or 1.1 percent, above the FY 2017 revised estimate;
- **Commodities.** The agency requests \$7,223, all from the State General Fund, for commodities for FY 2018. This is an increase of \$216, or 3.1 percent, above the FY 2017 revised estimate; and
- **Capital Outlay.** The agency requests \$8,507, all from the State General Fund, for capital outlay for FY 2018. This is an increase of \$256, or 3.1 percent, above the FY 2017 revised estimate.

The **Governor** recommends \$577,492, all from the State General Fund, for FY 2018. This is a decrease of \$4,884, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests expenditures of \$589,984, all from the State General Fund, for the Administration program for FY 2019. This is an increase of \$7,608, or 1.3 percent, all from the State

General Fund, above the FY 2018 request. The increase is primarily attributable to an increase in salaries and wages and contractual services. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$493,111, all from the State General Fund, for salaries and wages for FY 2019. This is an increase of \$6,308, or 1.3 percent, above the FY 2018 request. The increase is primarily due to an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$81,043, all from the State General Fund, for contractual services for FY 2019. This is an increase of \$1,200, or 1.5 percent, above the FY 2018 request. The increase is primarily attributable to an increase in building space rental costs;
- **Commodities.** The agency requests \$7,323, all from the State General Fund, for commodities for FY 2019. This is an increase of \$100, or 1.4 percent, above the FY 2018 request; and
- **Capital Outlay.** The agency requests \$8,507, all from the State General Fund, for capital outlay for FY 2019. This is the same amount as the FY 2018 request.

The **Governor** recommends \$584,286, all from the State General Fund, for FY 2019. This is a decrease of \$5,698, or 1.0 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,611,124	\$ 1,731,132	\$ 1,726,593	\$ 1,734,777	\$ 1,717,788	\$ 1,751,365	\$ 1,731,819
Contractual Services	371,068	404,739	404,739	404,739	404,739	404,739	404,739
Commodities	32,617	32,957	32,957	32,957	32,957	32,957	32,957
Capital Outlay	159,551	45,462	45,462	45,462	45,462	51,060	51,060
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 2,174,360</u>	<u>\$ 2,214,290</u>	<u>\$ 2,209,751</u>	<u>\$ 2,217,935</u>	<u>\$ 2,200,946</u>	<u>\$ 2,240,121</u>	<u>\$ 2,220,575</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	600,000	600,000	600,000	600,000	600,000	600,000	600,000
TOTAL	<u>\$ 2,774,360</u>	<u>\$ 2,814,290</u>	<u>\$ 2,809,751</u>	<u>\$ 2,817,935</u>	<u>\$ 2,800,946</u>	<u>\$ 2,840,121</u>	<u>\$ 2,820,575</u>
Financing:							
State General Fund	\$ 2,556,684	\$ 2,604,352	\$ 2,600,216	\$ 2,590,701	\$ 2,533,323	\$ 2,611,451	\$ 2,576,761
All Other Funds	217,676	209,938	209,535	227,234	267,623	228,670	243,814
TOTAL	<u>\$ 2,774,360</u>	<u>\$ 2,814,290</u>	<u>\$ 2,809,751</u>	<u>\$ 2,817,935</u>	<u>\$ 2,800,946</u>	<u>\$ 2,840,121</u>	<u>\$ 2,820,575</u>
FTE Positions	27.0	32.0	32.0	32.0	32.0	32.0	32.0
Non-FTE Uncl.Perm.Pos.	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	<u>29.0</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>

The **agency** requests \$2.8 million, including \$2.6 million from the State General Fund, for the Veterans' Services

program for FY 2018. This is an all funds increase of \$3,645, or 0.1 percent, and a State General Fund decrease of \$13,651, or

0.5 percent, from the FY 2017 revised estimate. The all funds increase is attributable to an increase in salaries and wages expenditures. The request is detailed below by category 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 2018. This is an all funds increase of \$3,645, or 0.2 percent, and a State General Fund increase of \$7,551, or 0.5 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in employer fringe benefit costs, partially offset by a decrease in salaries and wages expenditures due to the absence of the one-time 27th payroll period in FY 2017;
- **Contractual Services.** The agency requests \$404,739, including \$352,406 from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is a decrease of \$21,202, or 5.7 percent, below the FY 2017 revised estimate;
- **Commodities.** The agency requests \$32,957, including \$26,814 from the State General Fund, for commodities for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate;
- **Capital Outlay.** The agency requests \$45,462, including \$26,814 from the State General Fund, for capital outlay for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate; and

- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for other assistance for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate.

The **Governor** recommends \$2.8 million, including \$2.5 million from the State General Fund, for FY 2018. This is an all funds decrease of \$16,989, or 0.6 percent, and a State General Fund decrease of \$57,378, or 2.2 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$2.8 million, including \$2.6 million from the State General Fund, for the Veterans' Services program for FY 2019. This is an all funds increase of \$22,186, or 0.8 percent, and a State General Fund increase of \$20,750, or 0.8 percent, above the FY 2018 request. The increase is primarily attributable to increases in salaries and wages and capital outlay for FY 2019. The request is detailed below by category of expenditures:

- **Salaries and Wages.** The agency requests \$1.8 million, including \$1.6 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$16,588, or 1.0 percent, and a State General Fund increase of \$15,152, or 1.0 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$404,739, including \$352,406 from the State General

Fund, for contractual services for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;

- **Commodities.** The agency requests \$32,957, including \$31,782 from the State General Fund, for commodities for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Capital Outlay.** The agency requests \$51,060, including \$32,412 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$5,598, or 12.3 percent, all from the State General Fund, above the FY 2018 request.

The increase is primarily attributable to a one-time purchase of a new mobile office for the Enhanced Veterans' Services program; and

- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for other assistance for FY 2019. This is the same amount as the FY 2018 request.

The **Governor** recommends \$2.8 million, including \$2.6 million from the State General Fund, for FY 2019. This is an all funds decrease of \$19,546, or 0.7 percent, and a State General Fund decrease of \$34,690, or 1.3 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 also is available for residents who are not capable of supporting and caring for themselves.

KANSAS SOLDIERS' HOME							
SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 4,897,441	\$ 6,144,991	\$ 6,129,503	\$ 6,022,357	\$ 5,965,666	\$ 6,126,560	\$ 6,058,867
Contractual Services	1,363,778	317,936	317,936	317,936	317,936	317,936	317,936
Commodities	1,109,980	942,350	942,350	942,350	942,350	942,350	942,350
Capital Outlay	184,227	71,360	71,360	71,360	71,360	71,360	71,360
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,555,426</i>	<i>\$ 7,476,637</i>	<i>\$ 7,461,149</i>	<i>\$ 7,354,003</i>	<i>\$ 7,297,312</i>	<i>\$ 7,458,206</i>	<i>\$ 7,390,513</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	7,380	0	0	0	0	0	0
TOTAL	\$ 7,562,806	\$ 7,476,637	\$ 7,461,149	\$ 7,354,003	\$ 7,297,312	\$ 7,458,206	\$ 7,390,513
Financing:							
State General Fund	\$ 2,474,013	\$ 2,076,793	\$ 2,074,405	\$ 1,996,537	\$ 1,877,556	\$ 1,992,457	\$ 1,888,156
All Other Funds	5,088,793	5,399,844	5,386,744	5,357,466	5,419,756	5,465,749	5,502,357
TOTAL	\$ 7,562,806	\$ 7,476,637	\$ 7,461,149	\$ 7,354,003	\$ 7,297,312	\$ 7,458,206	\$ 7,390,513
FTE Positions	100.0	112.0	112.0	112.0	112.0	112.0	112.0
Non-FTE Uncl.Perm.Pos.	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL	103.0	115.0	115.0	115.0	115.0	115.0	115.0

The **agency** requests \$7.4 million, including \$2.0 million from the State General Fund, for the Kansas Solders' Home

program for FY 2018. This is an all funds decrease of \$122,634, or 1.6 percent, and a State General Fund decrease of \$80,256,

or 3.9 percent, below the FY 2017 revised estimate. The decrease is attributable to a decrease in salaries and wages expenditures. The request is described below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.0 million, including \$980,411 from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$122,634, or 2.0 percent, and a State General Fund increase of \$11,672, or 1.2 percent, from the FY 2017 revised estimate. The all funds decrease is primarily attributable to the absence of the one-time 27th payroll period that occurred in FY 2017 and a decrease in overtime pay, partially offset by an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$317,936, including \$114,264 from the State General Fund, for contractual services for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is a decrease of \$77,043, or 40.3 percent, below the FY 2017 revised estimate;
- **Commodities.** The agency requests \$942,350, including \$833,398 from the State General Fund, for commodities for FY 2018. This is the same all funds amount as the FY 2017 revised estimate. The State General Fund amount is a decrease of \$14,885, or 1.8 percent, below the FY 2017 revised estimate; and
- **Capital Outlay.** The agency requests \$71,360, including \$68,464 from the State General Fund, for capital outlay for FY 2018. This is the same all funds

and State General Fund amount as the FY 2017 revised estimate.

The **Governor** recommends \$7.3 million, including \$1.9 million from the State General Fund, for FY 2018. This is an all funds decrease of \$56,691, or 0.8 percent, and a State General Fund decrease of \$118,981, or 6.0 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$7.5 million, including \$2.0 million from the State General Fund, for the Kansas Soldiers' Home program for FY 2019. This is an all funds increase of \$104,203, or 1.4 percent, and a State General Fund decrease of \$4,080, or 0.2 percent, from the FY 2018 request. The all funds increase is attributable to an increase in salaries and wages expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.1 million, including \$976,331 from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$104,203, or 1.7 percent, and a State General Fund decrease of \$4,080, or 0.4 percent, from the FY 2018 request. The all funds increase is primarily attributable to an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$317,936, including \$114,264 from the State General Fund, for contractual services for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;

- **Commodities.** The agency requests \$942,350, including \$833,398 from the State General Fund, for commodities for FY 2019. This is the same all funds and State General fund amount as the FY 2018 request; and
- **Capital Outlay.** The agency requests \$71,360, including \$68,464 from the State General Fund, for capital outlay for FY 2019. This is the same all funds

and State General Fund amount as the FY 2018 request.

The **Governor** recommends \$7.4 million, including \$1.9 million from the State General Fund, for FY 2019. This is an all funds decrease of \$67,693, or 0.9 percent, and a State General Fund decrease of \$104,301, or 5.2 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 on 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.

The Triplett Hall expansion was opened in October 2014. The first phase of the business plan, which guides the expansion, has been completed. The first phase was to open Triplett Hall and admit residents there. The census in Triplett is currently 32 of the 40 available beds are filled. KVH is currently in phase two of the plan, which is to open Ferguson Hall as a long-term care unit. This unit has 26 beds. During FY 2016, KVH experienced an increase in admissions by 11.0 percent higher than the 2015 admissions. The KCVAO hired an Admissions Coordinator in the last fiscal year, whose primary task is marketing and recruiting for both homes to increase the amount of admissions. Concurrently with that, the VA now has a policy where its social workers have to respond in writing as to why they do not place veterans as the State Veterans' Nursing Homes as their replacement of first place.

**KANSAS VETERANS' HOME
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 6,720,357	\$ 8,397,845	\$ 8,377,427	\$ 8,405,497	\$ 8,329,231	\$ 8,766,960	\$ 8,672,870
Contractual Services	1,168,131	317,673	317,673	317,673	317,673	317,673	317,673
Commodities	693,812	1,115,507	1,115,507	1,135,507	1,135,507	1,155,507	1,155,507
Capital Outlay	137,474	85,699	85,699	85,699	85,699	85,699	85,699
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,719,774</i>	<i>\$ 9,916,724</i>	<i>\$ 9,896,306</i>	<i>\$ 9,944,376</i>	<i>\$ 9,868,110</i>	<i>\$ 10,325,839</i>	<i>\$ 10,231,749</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	6,200	0	0	0	0	0	0
TOTAL	<u>\$ 8,725,974</u>	<u>\$ 9,916,724</u>	<u>\$ 9,896,306</u>	<u>\$ 9,944,376</u>	<u>\$ 9,868,110</u>	<u>\$ 10,325,839</u>	<u>\$ 10,231,749</u>
Financing:							
State General Fund	\$ (24)	\$ 827,811	\$ 827,811	\$ 827,811	\$ 668,321	\$ 827,811	\$ 635,590
All Other Funds	8,725,998	9,088,913	9,068,495	9,116,565	9,199,789	9,498,028	9,596,159
TOTAL	<u>\$ 8,725,974</u>	<u>\$ 9,916,724</u>	<u>\$ 9,896,306</u>	<u>\$ 9,944,376</u>	<u>\$ 9,868,110</u>	<u>\$ 10,325,839</u>	<u>\$ 10,231,749</u>
FTE Positions	166.8	201.3	201.3	201.3	201.3	201.3	201.3
Non-FTE Uncl.Perm.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>166.8</u>	<u>201.3</u>	<u>201.3</u>	<u>201.3</u>	<u>201.3</u>	<u>201.3</u>	<u>201.3</u>

The **agency** requests \$9.9 million, including \$827,811 from the State General Fund, for the Kansas Veterans' Home program for FY 2018. This is an increase of \$27,652, or 0.3 percent, all from special revenue funds, above the FY 2017 revised estimate. The increase is primarily attributable to an increase in salaries and wages and commodities expenditures.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$8.4 million, all from special revenue funds, for salaries and wages for FY 2018. This is an all funds increase of \$7,652, or 0.1 percent, above the FY 2017 revised estimate. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in employer fringe

benefit costs, partially offset by a decrease in salaries and wages expenditures due to the absence of the one-time 27th payroll period that occurred in FY 2017;

- **Contractual Services.** The agency requests \$317,673, including \$115,804 from the State General Fund, for contractual services for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate;
- **Commodities.** The agency requests \$1.1 million, including \$672,568 from the State General Fund, for commodities for FY 2018. This is an all funds increase of \$20,000, or 1.8 percent, all from special revenue funds, above the FY 2017 revised estimate. The increase is primarily attributable to an increase in drug and pharmaceutical expenditures for patients; and
- **Capital Outlay.** The agency requests \$85,699, including \$39,439 from the State General Fund, for capital outlay for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate.

The **Governor** recommends \$9.9 million, including \$668,321 from the State General Fund, for FY 2018. This is an all funds decrease of \$76,266, or 0.8 percent, and a State General Fund decrease of \$159,490, or 19.3 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$10.3 million, including \$827,811 from the State General Fund, for the Kansas Veterans' Home program for FY 2019. This is an all funds increase of \$381,463, or 3.8 percent, all from special revenue funds, for FY 2019. The increase is primarily attributable to an increase in salaries and wages and commodities expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$8.8 million, all from special revenue funds, for salaries and wages for FY 2019. This is an increase of \$361,463, or 4.3 percent, above the FY 2018 request. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$317,673, including \$115,804 from the State General Fund, for contractual services for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request;
- **Commodities.** The agency requests \$1.2 million, including \$672,568 from the State General Fund, for commodities for FY 2019. This is an increase of \$20,000, or 1.8 percent, all from special revenue funds, above the FY 2018 request. The increase is primarily attributable to an increase in drug and pharmaceutical expenditures for patients; and
- **Capital Outlay.** The agency requests \$85,699, including \$39,439 from the State General Fund, for capital outlay for FY 2019. This is the same all funds and State General Fund amount as the FY 2018 request.

The **Governor** recommends \$10.2 million, including \$635,590 from the State General Fund, for FY 2019. This is an all funds decrease of \$94,090, or 0.9 percent, and a State General Fund decrease of \$192,221, or 23.2 percent, below the

agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

E. Kansas Cemeteries Program

The Kansas 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 are 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 700,144	\$ 745,075	\$ 743,124	\$ 735,487	\$ 728,293	\$ 749,311	\$ 740,939
Contractual Services	92,610	92,611	92,611	92,611	92,611	92,611	92,611
Commodities	69,374	69,374	69,374	69,374	69,374	69,374	69,374
Capital Outlay	15,032	15,032	15,032	15,032	15,032	15,032	15,032
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 877,160</i>	<i>\$ 922,092</i>	<i>\$ 920,141</i>	<i>\$ 912,504</i>	<i>\$ 905,310</i>	<i>\$ 926,328</i>	<i>\$ 917,956</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 877,160</u>	<u>\$ 922,092</u>	<u>\$ 920,141</u>	<u>\$ 912,504</u>	<u>\$ 905,310</u>	<u>\$ 926,328</u>	<u>\$ 917,956</u>
Financing:							
State General Fund	\$ 702,913	\$ 747,845	\$ 745,894	\$ 738,257	\$ 745,027	\$ 797,825	\$ 795,077
All Other Funds	174,247	174,247	174,247	174,247	160,283	128,503	122,879
TOTAL	<u>\$ 877,160</u>	<u>\$ 922,092</u>	<u>\$ 920,141</u>	<u>\$ 912,504</u>	<u>\$ 905,310</u>	<u>\$ 926,328</u>	<u>\$ 917,956</u>
FTE Positions	15.8	16.8	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	0.0	0.0
TOTAL	<u>15.8</u>	<u>16.8</u>	<u>16.8</u>	<u>16.8</u>	<u>16.8</u>	<u>16.8</u>	<u>16.8</u>

The **agency** requests \$912,504, including \$738,257 from the State General Fund, for the Kansas Cemeteries Program for FY 2018. This is an all funds decrease of \$9,588, or 1.0 percent, all from the State General Fund, for FY 2018. The decrease is attributable to a decrease in salaries and wages expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$735,487, all from the State General Fund, for salaries and wages for FY 2018. This is an all funds decrease of \$9,588, or 1.3 percent, all from the State General Fund, for FY 2018. The decrease is primarily attributable to a decrease due to the absence of the one-time 27th payroll period that occurred in FY 2017, partially offset by an adjustment in salary shrinkage and an increase in employer fringe benefit costs;
- **Contractual Services.** The agency requests \$92,611, including \$1,235 from the State General Fund, for contractual services for FY 2018. This is the same all funds and State General Fund amount of the FY 2017 revised estimate;
- **Commodities.** The agency requests \$69,374, including \$1,535 from the State General Fund, for commodities for FY 2018. This is the same all funds and State General Fund amount as the FY 2017 revised estimate; and
- **Capital Outlay.** The agency requests \$15,032, all from the VA Burial Reimbursement Federal Fund, for FY 2018. This is the same amount as the FY 2017 revised estimate.

The **Governor** recommends \$905,310, including \$745,027 from the State General Fund, for FY 2018. This is an all funds decrease of \$7,194, or 0.8 percent, and a State General Fund increase of \$6,770, or 0.9 percent, from the agency's FY 2018 request. The all funds decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on employer contributions for death and disability for one quarter.

The **agency** requests \$926,328, including \$797,825 from the State General Fund, for the Kansas Cemeteries Program for FY 2019. This is an all funds increase of \$13,824, or 1.5 percent, and a State General Fund increase of \$59,568, or 8.1 percent, above the FY 2018 request. The increase is primarily attributable to an increase in salaries and wages expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$749,311, all from the State General Fund, for salaries and wages for FY 2019. This is an increase of \$13,824, or 1.9 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer fringe benefit costs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$92,611, including \$46,979 from the State General Fund, for contractual services for FY 2019. This is the same all funds amount as the FY 2018 request. The State General Fund amount is an increase of \$45,744, or 3,704.0 percent, above the FY 2018 request;
- **Commodities.** The agency requests \$69,374, including \$1,535 from the State General Fund, for commodities for FY 2019. This is the same all funds

and State General Fund amount as the FY 2018 request; and

- **Capital Outlay.** The agency requests \$15,032, all from the VA Burial Reimbursement Federal Fund, for FY 2019. This is the same amount as the FY 2018 request.

The **Governor** recommends \$917,956, including \$795,077 from the State General Fund, for FY 2019. This is an all funds decrease of \$8,372, or 0.9 percent, and a State General Fund decrease of \$2,748, or 0.3 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,539,835	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	157,526	1,838,842	1,838,842	1,838,842	1,838,842	1,838,842	1,838,842
Commodities	264,278	0	0	0	0	0	0
Capital Outlay	6,215	107,036	107,036	107,036	107,036	107,036	107,036
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,967,854</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 1,967,854</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,967,854	1,945,878	1,945,878	1,945,878	1,945,878	1,945,878	1,945,878
TOTAL	<u>\$ 1,967,854</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>	<u>\$ 1,945,878</u>
FTE Positions	0.0	0.0	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	0.0	0.0
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

The **agency** requests \$1.9 million, all from special revenue funds, for off-budget expenditures for FY 2018. This is the same amount as the FY 2017 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency does not request expenditures for salaries and wages from off-budget funding;
- **Contractual Services.** The agency requests \$1.8 million, all from special revenue funds, for contractual services for FY 2018. This is the same amount as the FY 2017 revised estimate;
- **Commodities.** The agency does not request expenditures for commodities from off-budget funding; and
- **Capital Outlay.** The agency requests \$107,036, all from special revenue funds, for capital outlay for FY 2018. This is the same amount as the FY 2017 revised estimate.

The **Governor** recommends \$1.9 million, all from special revenue funds, for FY 2018. This is the same amount as the agency's FY 2018 request.

The **agency** requests \$1.9 million, all from special revenue funds, for off-budget expenditures for FY 2019. This is the same amount as the FY 2018 request. The request is detailed below by category of expenditures:

- **Salaries and Wages.** The agency does not request expenditures for salaries and wages from off-budget funding;
- **Contractual Services.** The agency requests \$1.8 million, all from special revenue funds, for contractual services for FY 2018. This is the same amount as the FY 2017 revised estimate;
- **Commodities.** The agency does not request expenditures for commodities from off-budget funding; and
- **Capital Outlay.** The agency requests \$107,036, all from special revenue funds, for capital outlay for FY 2018. This is the same amount as the FY 2017 revised estimate.

The **Governor** recommends recommends \$1.9 million, all from special revenue funds, for FY 2019. This is the same amount as the agency's FY 2019 request.

CAPITAL IMPROVEMENTS

	CAPITAL IMPROVEMENTS					
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
KVH Rehab and Repair and Other Projects	\$ 143,750	\$ 143,750	\$ 812,050	\$ 812,050	\$ 982,350	\$ 812,050
KVH Triplett Hall Floor	198,000	198,000	0	0	0	0
KVH Bleckley Hall Windows	481,500	481,500	0	0	0	0
KSH Rehab & Maintenance and Other Projects	172,500	172,500	637,900	637,900	791,980	637,900
KSH Custer House Kitchen and Bathroom Remodel	161,500	161,500	0	0	0	0
KSH Structures Demolition	50,000	50,000	109,000	109,000	109,000	109,000
KSH Pershing Barracks Access Renovation	330,000	330,000	0	0	0	0
KSH Halsey Hall Kitchen	412,500	412,500	0	0	0	0
KSH Lincoln Hall Electrical	55,000	55,000	0	0	0	0
KSH Halsey Hall Covered Entrance Access	55,000	55,000	0	0	0	0
KSH Roof Replacements	80,000	80,000	0	0	0	0
KSH Lincoln and Grant Halls ADA Access	165,000	165,000	0	0	0	0
KVCP Rehab and Repair and Other Projects	9,900	9,900	100,000	100,000	49,965	49,965
Re-appropriation for Projects In Progress	822,104	822,104	0	0	0	0
TOTAL	\$ 3,136,754	\$ 3,136,754	\$ 1,658,950	\$ 1,658,950	\$ 1,933,295	\$ 1,608,915
Financing:						
State General Fund	\$ 9,900	\$ 9,900	\$ 100,000	\$ 100,000	\$ 49,965	\$ 49,965
State Institutions Building Fund	3,126,854	3,126,854	1,558,950	1,558,950	1,883,330	1,558,950
TOTAL	\$ 3,136,754	\$ 3,136,754	\$ 1,658,950	\$ 1,658,950	\$ 1,933,295	\$ 1,608,915

Current Year Agency Estimate

FY 2017–Current Year. The agency submits a revised estimate of \$3.1 million, including \$9,900 from the State General Fund, for capital improvements in FY 2017. This is an all funds increase of \$888,354, or 39.5 percent, all from special revenue funds, above the amount approved by the 2016 Legislature. The increase is attributable to the reappropriation of \$822,104, all from the State Institutions Building Fund, for projects not yet completed from previous fiscal years. The remaining increase is attributable to the reappropriation of \$66,250, all from the State Institutions Building Fund, which has been added to the rehabilitation and repair account at the Kansas Veterans' Home and the emergency repairs and maintenance account at the Kansas Soldiers' Home, in FY 2017 to establish higher yearly amounts going forward. The FY 2017 projects are listed by location.

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, in FY 2017. The 2016 Legislature approved funding for rehabilitation and repair totaling \$100,000, all from the State Institutions Building Fund. The \$43,750 increase is attributable to a reappropriation of that amount, all from the State Institutions Building Fund, of funding not spent in FY 2016. The agency is requesting a new yearly amount for rehabilitation and repair of \$143,750, all from the State Institutions Fund.

Triplett Hall Floor. 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, in

FY 2017. Funding for this project was approved by the 2016 Legislature.

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 Fund, in FY 2017. Funding for this project was approved by the 2016 Legislature.

Lincoln and Grant Hall 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 Fund, in FY 2017. Funding for this project was approved by the 2016 Legislature.

Kansas Soldiers' Home

Emergency Repairs and Maintenance. The project is to repair facilities, including cottages, a long-term care facility, ancillary buildings, and domiciliary buildings. The project totals \$172,500, all from the State Institutions Building Fund, in FY 2017. The 2016 Legislature approved funding for emergency repairs and maintenance of \$150,000, all from the State Institutions Building Fund. The \$22,500 increase is attributable to a reappropriation of that amount, all from the State Institutions Building Fund, of funding not spent in FY 2016. The agency is requesting a new yearly amount for emergency repairs and maintenance of \$172,500, all from the State Institutions Building Fund.

Custer House Kitchen and Bathroom Remodel. The project is to remodel several rooms in the Custer House. The

project totals \$161,500, all from the State Institutions Building Fund, in FY 2017. Funding for this project was approved by the 2016 Legislature.

Demolition of Outdated Campus Structures. The project is to demolish campus buildings that are no longer functional. This project is a multi-year, phased project that involves demolishing 11 cottages, 2 old maintenance buildings, and 2 old storage buildings. The project totals \$50,000, all from the State Institutions Building Fund, in FY 2017. Funding for this project was approved by the 2016 Legislature.

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, in FY 2017. Funding for this project was approved by the 2016 Legislature.

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, in FY 2017. Funding for this project was approved by the 2016 Legislature.

Current Year Governor Recommendation

The **Governor** concurs with the agency's capital improvements revised FY 2017 estimate.

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, a nurses' office, and computer room. The project totals \$55,000, all from the State Institutions Building Fund, in FY 2017. Funding for this project was approved by the 2016 Legislature.

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, in FY 2017. Funding for this project was approved by the 2016 Legislature.

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, in FY 2017. Funding for this project was approved by the 2016 Legislature.

Kansas Cemeteries Program

Rehabilitation and Repair. The project is for the rehabilitation and repair of the facilities at the state veterans cemeteries. The project totals \$9,900, all from the State General Fund, in FY 2017. Funding for this project was approved by the 2016 Legislature.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests \$1.7 million, including \$100,000 from the State General Fund, for capital improvements for FY 2018. This is an all funds decrease of \$1.5 million, or 47.1 percent, and a State General Fund increase of \$90,100, or 910.1 percent, from the FY 2017 revised estimate. For FY 2018, the agency has combined rehabilitation and repair with funding for other projects in the capital improvements table. The FY 2018 projects are listed by location.

Kansas Veterans' Home

Rehabilitation and Repair. The project will be for the 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, for FY 2018.

Retrofit Sewage Lift Station for Donlon. The project will retrofit the sewage lift station for Donlon Hall. This includes installing exhaust vents for humidity relief, new float switches, pumps, and a control panel. The project totals \$30,000, all from the State Institutions Building Fund, for FY 2018.

Install Covered Walkway for Bleckley and Donlon. The project will provide a covered walkway from the front entrances of Bleckley Hall (long-term care) and Donlon Hall (assisted living) to the parking lot for visitors and provide a covered loading and unloading area for residents. The project totals \$64,800, all from the State Institutions Building Fund, for FY 2018.

Replace Double Doors for Bleckley Hall. The project will replace four double doors at two Bleckley Hall service

entrances. The project totals \$30,000, all from the State Institutions Building Fund, for FY 2018.

Replace Ceiling Fan Coil Units Gulf War Hallway. The project will replace six ceiling-mounted fan coil units and install new controls for the units to be tied into the existing building control system in the Gulf War Hallway. The project totals \$50,000, all from the State Institutions Building Fund, for FY 2018.

Replace Double Doors for Gulf War Hallway. The project will replace two double doors in the Gulf War Hallway. The project totals \$15,000, all from the State Institutions Building Fund, for FY 2018.

Replace Air Handlers for Timmerman Hall. The project will replace the original air handler units in Timmerman Hall. The project totals \$218,000, all from the State Institutions Building Fund, for FY 2018.

Window Replacements—Resident Staff Homes. The project will replace windows of the three residential homes located on the campus. The project totals \$187,000, all from the State Institutions Building Fund, for FY 2018.

Hagemeister and Ferguson Install Doors. The project will provide an entrance to the court yard between Hagemeister and Ferguson units (long-term care) in Bleckley Hall. The project totals \$73,500, all from the State Institutions Building Fund, for FY 2018.

Kansas Soldiers' Home

Emergency Repairs and Maintenance. The project will be for emergency repairs and maintenance to repair facilities, including cottages, a long-term care facility, ancillary buildings, and domiciliary buildings. The project totals \$172,500, all from the State Institutions Building Fund, for FY 2018.

Demolition of Campus Structures. The project will demolish campus buildings that are no longer functional. This project is a multi-year, phased project that involves demolishing 11 cottages, 2 old maintenance buildings, and 2 old storage buildings. The project totals \$109,000, all from the State Institutions Building Fund, for FY 2018.

Campus Wide Security Cameras. The project involves the installation of a campus-wide security camera/video monitoring system. The project totals \$81,750, all from the State Institutions Building Fund, for FY 2018.

Keyless Entry Campus Wide. The project is a continuation of a FY 2016 capital improvements project. The facility has over 90 buildings on the grounds. This project addresses both exterior and interior door systems campus-wide. The project totals \$70,850, all from the State Institutions Building Fund, for FY 2018.

Pershing Emergency Power System. The project will install an emergency power back-up generator system in

Pershing Hall. The project totals \$87,200, all from the State Institutions Building Fund, for FY 2018.

Lincoln Hall Covered Breezeway. The project will reconstruct the flat roof breezeway and porch of Lincoln Hall into an A-frame structure to move the elements away from the entrance. This project will replace the flat roof structure with an A-frame roof construction at four breezeways on the south side of the building and the two porch locations at the east and west sides of the building. The project totals \$105,600, all from the State Institutions Building Fund, for FY 2018.

Custer House HVAC. The project will install an updated modular boiler system, chilled air unit, and duct work throughout the home to support the new system. The project totals \$120,000, all from the State Institutions Building Fund, for FY 2018.

Kansas Cemeteries Program

Pre-placed Grave Liners—All Cemeteries. The project will place 40 oversized pre-placed grave liners in the State Veterans' Cemeteries. The Kansas Cemeteries Program is seeing an increase in the need for over-sized grave liners for bariatric veterans and eligible dependents. This project will place 15 grave liners at Winfield, 15 at Fort Riley, and 5 each at WaKeeney and Fort Dodge. The project totals \$100,000, all from the State General Fund, for FY 2018.

Budget Year Governor's Recommendation

The **Governor** concurs with the agency's capital improvements FY 2018 request.

Budget Year Agency Request

FY 2019–Budget Year. The agency requests \$1.9 million, including \$49,965 from the State General Fund, for capital improvements for FY 2019. This is an all funds increase of \$274,345, or 16.5 percent, above the FY 2018 request. For FY 2019, the agency has combined rehabilitation and repair with funding for other projects in the capital improvements table. The FY 2019 projects are listed by location.

Kansas Veterans' Home

Rehabilitation and Repair. The project will be 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, for FY 2019.

Donlon Hall Air Handlers. The project will replace the originally constructed air handler units in Donlon Hall. The project totals \$218,000, all from the State Institutions Fund, for FY 2019.

Parking Lots Resurface. The project will resurface existing parking lots for visitors and staff with cement. The project totals \$85,600, all from the State Institutions Building Fund, for FY 2019.

Kitchen Construction. The project will build a new kitchen for the KVH. On a daily basis, the kitchen produces 1,650 meals for Correctional officers and 360 meals for the KVH. Flexibility and availability associated with Resident-Centered Care and Culture Change initiatives promoted by the federal Center for Medicare and Medicaid Services (CMS), and choices and changes of processes are not possible with the current arrangement. The project totals \$535,000, all from the State Institutions Building Fund, for FY 2019.

Kansas Soldiers' Home

Emergency Repairs and Maintenance. The project will be for emergency repairs and maintenance to repair facilities, including cottages, a long-term care facility, ancillary buildings, and domiciliary buildings. The project totals \$172,500, all from the State Institutions Building Fund, for FY 2019.

Demolition of Campus Structures. The project will demolish campus buildings that are no longer functional. This project is a multi-year, phased project that involves demolishing 11 cottages, 2 old maintenance buildings, and 2 old storage buildings. The project totals \$109,000, all from the State Institutions Building Fund, for FY 2019.

Nimitz Modular Boiler Replacements. The project will replace the original heat source that was tied to the master steam system constructed in 1970. The new modular boiler system will be a high energy-efficient system that will reduce maintenance and utility costs for the agency. The project totals \$84,000, all from the State Institutions Building Fund, for FY 2019.

Replacement of HVACs. The project will replace HVAC units in multiple buildings that have been converted from steam heat. The buildings are the Library/Museum, the Chapel, the Plumbing Shop, Clothing Store, and a cottage at 215 Pershing Street. The project totals \$130,000, all from the State Institutions Building Fund, for FY 2019.

Halsey Elevator Upgrade. The project will upgrade the Halsey Hall (long-term care facility) hydraulic passenger elevator system, which includes two KONE elevators original to the building constructed in 1969. The project totals \$132,980, all from the State Institutions Building Fund, for FY 2019.

Eisenhower Hall Conversion. The project will be for remodeling and converting Eisenhower Hall into a resident activities center. The project totals \$109,000, all from the State Institutions Building Fund, for FY 2019.

Pharmaceutical Dispensing Machines. The project will be for the addition of actual pharmaceutical dispensing machines to be used by the nursing staff to dispense resident medications. It will provide for increased security of the pharmaceuticals, increase tracking of medications administered to the residents, ensure significant reductions in medication errors, and reduce costs associated with operating a pharmacy. These machines will be installed at Halsey Hall, one on each of the two floors and one in the domiciliary in Lincoln Hall. The project totals \$163,500, all from the State Institutions Building Fund, for FY 2019.

Kansas Cemeteries Program

Scattering Garden Wall. This project will include creation of a Scattering Garden Wall at the Fort Dodge Cemetery to place memorial plaques on. The Scattering Garden Wall will be made

Budget Year Governor's Recommendation

The **Governor** recommends capital improvement expenditures of \$1.6 million, including \$49,965 from the State General Fund, for FY 2019. This is a decrease of \$324,380, or 16.8 percent, all from special revenue funds, below the agency's

of limestone to match the materials used in the rest of the cemetery. The project totals \$19,620, all from the State General Fund, for FY 2019.

Flag Pole Base Repair. This project will repair the foundation that anchors the POW/MIA flag pole at the Flag Plaza at the Winfield Cemetery. The project totals \$2,180, all from the State General Fund, for FY 2019.

Repair Building Mortar. This project will repair loose mortar to the Administrative Building at the Winfield Cemetery. The project totals \$7,085, all from the State General Fund, for FY 2019.

Paint Interior Administration Building. The project will paint the interior walls of the Administration Building at the Kansas Veterans' Cemetery at Winfield. The project totals \$13,080, all from the State General Fund, for FY 2019.

Replacement of Carpet. The project will replace the carpet inside the Administration Building at the Kansas Veterans' Cemetery at Winfield. The project totals \$8,000, all from the State General Fund, for FY 2019.

FY 2019 request. The decrease is attributable to the Governor's recommendation to hold capital improvements expenditures at the Kansas Soldiers' Home and Kansas Veterans' Home at the amounts approved for FY 2018.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Administration and Veterans' Services:					
Number of contacts with veterans, spouses, and dependents	N/A	143,318	180,000	180,000	180,000
Number of public outreach events	N/A	559	500	500	500
Veterans' Cemeteries:					
Number of burials per year	331	384	384	384	384
Kansas Soldiers' Home:					
Average daily census	137	126	134	139	139
Average daily census of Medicaid residents	30	23	25	25	25
Average daily census of Medicare residents	3	2	3	3	3
Kansas Veterans' Home:					
Average daily census	123	118	143	165	172
Average daily census of Medicaid residents	31	27	30	30	30
Average daily census of Medicare residents	1	1.7	1.7	1.7	1.7

KANSAS DEPARTMENT OF LABOR

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 314,545	\$ 300,087	\$ 299,460	\$ 302,592	\$ 300,304	\$ 304,183	\$ 301,726
Other Funds	275,206,035	259,376,684	259,308,509	246,202,394	245,953,248	246,392,999	246,120,849
TOTAL	\$ 275,520,580	\$ 259,676,771	\$ 259,607,969	\$ 246,504,986	\$ 246,253,552	\$ 246,697,182	\$ 246,422,575
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	341,350	600,000	600,000	1,005,000	1,005,000	495,000	495,000
TOTAL	\$ 341,350	\$ 600,000	\$ 600,000	\$ 1,005,000	\$ 1,005,000	\$ 495,000	\$ 495,000
GRAND TOTAL	\$ 275,861,930	\$ 260,276,771	\$ 260,207,969	\$ 247,509,986	\$ 247,258,552	\$ 247,192,182	\$ 246,917,575
Percentage Change:							
Operating Expenditures							
State General Fund	12.7 %	(4.6) %	(4.8) %	0.8 %	0.3 %	0.5 %	0.5 %
All Funds	(15.9)	(5.8)	(5.8)	(5.1)	(5.1)	0.1	0.1
FTE Positions	216.4	189.4	189.4	189.4	189.4	189.4	189.4
Non-FTE							
Perm.Uncl.Pos.	204.0	208.3	208.3	208.3	208.3	208.3	208.3
TOTAL	420.4	397.7	397.7	397.7	397.7	397.7	397.7

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 **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, for 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 Employee 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 State General Fund budget by 1.3 percent and deleted \$73,168, all 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. In FY 2010, KDOL created parallel off budget programs for its Administration, Unemployment Insurance Services, Labor Market Information Services, and Industrial Safety and Health Divisions programs. 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** transferred \$800,000 from the Workers' Compensation Fee Fund to the State General Fund, and deleted \$11,172 from the State General Fund.

The **2011 Legislature** deleted \$77,400, all from special revenue funds, to remove funding for the roof replacement project at 417 SW Jackson Street in Topeka. 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.

In addition, the **2011 Legislature** passed 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, as well as 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 Workmen'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 passed 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** passed 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 Administration Fund.

The **2016 Legislature** added \$15.9 million, all from special revenue funds, for increased projected unemployment insurance benefit payments and additional grant funding from the U.S. Department of Labor for information technology projects, partially offset by a reduction in wages for the Unemployment Insurance and Workers' Compensation programs resulting from workload reductions and unfilled vacancies in FY 2016.

BUDGET SUMMARY AND KEY POINTS

FY 2017 Agency Estimate

The **agency** requests a revised FY 2017 budget totaling \$260.3 million, including \$300,087 from the State General Fund. The request is a decrease of \$22.4 million, or 7.9 percent, all from special revenue funds, below the approved FY 2017 amount. The decrease is primarily due to a decrease in projected unemployment insurance benefit payments. The request includes 189.4 FTE positions, which is a reduction of 27.0 FTE positions below the approved amount. The request includes 208.3 non-FTE unclassified permanent positions,

which is an increase of 4.3 positions above the approved amount.

The agency's revised estimate includes capital improvement expenditures totaling \$600,000, all from special revenue funds, for FY 2017. The revised estimate includes \$215,000, all from special revenue funds, for debt service principal payments and \$385,000, all from special revenue funds for projects in FY 2017.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$259.6 million, including \$299,460 from the State General Fund. The recommendation is an all funds decrease of \$68,802, or less than 0.1 percent, including a State General Fund decrease of \$627, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable

to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor also recommends capital improvement expenditures totaling \$600,000, all from special revenue funds, for FY 2017, the same as the agency's request.

FY 2018 Agency Request

The **agency** requests FY 2018 operating expenditures totaling \$246.5 million, including \$302,592 from the State General Fund. The request is an all funds decrease of \$13.2 million, or 5.1 percent, below the revised FY 2017 estimate and an increase of \$2,505, or 0.8 percent, in State General funds above the revised FY 2017 estimate. The all funds decrease is primarily attributable to a decrease in projected unemployment insurance benefit payments, salaries and benefits, and contractual services. The request includes 189.4 FTE positions,

which is unchanged from the revised FY 2017 estimate. The request includes 208.3 non-FTE unclassified permanent positions, which is unchanged from the FY 2017 revised estimate.

The agency requests a capital improvement budget totaling \$1.0 million, all from special revenue funds, for FY 2018. The revised estimate includes \$225,000, all from special revenue funds, for debt service principal payments and \$780,000, all from special revenue funds, for projects in FY 2018.

FY 2018 Governor Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$246.3 million, including \$300,304 from the State General Fund. The recommendation is an all funds decrease of \$251,434, or 0.1 percent, and a State General Fund decrease of \$2,288, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of

\$205,928, including \$1,874 from the State General Fund, and to provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$45,506, including \$414 from the State General Fund.

The Governor also recommends capital improvement expenditures totaling \$1.0 million, all from special revenue funds, for FY 2018, the same as the agency's request.

FY 2019 Agency Request

The **agency** requests revised FY 2019 operating expenditures totaling \$246.7 million, including \$304,183 from the State General Fund. The request is an all funds increase of \$192,196, or 0.1 percent, and a State General Fund increase of \$1,591, or 0.5 percent, above the FY 2018 request. The all funds increase is primarily attributable to an increase in fringe benefits, federal entitlements, and projected unemployment insurance benefit payments, partially offset by a decrease in expenditures due to the completion of the workers' compensation digitization project in FY 2019. The request

includes 189.4 FTE positions, which is unchanged from the FY 2018 request. The request includes 208.3 non-FTE unclassified permanent positions, which is unchanged from the FY 2018 request.

The agency requests a capital improvement budget totaling \$495,000, all from special revenue funds, for FY 2019. The request includes \$230,000, all from special revenue funds, for debt service principal payments and \$265,000, all from special revenue funds, for projects in FY 2018.

FY 2019 Governor Recommendation

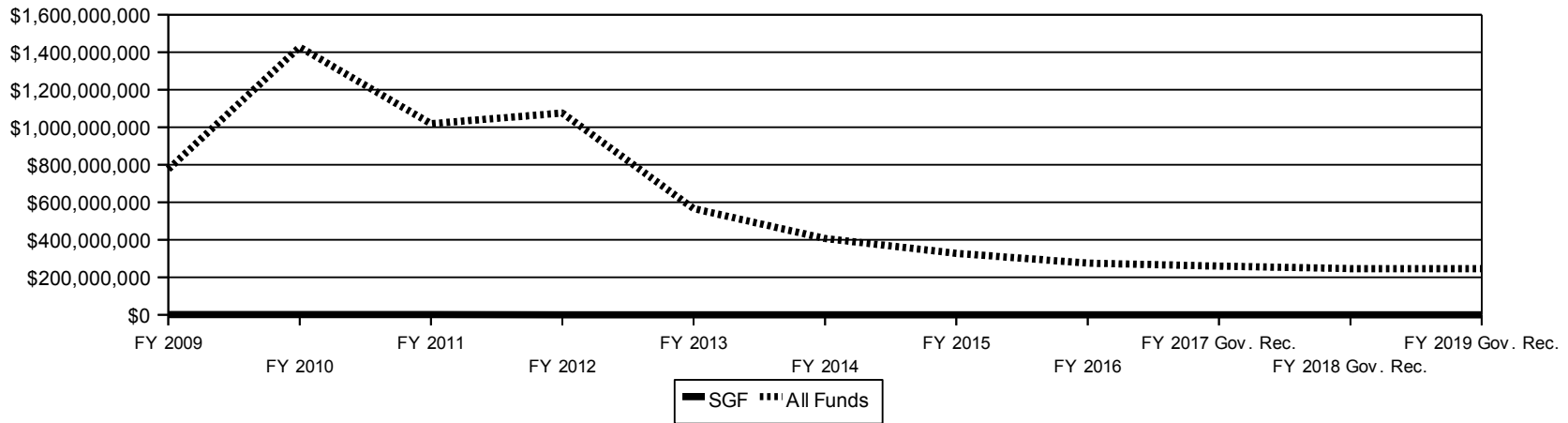
The **Governor** recommends FY 2019 operating expenditures of \$246.4 million, including \$301,726 from the State General Fund. The recommendation is an all funds decrease of \$274,607, or 0.1 percent, and a State General Fund decrease of \$2,457, or 0.8 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's

recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor also recommends capital improvement expenditures totaling \$495,000, all from special revenue funds, for FY 2019, the same as the agency's request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	314,545	12.7	275,520,580	(15.9)	216.4
2017 Gov. Rec.	299,460	(4.8)	259,607,969	(5.8)	189.4
2018 Gov. Rec.	300,304	0.3	246,253,552	(5.1)	189.4
2019 Gov. Rec.	301,726	0.5	246,422,575	0.1	189.4
Eleven-Year Change	\$ (240,732)	(44.4)%	\$ (529,209,850)	(68.2)%	(362.6)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 11,605,541	\$ 10,400,324	\$ 9,764,527	\$ (635,797)	(6.1) %	\$ 10,383,012	\$ 9,701,269	\$ (681,743)	(6.6) %
Labor Market Information	1,649,330	1,890,047	1,686,045	(204,002)	(10.8)	1,886,157	1,671,829	(214,328)	(11.4)
Unemployment Insurance	252,470,224	233,744,428	221,273,300	(12,471,128)	(5.3)	233,716,804	221,172,330	(12,544,474)	(5.4)
Industrial Health and Safety	1,662,261	1,645,228	1,661,335	16,107	1.0	1,641,866	1,649,057	7,191	0.4
Workers' Compensation	7,846,725	11,645,879	11,781,221	135,342	1.2	11,629,823	11,722,546	92,723	0.8
Labor Relations	220,141	286,942	283,773	(3,169)	(1.1)	286,384	281,736	(4,648)	(1.6)
Debt Service	66,358	63,923	54,785	(9,138)	(14.3)	63,923	54,785	(9,138)	(14.3)
TOTAL	\$ 275,520,580	\$ 259,676,771	\$ 246,504,986	\$ (13,171,785)	(5.1) %	\$ 259,607,969	\$ 246,253,552	\$ (13,354,417)	(5.1) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 24,628,936	\$ 25,696,798	\$ 25,374,315	\$ (322,483)	(1.3) %	\$ 25,627,996	\$ 25,122,881	\$ (505,115)	(2.0) %
Contractual Services	9,261,865	8,577,511	7,632,349	(945,162)	(11.0)	8,577,511	7,632,349	(945,162)	(11.0)
Commodities	237,460	266,324	283,747	17,423	6.5	266,324	283,747	17,423	6.5
Capital Outlay	1,655,667	4,244,991	4,390,790	145,799	3.4	4,244,991	4,390,790	145,799	3.4
Debt Service	66,358	63,923	54,785	(9,138)	(14.3)	63,923	54,785	(9,138)	(14.3)
Subtotal - Operations	\$ 35,850,286	\$ 38,849,547	\$ 37,735,986	\$ (1,113,561)	(2.9) %	\$ 38,780,745	\$ 37,484,552	\$ (1,296,193)	(3.3) %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	239,670,294	220,827,224	208,769,000	(12,058,224)	(5.5)	220,827,224	208,769,000	(12,058,224)	(5.5)
TOTAL	\$ 275,520,580	\$ 259,676,771	\$ 246,504,986	\$ (13,171,785)	(5.1) %	\$ 259,607,969	\$ 246,253,552	\$ (13,354,417)	(5.1) %
Financing:									
State General Fund	\$ 314,545	\$ 300,087	\$ 302,592	\$ 2,505	0.8 %	\$ 299,460	\$ 300,304	\$ 844	0.3 %
Workmen's Comp. Fund	10,312,983	14,513,022	14,622,334	109,312	0.8	14,490,624	14,540,500	49,876	0.3
UI Administration Fund	20,385,733	18,053,872	17,541,745	(512,127)	(2.8)	18,017,125	17,407,433	(609,692)	(3.4)
UI Trust Fund	227,781,553	220,802,000	208,769,000	(12,033,000)	(5.4)	220,802,000	208,769,000	(12,033,000)	(5.4)
All Other Funds	16,725,766	6,007,790	5,269,315	(738,475)	(12.3)	5,998,760	5,236,315	(762,445)	(12.7)
TOTAL	\$ 275,520,580	\$ 259,676,771	\$ 246,504,986	\$ (13,171,785)	(5.1) %	\$ 259,607,969	\$ 246,253,552	\$ (13,354,417)	(5.1) %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 9,764,527	\$ 9,804,582	\$ 40,055	0.4 %	\$ 9,701,269	\$ 9,734,818	\$ 33,549	0.3 %
Labor Market Information	1,686,045	1,707,375	21,330	1.3	1,671,829	1,691,885	20,056	1.2
Unemployment Insurance	221,273,300	223,251,748	1,978,448	0.9	221,172,330	223,145,013	1,972,683	0.9
Industrial Safety and Health	1,661,335	1,686,296	24,961	1.5	1,649,057	1,672,516	23,459	1.4
Workers' Compensation	11,781,221	9,916,752	(1,864,469)	(15.8)	11,722,546	9,850,063	(1,872,483)	(16.0)
Labor Relations	283,773	285,318	1,545	0.5	281,736	283,169	1,433	0.5
Debt Service	54,785	45,111	(9,674)	(17.7)	54,785	45,111	(9,674)	(17.7)
TOTAL	\$ 246,504,986	\$ 246,697,182	\$ 192,196	0.1 %	\$ 246,253,552	\$ 246,422,575	\$ 169,023	0.1 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 25,374,315	\$ 25,584,964	\$ 210,649	0.8 %	\$ 25,122,881	\$ 25,310,357	\$ 187,476	0.7 %
Contractual Services	7,632,349	7,645,353	13,004	0.2	7,632,349	7,645,353	13,004	0.2
Commodities	283,747	290,964	7,217	2.5	283,747	290,964	7,217	2.5
Capital Outlay	4,390,790	2,400,790	(1,990,000)	(45.3)	4,390,790	2,400,790	(1,990,000)	(45.3)
Debt Service	54,785	45,111	(9,674)	(17.7)	54,785	45,111	(9,674)	(17.7)
Subtotal - Operations	\$ 37,735,986	\$ 35,967,182	\$ (1,768,804)	(4.7) %	\$ 37,484,552	\$ 35,692,575	\$ (1,791,977)	(4.8) %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	208,769,000	210,730,000	1,961,000	0.9	208,769,000	210,730,000	1,961,000	0.9
TOTAL	\$ 246,504,986	\$ 246,697,182	\$ 192,196	0.1 %	\$ 246,253,552	\$ 246,422,575	\$ 169,023	0.1 %
Financing:								
State General Fund	\$ 302,592	\$ 304,183	\$ 1,591	0.5 %	\$ 300,304	\$ 301,726	\$ 1,422	0.5 %
Workmen's Comp. Fund	14,622,334	12,811,557	(1,810,777)	(12.4)	14,540,500	12,719,034	(1,821,466)	(12.5)
UI Administration Fund	17,541,745	17,511,811	(29,934)	(0.2)	17,407,433	17,368,743	(38,690)	(0.2)
UI Trust Fund	208,769,000	210,730,000	1,961,000	0.9	208,769,000	210,730,000	1,961,000	0.9
All Other Funds	5,269,315	5,339,631	70,316	1.3	5,236,315	5,303,072	66,757	1.3
TOTAL	\$ 246,504,986	\$ 246,697,182	\$ 192,196	0.1 %	\$ 246,253,552	\$ 246,422,575	\$ 169,023	0.1 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$299,601 for the Department of Labor in FY 2017. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, an increase of \$486 was made 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 \$300,087. 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	\$ 300,087	\$ 300,087	\$ 0	\$ 299,460	\$ (627)
All Other Funds	282,343,228	259,976,684	(22,366,544)	259,908,509	(22,434,719)
TOTAL	\$ 282,643,315	\$ 260,276,771	\$ (22,366,544)	\$ 260,207,969	\$ (22,435,346)
FTE Positions	216.4	189.4	(27.0)	189.4	(27.0)

The **agency** requests a revised FY 2017 budget estimate totaling \$260.3 million, including \$300,087 from the State General Fund. The request is a decrease of \$22.4 million, or 7.9 percent, all from special revenue funds, below the approved FY 2017 amount. The decrease is primarily attributable to a decrease in other assistance expenditures for estimated

unemployment insurance benefit payments. The request includes 189.4 FTE positions, which is a reduction of 27.0 FTE positions below the approved amount. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$25.7 million, including \$234,285 from the State

General Fund, for salaries and wages in FY 2017. The request is an all funds increase of \$99,124, or 0.4 percent, and a State General Fund increase of \$46,577, or 24.8 percent, above the approved amount. The all funds increase is primarily due to increases in unclassified regular and temporary position expenditures, classified longevity pay, and retirement benefits, offset by a decrease in classified regular position expenditures;

- **Contractual Services.** The agency requests \$8.6 million, including \$63,123 from the State General Fund, for contractual services in FY 2017. The request is an all funds increase of \$254,335, or 3.1 percent, and a State General Fund decrease of \$24,698, or 28.1 percent, from the approved amount. The all funds increase is primarily attributable to a one-time economic adjustment grant for one study in Labor Market Information Systems;
- **Commodities.** The agency requests \$266,324, including \$2,077 from the State General Fund, for commodities in FY 2017. The request is an all funds decrease of \$13,260, or 4.7 percent, and a State General Fund decrease of \$20,261, or 90.7 percent, below the approved amount. The all funds decrease is primarily due to reduced purchases of supplies for the Administration program, partially offset by an increase in purchases of office supplies in the Unemployment Insurance program;

- **Capital Outlay.** The agency requests \$4.2 million, including \$602 from the State General Fund, for capital outlay in FY 2017. The request is an all funds decrease of \$3,481, or 0.1 percent, and a State General Fund decrease of \$1,132, or 65.3 percent, below the approved amount. The decrease is largely attributable to a reduction in microcomputer and information processing equipment;
- **Other Assistance.** The agency requests \$220.8 million, all from special revenue funds, for other assistance in FY 2017. The request is a decrease of \$22.6 million, or 9.3 percent, below the approved amount. The decrease is due to a reduction in projected unemployment insurance benefit payments; and
- **Debt Service.** The agency requests \$63,923, all from special revenue funds, for debt service interest payments in FY 2017. The request is unchanged from the approved amount.

The **Governor** recommends FY 2017 operating expenditures of \$259.6 million, including \$299,460 from the State General Fund. The recommendation is an all funds decrease of \$68,802, or less than 0.1 percent, including a State General Fund decrease of \$627, or 0.2 percent, below the agency's FY 2017 revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor recommends capital improvement expenditures totaling \$600,000, all from special revenue funds, for FY 2017, the same as the agency's request.

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 246,504,986	\$ 246,253,552	\$ (251,434)
FTE Positions	189.4	189.4	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ 2,505	\$ 844	
All Other Funds	(13,174,290)	(13,355,261)	
TOTAL	<u>\$ (13,171,785)</u>	<u>\$ (13,354,417)</u>	
<i>Percent Change:</i>			
State General Fund	0.8 %	0.3 %	
All Other Funds	(5.1)	(5.2)	
TOTAL	<u>(5.1) %</u>	<u>(5.1) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2018 operating expenditures of \$246.5 million, including \$302,592 from the State General Fund. The request is an all funds decrease of \$13.2 million, or 5.1 percent, and a State General Fund increase of \$2,505, or 0.8 percent, from the revised FY 2017 estimate. The all funds decrease is primarily attributable to a decrease in projected unemployment insurance benefit payments, salaries and benefits, and contractual services. The request includes 189.4

FTE positions and 208.3 non-FTE positions, which is unchanged from the revised FY 2017 estimate. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$25.4 million, including \$231,205 from the State General Fund, for salaries and wages for FY 2018. The request is an all funds decrease of

\$322,483, or 1.3 percent, and a State General Fund decrease of \$3,080, or 1.3 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a reduction in salary and wage expenditures, caused by those expenditures returning to normal levels absent the one-time 27th payroll period in FY 2017 and a reduction in federal entitlements, offset by an increase in employer contributions to KPERS and group health insurance;

- **Contractual Services.** The agency requests \$7.6 million, including \$68,677 from the State General Fund, for contractual services for FY 2018. The request is an all funds decrease of \$945,162, or 11.0 percent, and a State General Fund increase of \$5,554, or 8.8 percent, from the revised FY 2017 estimate. The all funds decrease reflects unemployment workload reductions as a result of expectations of unemployment insurance benefit payment decreases and a reduction in debt collection fees and processing fees for unemployment insurance taxes and overpayment collections from the amount budgeted in FY 2017;
- **Commodities.** The agency requests \$283,747, including \$2,110 from the State General Fund, for commodities for FY 2018. The request is an all funds increase of \$17,423, or 6.5 percent, and a State General Fund increase of \$33, or 1.6 percent, above the revised FY 2017 estimate. The increase is primarily attributable to replacement of aging office and scientific supplies;
- **Capital Outlay.** The agency requests \$4.4 million, including \$600 from the State General

Fund, for capital outlay for FY 2018. The request is an all funds increase of \$145,799, or 3.4 percent, and a State General Fund decrease of \$2, or 0.3 percent, from the revised FY 2017 estimate. The increase is primarily attributed to replacement of equipment and outdated technologies;

- **Other Assistance.** The agency requests \$208.8 million, all from special revenue funds, for other assistance for FY 2018. The request is a decrease of \$12.1 million, or 5.5 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a reduction in projected unemployment insurance benefit payments; and
- **Debt Service.** The agency requests \$54,785, all from special revenue funds, for debt service interest payments for FY 2018. The request is a decrease of \$9,138, or 14.3 percent, below the revised FY 2017 estimate. The decrease is attributable to amortization of the 401 SW Topeka Boulevard bond.

The **Governor** recommends FY 2018 operating expenditures of \$246.3 million, including \$300,304 from the State General Fund. The recommendation is an all funds decrease of \$251,434, or 0.1 percent, and a State General Fund decrease of \$2,288, or 0.8 percent, below the agency's FY 2018 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$205,928, including \$1,874 from the State General Fund, and provide a moratorium on agency death and disability payments for one quarter, which results in an all funds reduction of \$45,506, including \$414 from the State General Fund.

FY 2018 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The information below provides details of the agency's reduced resources budget submission for the Economic Development Initiatives Fund.

FY 2018 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Wage Claim Case Reduction	\$ 15,130	\$ 0	0.0	\$ 0	\$ 0	0.0

The **agency** included reduced resources of \$15,130, or 5.0 percent, from the State General Fund in the Office of Labor Relations as directed in budget instructions of the Division of the Budget. According to the agency, the reduction will impact the

amount of wage claims that will be processed and will create a backlog of those claims and legal proceedings.

The **Governor** does not recommend the agency's reduced resources budget.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 246,697,182	\$ 246,422,575	\$ (274,607)
FTE Positions	189.4	189.4	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 1,591	\$ 1,422	
All Other Funds	190,605	167,601	
TOTAL	<u>\$ 192,196</u>	<u>\$ 169,023</u>	
<i>Percent Change:</i>			
State General Fund	0.5 %	0.5 %	
All Other Funds	0.1	0.1	
TOTAL	<u>0.1 %</u>	<u>0.1 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2019 operating expenditures of \$246.7 million, including \$304,183 from the State General Fund. The request is an all funds increase of \$192,196, or 0.1 percent, and a State General Fund increase of \$1,591, or 0.5 percent, above the FY 2018 request. The all funds increase is primarily attributable to an increase in fringe benefits, federal entitlements, and projected unemployment insurance benefit

payments, partially offset by a decrease in expenditures due to the completion of the workers' compensation digitization project. The request includes 189.4 FTE positions and 208.3 non-FTE positions, which is unchanged from the FY 2018 request.

Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$25.6 million, including \$235,729 from the State General Fund, for salaries and wages for FY 2019. The request is an all funds increase of \$210,649, or 0.8 percent, and a State General Fund increase of \$4,524, or 2.0 percent, above the FY 2018 request. The all funds increase is primarily attributable to increased employer contributions to employee group health insurance, retirement, and federal entitlements;
- **Contractual Services.** The agency requests \$7.6 million, including \$65,744 from the State General Fund, for contractual services for FY 2019. The request is an all funds increase of \$13,004, or 0.2 percent, and a State General Fund decrease of \$2,933, or 4.3 percent, from the FY 2018 request;
- **Commodities.** The agency requests \$290,964, including \$2,110 from the State General Fund, for commodities for FY 2019. The request is an all funds increase of \$7,217, or 2.5 percent, above the FY 2018 request. The State General Fund amount is unchanged from the FY 2018 request. The all funds increase is primarily due to increases in office supplies expenditures;
- **Capital Outlay.** The agency requests \$2.4 million, including \$600 from the State General

Fund, for capital outlay for FY 2019. The request is an all funds decrease of \$2.0 million, or 45.3 percent, below the FY 2018 request. The State General Fund amount is unchanged from the FY 2018 request. The all funds decrease is attributable to the completion of the workers' compensation digitization project in FY 2019;

- **Other Assistance.** The agency requests \$210.7 million, all from special revenue funds, for other assistance for 2019. The request is an increase of \$2.0 million, or 0.9 percent, above the FY 2018 request. This category reflects projected increases for unemployment insurance benefit payments; and
- **Debt Service.** The agency requests \$45,111, all from special revenue funds, for debt service interest payments for FY 2019. The request is a decrease of \$9,674, or 17.7 percent, below the FY 2018 request. The decrease is attributable to amortization of the 401 SW Topeka Boulevard bond.

The **Governor** recommends FY 2019 operating expenditures of \$246.4 million, including \$301,726 from the State General Fund. The recommendation is an all funds decrease of \$274,607, or 0.1 percent, and a State General Fund decrease of \$2,457, or 0.8 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

FY 2019 Reduced Resources

The Governor has requested that agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the Economic Development Initiatives Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduction in Wage Claim Cases	\$ 15,209	\$ 15,209	0.0	\$ 0	\$ 0	0.0

The **agency** included reduced resources of \$15,209, or 5.0 percent, from the State General Fund in the Office of Labor Relations as directed in budget instructions of the Division of the Budget. According to agency, the reduction will impact the amount of wage claims that will be processed and will create a backlog of those claims and legal proceedings.

The **Governor** does not recommend the agency's reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **For this agency, FY 2017 longevity payments total \$82,140, including \$749 from the State General Fund; FY 2018 longevity payments total \$85,942, including \$783 from the State General Fund; and FY 2019 longevity payments total \$86,220, including \$795 from the State General Fund.**

Kansas Public Employees Retirement System (KPERS) Adjustments.

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal

also eliminates the scheduled contribution rate increases for FY 2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **For this agency, reducing employer contributions to KPERS would reduce expenditures by \$68,802, including \$627 from the State General Fund, in FY 2017; by \$205,928, including \$1,874 from the State General Fund, for FY 2018; and by \$274,607, including \$2,457 from the State General Fund, for FY 2019.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **For this agency, a one quarter moratorium on Group Insurance Reserve Fund contributions would reduce expenditures by \$45,506, including \$414 from the State General Fund, for FY 2018.**

KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	0.1 %	0.1 %	0.1 %	0.1 %
Employment Security Fund– Administration Fund	7.1	7.1	7.1	7.1
Employment Security Fund	84.7	84.8	85.5	85.6
Workmen’s Compensation Fee Fund	5.9	5.9	5.2	5.2
All Other Funds	2.1	2.1	2.2	2.2
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Totals may not add 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 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 389,494,200	\$ 527,307,000	\$ 527,307,000	\$ 584,224,929	\$ 584,224,929	\$ 652,935,929	\$ 652,935,929
Revenue	32,725,521	12,000,000	12,000,000	12,500,000	12,500,000	13,088,824	13,088,824
Transfers in	338,859,270	265,719,929	265,719,929	264,980,000	264,980,000	260,100,000	260,100,000
Total Funds Available	\$ 761,078,991	\$ 805,026,929	\$ 805,026,929	\$ 861,704,929	\$ 861,704,929	\$ 926,124,753	\$ 926,124,753
Less: Expenditures	11,857,373	0	0	0	0	0	0
Transfers Out	221,914,618	220,802,000	220,802,000	208,769,000	208,769,000	210,730,000	210,730,000
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 527,307,000</u>	<u>\$ 584,224,929</u>	<u>\$ 584,224,929</u>	<u>\$ 652,935,929</u>	<u>\$ 652,935,929</u>	<u>\$ 715,394,753</u>	<u>\$ 715,394,753</u>
Ending Balance as Percent of Expenditures	4447.1%	--	--	--	--	--	--
Month Highest Ending Balance	May <u>\$ 680,425,800</u>	May <u>\$ 753,871,492</u>	May <u>\$ 753,871,492</u>	May <u>\$ 842,534,713</u>	May <u>\$ 842,534,713</u>	May <u>\$ 923,130,258</u>	May <u>\$ 923,130,258</u>
Month Lowest Ending Balance	March <u>\$ 573,093,863</u>	March <u>\$ 634,954,062</u>	March <u>\$ 634,954,062</u>	March <u>\$ 709,631,342</u>	March <u>\$ 709,631,342</u>	March <u>\$ 777,513,560</u>	March <u>\$ 777,513,560</u>

Workmen's Compensation Fee Fund Analysis

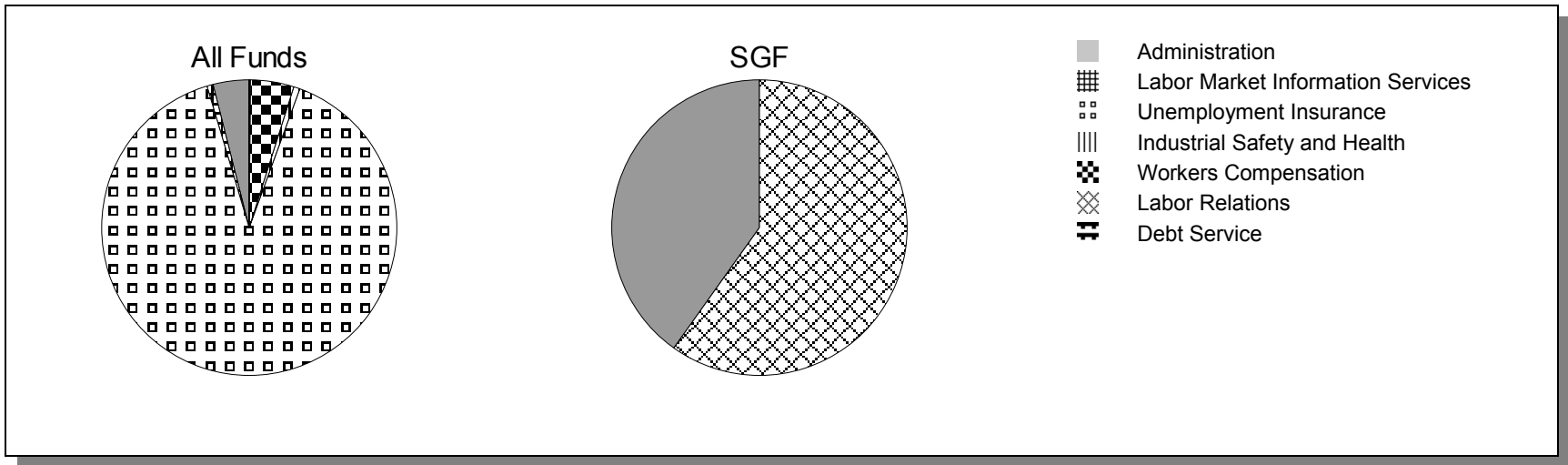
The Workmen's Compensation Fee Fund is supported by fees paid by insurance companies and employers based on an assessment rate applied to insurance benefit payments. The assessment rate, which is the product of the total amount of

revenue needed for the state fiscal year divided by the total amount of claims paid, is 2.79 percent. The fund is authorized under KSA 74-715.

Resource Estimate	Actual FY 2016	Agency Estimate FY 2017	Governor Rec. FY 2017	Agency Request FY 2018	Governor Rec. FY 2018	Agency Request FY 2019	Governor Rec. FY 2019
Beginning Balance	\$ 28,018,476	\$ 26,122,225	\$ 26,122,225	\$ 22,331,366	\$ 22,353,764	\$ 18,033,553	\$ 18,137,785
Revenue	11,657,994	11,200,000	11,200,000	11,200,000	11,200,000	11,200,000	11,200,000
Transfers in	0	841,034	841,034	848,625	848,625	860,811	860,811
Total Funds Available	\$ 39,676,470	\$ 38,163,259	\$ 38,163,259	\$ 34,379,991	\$ 34,402,389	\$ 30,094,364	\$ 30,198,596
Less: Expenditures	10,515,113	14,973,272	14,950,874	15,481,084	15,399,250	13,157,057	13,064,534
Transfers Out	3,000,000	841,034	841,034	848,625	848,625	860,811	860,811
Off Budget Expenditures	39,132	17,587	17,587	16,729	16,729	16,964	16,964
Ending Balance	<u>\$ 26,122,225</u>	<u>\$ 22,331,366</u>	<u>\$ 22,353,764</u>	<u>\$ 18,033,553</u>	<u>\$ 18,137,785</u>	<u>\$ 16,059,532</u>	<u>\$ 16,256,287</u>
Ending Balance as Percent of Expenditures	248.4%	149.1%	149.5%	116.5%	117.8%	122.1%	124.4%
Month Highest Ending Balance	July \$ 26,122,225	July \$ 21,738,937	July \$ 21,759,139	July \$ 17,555,141	July \$ 17,649,154	July \$ 15,633,489	July \$ 15,811,002
Month Lowest Ending Balance	April \$ 14,704,044	April \$ 12,570,192	April \$ 12,581,873	April \$ 10,150,979	April \$ 10,205,340	April \$ 9,039,814	April \$ 9,142,458

PROGRAM DETAIL

EXPENDITURES BY PROGRAM – GOVERNOR’S FY 2018 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Administration	\$ 9,701,269	3.9 %	\$ 120,582	40.2 %
Labor Market Information Services	1,671,829	0.7	0	0.0
Unemployment Insurance	221,172,330	89.8	0	0.0
Industrial Safety and Health	1,649,057	0.7	0	0.0
Workers' Compensation	11,722,546	4.8	0	0.0
Labor Relations	281,736	0.1	179,722	59.8
Debt Service	54,785	0.0	0	0.0
TOTAL	\$ 246,253,552	100.0 %	\$ 300,304	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	25.5	30.6	30.6	30.6	30.6	30.6	30.6
Labor Market Information Services	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Unemployment Insurance	109.1	83.7	83.7	83.7	83.7	83.7	83.7
Industrial Safety and Health	5.4	4.2	4.2	4.2	4.2	4.2	4.2
Workers Compensation	63.5	59.0	59.0	59.0	59.0	59.0	59.0
Labor Relations	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	216.4	189.4	189.4	189.4	189.4	189.4	189.4

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 5,805,462	\$ 6,337,445	\$ 6,320,133	\$ 6,249,640	\$ 6,186,382	\$ 6,293,700	\$ 6,223,936
Contractual Services	4,333,340	3,876,170	3,876,170	3,219,855	3,219,855	3,205,053	3,205,053
Commodities	56,590	78,619	78,619	80,442	80,442	81,239	81,239
Capital Outlay	1,378,781	82,866	82,866	214,590	214,590	224,590	224,590
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,574,173</i>	<i>\$ 10,375,100</i>	<i>\$ 10,357,788</i>	<i>\$ 9,764,527</i>	<i>\$ 9,701,269</i>	<i>\$ 9,804,582</i>	<i>\$ 9,734,818</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	31,368	25,224	25,224	0	0	0	0
TOTAL	<u>\$ 11,605,541</u>	<u>\$ 10,400,324</u>	<u>\$ 10,383,012</u>	<u>\$ 9,764,527</u>	<u>\$ 9,701,269</u>	<u>\$ 9,804,582</u>	<u>\$ 9,734,818</u>
Financing:							
State General Fund	\$ 136,176	\$ 116,302	\$ 116,094	\$ 121,341	\$ 120,582	\$ 122,378	\$ 121,534
All Other Funds	11,469,365	10,284,022	10,266,918	9,643,186	9,580,687	9,682,204	9,613,284
TOTAL	<u>\$ 11,605,541</u>	<u>\$ 10,400,324</u>	<u>\$ 10,383,012</u>	<u>\$ 9,764,527</u>	<u>\$ 9,701,269</u>	<u>\$ 9,804,582</u>	<u>\$ 9,734,818</u>
FTE Positions	25.5	30.6	30.6	30.6	30.6	30.6	30.6
Non-FTE Uncl.Perm.Pos.	57.0	52.0	52.0	52.0	52.0	52.0	52.0
TOTAL	<u>82.5</u>	<u>82.6</u>	<u>82.6</u>	<u>82.6</u>	<u>82.6</u>	<u>82.6</u>	<u>82.6</u>

The **agency** requests FY 2018 expenditures of \$9.8 million, including \$121,341 from the State General Fund, for the Administration program. The request is an all funds decrease of \$635,797, or 6.1 percent, and a State General Fund increase of \$5,039, or 4.3 percent, from the revised FY 2017 estimate. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency request includes \$6.2 million in salaries and wages for FY 2018, an all funds decrease of \$87,805, or 1.4 percent, below the revised FY 2017 estimate. This decrease is primarily attributable to expenditures returning to normal levels absent the one-time 27th payroll period in FY 2017 offset by increased employer contributions to employee group health insurance and increased employer contributions to KPERs. The request includes 30.6 FTE positions, which is the same number included in the agency's revised FY 2017 estimate;
- **Contractual Services.** The agency request includes \$3.2 million in contractual services for FY 2018, an all funds decrease of \$656,315, or 16.9 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a reduction in debt collection fees and processing fees for unemployment insurance taxes and overpayment collections budgeted in FY 2017 and expiration of grant funding for information technology projects;
- **Commodities.** The agency request includes \$80,442 in commodities for FY 2018, an all funds increase of \$1,823, or 2.3 percent, above the revised FY 2017 estimate; and

- **Capital Outlay.** The agency request includes \$214,590 in capital outlay for FY 2018, an all funds increase of \$131,724, or 159.0 percent, above the revised FY 2017 estimate. The increase in capital outlay expenditures is associated with modernizing the Department's information technology systems and software needs.

The **Governor** recommends \$9.7 million, including \$120,582 from the State General Fund, for the Administration program for FY 2018. This is an all funds decrease of \$63,258, or 0.6 percent, and a State General Fund decrease of \$759, or 0.6 percent, below the FY 2018 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 expenditures of \$9.8 million, including \$122,378 from the State General Fund, for the Administration program. The request is an all funds increase of \$40,055, or 0.4 percent, and a State General Fund increase of \$1,037, or 0.9 percent, above the FY 2018 request. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency request includes \$6.3 million in salaries and wages for FY 2019, an all funds increase of \$44,060, or 0.7 percent, above the FY 2018 request. This increase is primarily attributable to an increase in employer contributions to KPERs and group health insurance and federal entitlement expenditures. The request includes 30.6 FTE positions, which is the same number included in the agency's FY 2018 request;

- **Contractual Services.** The agency request includes \$3.2 million in contractual services for FY 2019, an all funds decrease of \$14,802, or 0.5 percent, below the FY 2018 request. The decrease is primarily attributable to expenditures from a one-time advertising grant received in FY 2015, offset by an increase in rental costs, repairs services, and utilities expenditures;
- **Commodities.** The agency request includes \$81,239 for commodities for FY 2019, an all funds increase of \$797, or 1.0 percent, above the FY 2018 request. This increase is primarily attributable to materials and office supplies tied to information technology system modernization; and

- **Capital Outlay.** The agency request includes \$224,590 in capital outlay for FY 2019, an all funds increase of \$10,000, or 4.7 percent, above the agency's FY 2018 request. The increase is primarily attributable to the modernization of the Department's information technology systems and software.

The **Governor** recommends \$9.7 million, including \$121,534 from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$69,764, or 0.7 percent, and a State General Fund decrease of \$844, or 0.7 percent, below the FY 2019 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,419,164	\$ 1,524,058	\$ 1,520,168	\$ 1,505,145	\$ 1,490,929	\$ 1,525,659	\$ 1,510,169
Contractual Services	189,574	356,416	356,416	157,100	157,100	157,896	157,896
Commodities	12,362	6,360	6,360	9,800	9,800	9,820	9,820
Capital Outlay	28,230	3,213	3,213	14,000	14,000	14,000	14,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,649,330</u>	<u>\$ 1,890,047</u>	<u>\$ 1,886,157</u>	<u>\$ 1,686,045</u>	<u>\$ 1,671,829</u>	<u>\$ 1,707,375</u>	<u>\$ 1,691,885</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 1,649,330</u>	<u>\$ 1,890,047</u>	<u>\$ 1,886,157</u>	<u>\$ 1,686,045</u>	<u>\$ 1,671,829</u>	<u>\$ 1,707,375</u>	<u>\$ 1,691,885</u>
Financing:							
State General Fund	\$ 68	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,649,262	1,890,047	1,886,157	1,686,045	1,671,829	1,707,375	1,691,885
TOTAL	<u>\$ 1,649,330</u>	<u>\$ 1,890,047</u>	<u>\$ 1,886,157</u>	<u>\$ 1,686,045</u>	<u>\$ 1,671,829</u>	<u>\$ 1,707,375</u>	<u>\$ 1,691,885</u>
FTE Positions	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Non-FTE Uncl.Perm.Pos.	15.0	14.6	14.6	14.6	14.6	14.6	14.6
TOTAL	<u>26.0</u>	<u>24.6</u>	<u>24.6</u>	<u>24.6</u>	<u>24.6</u>	<u>24.6</u>	<u>24.6</u>

The **agency** requests FY 2018 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 \$204,002, or 10.8 percent, below the revised FY 2017 estimate. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency request includes \$1.5 million in salaries and wages for FY 2018, a decrease of \$18,913, or 1.2 percent, below the revised FY 2017 estimate. This decrease is primarily attributable to expenditures returning to normal levels absent the one-time 27th payroll period in FY 2017, offset by increased employer contributions to employee group health insurance and increased employer contributions to KPERS. The request includes 10.0 FTE positions, which is the same number included in the agency's revised FY 2017 estimate;
- **Contractual Services.** The agency request includes \$157,100 in contractual services for FY 2018, a decrease of \$199,316, or 55.9 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a FY 2017 increase for a one-time federal economic adjustment grant for a contract for a Wichita State University study to determine the impact of the Department of Defense and related spending on Kansas' economy;
- **Commodities.** The agency request includes \$9,800 in commodities for FY 2018, an increase of \$3,440, or 54.1 percent, above the revised FY 2017 estimate. The increase is primarily

attributable to an increase in office supplies expenditures; and

- **Capital Outlay.** The agency request includes \$14,000 in capital outlay for FY 2018, an increase of \$10,787, or 335.7 percent, above the revised FY 2017 estimate. The increase is attributable to increase non-capital software expenditures.

The **Governor** recommends \$1.7 million for the Labor Market Information Services program for FY 2018. This is an all funds decrease of \$14,216, or 0.8 percent below the FY 2018 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 expenditures of \$1.7 million, all from special revenue funds, for the Labor Market Information Services program. The request is an all funds increase of \$21,330, or 1.3 percent, above the FY 2018 request. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency request includes \$1.5 million in salaries and wages for FY 2019, an increase of \$20,514, or 1.4 percent, above the FY 2018 request. This increase is primarily attributable to an increase in employer contributions to KPERS and group health insurance and federal entitlement expenditures. The request includes 10.0 FTE positions, which is the same number included in the agency's FY 2018 request.

The **Governor** recommends \$1.7 million for the Labor Market Information Services program for FY 2019. This is an all funds decrease of \$15,490, or 0.9 percent, below the FY 2019

agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 also can 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 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 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 10,173,103	\$ 10,569,122	\$ 10,541,498	\$ 10,453,485	\$ 10,353,515	\$ 10,456,240	\$ 10,349,505
Contractual Services	2,480,832	2,192,338	2,192,338	1,919,750	1,919,750	1,933,393	1,933,393
Commodities	80,407	93,968	93,968	100,065	100,065	101,115	101,115
Capital Outlay	96,956	87,000	87,000	31,000	31,000	31,000	31,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,831,298</i>	<i>\$ 12,942,428</i>	<i>\$ 12,914,804</i>	<i>\$ 12,504,300</i>	<i>\$ 12,404,330</i>	<i>\$ 12,521,748</i>	<i>\$ 12,415,013</i>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	239,638,926	220,802,000	220,802,000	208,769,000	208,769,000	210,730,000	210,730,000
TOTAL	<u>\$ 252,470,224</u>	<u>\$ 233,744,428</u>	<u>\$ 233,716,804</u>	<u>\$ 221,273,300</u>	<u>\$ 221,173,330</u>	<u>\$ 223,251,748</u>	<u>\$ 223,145,013</u>
Financing:							
State General Fund	\$ 1,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	252,468,394	233,744,428	233,716,804	221,273,300	221,172,330	223,251,748	223,145,013
TOTAL	<u>\$ 252,470,224</u>	<u>\$ 233,744,428</u>	<u>\$ 233,716,804</u>	<u>\$ 221,273,300</u>	<u>\$ 221,172,330</u>	<u>\$ 223,251,748</u>	<u>\$ 223,145,013</u>
FTE Positions	109.1	83.7	83.7	83.7	83.7	83.7	83.7
Non-FTE Uncl.Perm.Pos.	98.0	104.8	104.8	104.8	104.8	104.8	104.8
TOTAL	<u>207.1</u>	<u>188.5</u>	<u>188.5</u>	<u>188.5</u>	<u>188.5</u>	<u>188.5</u>	<u>188.5</u>

The **agency** requests FY 2018 expenditures of \$221.3 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds decrease of \$12.5 million, or 5.3 percent, below the revised FY 2017 estimate.

The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency request includes \$10.5 million in salaries and wages for FY 2018, a decrease of \$115,637, or 1.1 percent, below the revised FY 2017 estimate. This decrease is primarily attributable to expenditures returning to normal levels absent the one-time

27th payroll period in FY 2017 and decreased workload and grant funding. The request includes 83.7 FTE positions, which is the same number included in the agency's revised FY 2017 estimate;

- **Contractual Services.** The agency request includes \$1.9 million in contractual services for FY 2018, a decrease of \$272,588, or 12.4 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a reduction in projected contracted services as unemployment workload decreases, which includes repair and other services, utilities, communications, and fees;
- **Commodities.** The agency request includes \$100,065 in commodities for FY 2018, an increase of \$6,097, or 6.5 percent, above the revised FY 2017 estimate. The increase is primarily attributable to an increase in materials and office supplies expenditures;
- **Capital Outlay.** The agency request includes \$31,000 in capital outlay for FY 2018, a decrease of \$56,000, or 64.4 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to decreases in information processing and microcomputer processing equipment and software expenditures; and
- **Other Assistance.** The agency request includes \$208.8 million in other assistance for FY 2018, a decrease of \$12.0 million, or 5.4 percent, below the revised FY 2017 estimate. The decrease is attributable to a decrease in projected unemployment insurance benefit payments.

The **Governor** recommends \$221.2 million for the Unemployment Insurance program for FY 2018. This is an all funds decrease of \$100,970, or less than 0.1 percent, below the FY 2018 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 expenditures of \$223.3 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds increase of \$2.0 million, or 0.9 percent, above the agency's FY 2018 request. The major changes in the FY 2019 request include the following:

- **Contractual Services.** The agency request includes \$1.9 million in contractual services for FY 2019, an increase of \$13,643, or 0.7 percent, above the agency's FY 2018 request; and
- **Other Assistance.** The agency request includes \$210.7 million in other assistance for FY 2019, an increase of \$2.0 million, or 0.9 percent, above the agency's FY 2018 estimate. The increase is attributable to an increase in projected unemployment insurance benefit payments.

The **Governor** recommends \$223.1 million for the Unemployment Insurance program for FY 2019. This is an all funds decrease of \$106,735, or less than 0.1 percent, below the FY 2019 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

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 includes the following items:

- **Workers' Compensation Accident Prevention.** This program 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 Unit. However, it is funded through the Workers' Compensation Fee Fund;
- **21(d) Consultation Project.** This 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 Occupational Safety Health Act (OSHA) standards, and assist in establishing safety and health management systems;

- **Public Sector Compliance.** This area 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.** This program is operated with the Department of Health and Environment and provides free safety and health consultations to state agencies;
- **Annual Safety and Health Conference.** This program 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.** This program ensures carnival owners comply with the Kansas Amusement Ride Act.

**INDUSTRIAL SAFETY AND HEALTH
SUMMARY OF EXPENDITURES FY 2016 – 2019**

Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 1,211,803	\$ 1,232,140	\$ 1,228,778	\$ 1,215,605	\$ 1,203,327	\$ 1,239,916	\$ 1,226,136
Contractual Services	391,033	393,100	393,100	415,230	415,230	415,830	415,830
Commodities	34,327	17,948	17,948	24,500	24,500	24,550	24,550
Capital Outlay	25,098	2,040	2,040	6,000	6,000	6,000	6,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,662,261</u>	<u>\$ 1,645,228</u>	<u>\$ 1,641,866</u>	<u>\$ 1,661,335</u>	<u>\$ 1,649,057</u>	<u>\$ 1,686,296</u>	<u>\$ 1,672,516</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 1,662,261</u>	<u>\$ 1,645,228</u>	<u>\$ 1,641,866</u>	<u>\$ 1,661,335</u>	<u>\$ 1,649,057</u>	<u>\$ 1,686,296</u>	<u>\$ 1,672,516</u>
Financing:							
State General Fund	\$ 68	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,662,193	1,645,228	1,641,866	1,661,335	1,649,057	1,686,296	1,672,516
TOTAL	<u>\$ 1,662,261</u>	<u>\$ 1,645,228</u>	<u>\$ 1,641,866</u>	<u>\$ 1,661,335</u>	<u>\$ 1,649,057</u>	<u>\$ 1,686,296</u>	<u>\$ 1,672,516</u>
FTE Positions	5.4	4.2	4.2	4.2	4.2	4.2	4.2
Non-FTE Uncl.Perm.Pos.	12.9	12.9	12.9	12.9	12.9	12.9	12.9
TOTAL	<u>18.3</u>	<u>17.1</u>	<u>17.1</u>	<u>17.1</u>	<u>17.1</u>	<u>17.1</u>	<u>17.1</u>

The **agency** requests FY 2018 expenditures of \$1.7 million, all from special revenue funds, for the Industrial Safety and Health program. The request is an all funds increase of \$16,107, or 1.0 percent, above the revised FY 2017 estimate. The request includes 4.2 FTE positions, which is the same number included in the agency's revised FY 2017 estimate.

The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency request includes \$1.2 million in salaries and wages for FY 2018, a decrease of \$16,535, or 1.3 percent, below the revised FY 2017 estimate. This decrease is primarily attributable to expenditures

returning to normal levels absent the one-time 27th payroll period in FY 2017, offset by increased employer contributions to employee group health insurance and increased employer contributions to KPERS. The request includes 4.2 FTE positions, which is the same number included in the agency's revised FY 2017 estimate;

- **Contractual Services.** The agency request includes \$415,230 in contractual services for FY 2018, an increase of \$22,130, or 5.6 percent, above the revised FY 2017 estimate. The increase is primarily attributable to meals and lodging associated with increase in travel for the department. Other increases include fees and printing and copying expenditures, offset by decreases in communication expenditures;
- **Commodities.** The agency request includes \$24,500 in commodities for FY 2018, an increase of \$6,552, or 36.5 percent, above the revised FY 2017 estimate. The increase is primarily attributable to an increase in office supplies, scientific supplies, and clothing expenditures; and
- **Capital Outlay.** The agency request includes \$6,000 in capital outlay for FY 2018, an increase of \$3,960, or 194.1 percent, above the revised FY 2017 estimate. The increase is attributable to an increase in equipment purchases.

The **Governor** recommends \$1.6 million for the Industrial Safety and Health program for FY 2018. This is an all funds decrease of \$12,278, or 0.7 percent, below the FY 2018 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 expenditures of \$1.7 million, all from special revenue funds, for the Industrial Safety and Health program. The request is an all funds increase of \$24,961, or 1.5 percent, above the FY 2018 request. The request includes 4.2 FTE positions, which is the same number included in the agency's FY 2018 request. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency request includes \$1.2 million in salaries and wages for FY 2019, an increase of \$24,311, or 2.0 percent, above the FY 2018 estimate. The request includes 4.2 FTE positions, which is the same number included in the agency's revised FY 2017 estimate. This increase is primarily attributable to an increase in employer contributions to KPERS and group health insurance and federal entitlement expenditures.

The **Governor** recommends \$1.7 million for the Industrial Safety and Health program for FY 2019. This is an all funds decrease of \$13,780, or 0.8 percent, below the FY 2019 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 5,815,151	\$ 5,825,074	\$ 5,809,018	\$ 5,744,021	\$ 5,685,346	\$ 5,858,902	\$ 5,792,213
Contractual Services	1,852,008	1,683,872	1,683,872	1,845,500	1,845,500	1,860,850	1,860,850
Commodities	53,063	67,265	67,265	66,700	66,700	72,000	72,000
Capital Outlay	126,503	4,069,668	4,069,668	4,125,000	4,125,000	2,125,000	2,125,000
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 7,846,725</u>	<u>\$ 11,645,879</u>	<u>\$ 11,629,823</u>	<u>\$ 11,781,221</u>	<u>\$ 11,722,546</u>	<u>\$ 9,916,752</u>	<u>\$ 9,850,063</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 7,846,725</u>	<u>\$ 11,645,879</u>	<u>\$ 11,629,823</u>	<u>\$ 11,781,221</u>	<u>\$ 11,722,546</u>	<u>\$ 9,916,752</u>	<u>\$ 9,850,063</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,846,725	11,645,879	11,629,823	11,781,221	11,722,546	9,916,752	9,850,063
TOTAL	<u>\$ 7,846,725</u>	<u>\$ 11,645,879</u>	<u>\$ 11,629,823</u>	<u>\$ 11,781,221</u>	<u>\$ 11,722,546</u>	<u>\$ 9,916,752</u>	<u>\$ 9,850,063</u>
FTE Positions	63.5	59.0	59.0	59.0	59.0	59.0	59.0
Non-FTE Uncl.Perm.Pos.	20.0	23.0	23.0	23.0	23.0	23.0	23.0
TOTAL	<u>83.5</u>	<u>82.0</u>	<u>82.0</u>	<u>82.0</u>	<u>82.0</u>	<u>82.0</u>	<u>82.0</u>

The **agency** requests FY 2018 expenditures of \$11.8 million, all from special revenue funds, for the Workers' Compensation

program. The request is an all funds increase of \$135,342, or 1.2 percent, above the revised FY 2017 estimate. The request

includes 59.0 FTE positions, which is the same number included in the agency's revised FY 2017 estimate. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency request includes \$5.7 million in salaries and wages for FY 2018, a decrease of \$81,053, or 1.4 percent, below the revised FY 2017 estimate. This decrease is primarily attributable to expenditures returning to normal levels absent the one-time 27th payroll period in FY 2017, employer contributions to federal entitlements, and workers' compensation expenditures, offset by increased employer contributions to employee group health insurance and increased employer contributions to KPERs. The request includes 59.0 FTE positions, which is the same number included in the agency's revised FY 2017 estimate;
- **Contractual Services.** The agency request includes \$1.8 million in contractual services for FY 2018, an increase of \$161,628, or 9.6 percent, above the revised FY 2017 estimate. The increase is primarily attributable to the agency's workers' compensation digitization project partially offset by a decrease in communication, rental, and utilities expenditures;
- **Commodities.** The agency request includes \$66,700 in commodities for FY 2018, a decrease of \$565, or 0.8 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a decrease in expenditures for supplies; and

- **Capital Outlay.** The agency request includes \$4.1 million in capital outlay for FY 2018, an increase of \$55,332, or 1.4 percent, above the revised FY 2017 estimate. The increase is attributable to an increase in equipment expenditures.

The **Governor** recommends \$11.7 million for the Workers' Compensation program for FY 2018. This is an all funds decrease of \$58,675, or 0.5 percent, below the FY 2018 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 expenditures of \$9.9 million, all from special revenue funds, for the Workers' Compensation program. The request is an all funds decrease of \$1.9 million, or 15.8 percent, below the FY 2018 request. The request includes 59.0 FTE positions, which is the same number included in the agency's FY 2018 request. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency request includes \$5.9 million in salaries and wages for FY 2019, an increase of \$114,681, or 2.0 percent, above the FY 2018 request. This increase is primarily attributable to an increase in employer contributions to KPERs and group health insurance and federal entitlement expenditures. The request includes 59.0 FTE positions, which is the same number included in the agency's revised FY 2018 request;
- **Contractual Services.** The agency request includes \$1.9 million in contractual services for

FY 2019, an increase of \$15,350, or 0.8 percent, above the FY 2018 request. The increase is primarily attributable to increases in meals and lodging, fees, and rentals;

- **Commodities.** The agency request includes \$72,000 in commodities for FY 2019, an increase of \$5,300, or 7.9 percent, above the FY 2018 request. The increase is primarily attributable to an increase in office supplies expenditures; and
- **Capital Outlay.** The agency request includes \$2.1 million in capital outlay for FY 2019, a

decrease of \$2.0 million, or 48.5 percent, below the FY 2018 request. The decrease is attributable to a decrease in equipment expenditures related to the conclusion of the workers' compensation digitization project in FY 2019.

The **Governor** recommends \$9.9 million for the Workers' Compensation program for FY 2019. This is an all funds decrease of \$66,689, or 0.7 percent, below the FY 2019 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

F. Labor Relations

The Labor Relations program enforces laws relating to employment standards, labor relations, and public employee relations.

Employment Standards. This 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. This 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.

Public Employee Relations. This 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 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 204,253	\$ 208,959	\$ 208,401	\$ 206,419	\$ 204,382	\$ 210,547	\$ 208,398
Contractual Services	15,078	75,615	75,615	74,914	74,914	72,331	72,331
Commodities	711	2,164	2,164	2,240	2,240	2,240	2,240
Capital Outlay	99	204	204	200	200	200	200
Debt Service	0	0	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 220,141</u>	<u>\$ 286,942</u>	<u>\$ 286,384</u>	<u>\$ 283,773</u>	<u>\$ 281,736</u>	<u>\$ 285,318</u>	<u>\$ 283,169</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 220,141</u>	<u>\$ 286,942</u>	<u>\$ 286,384</u>	<u>\$ 283,773</u>	<u>\$ 281,736</u>	<u>\$ 285,318</u>	<u>\$ 283,169</u>
Financing:							
State General Fund	\$ 176,403	\$ 183,785	\$ 183,366	\$ 181,251	\$ 179,722	\$ 181,805	\$ 180,192
All Other Funds	43,738	103,157	103,018	102,522	102,014	103,513	102,977
TOTAL	<u>\$ 220,141</u>	<u>\$ 286,942</u>	<u>\$ 286,384</u>	<u>\$ 283,773</u>	<u>\$ 281,736</u>	<u>\$ 285,318</u>	<u>\$ 283,169</u>
FTE Positions	2.0	2.0	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	1.0	1.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>

The **agency** requests FY 2018 expenditures of \$283,773, including \$181,251 from the State General Fund, for the Labor Relations program. The request is an all funds decrease of \$3,169, or 1.1 percent, and a State General Fund decrease of \$2,534, or 1.4 percent, below the revised FY 2017 estimate. The request includes 2.0 FTE positions, which is the same number included in the agency's revised FY 2017 estimate. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency request includes \$206,419 in salaries and wages for FY 2018, an all funds decrease of \$2,540, or 1.2 percent, below the revised FY 2017 estimate. This decrease is primarily attributable to expenditures returning to normal levels absent the one-time 27th payroll period in FY 2017 and decreases in employer contributions to Medicare and workers' compensation expenditures, offset by increased employer contributions to employee group health insurance and increased employer contributions to KPERs; and
- **Contractual Services.** The agency request includes \$74,914 in contractual services for FY 2018, an all funds decrease of \$701, or 0.9 percent, below the revised FY 2017 estimate. The decrease is primarily attributable to a decrease in consulting services, rental costs, and communication expenditures, offset by an increase in fees and freight and express services expenditures.

The **Governor** recommends \$281,736, including \$179,722 from the State General Fund, for the Labor Relations program for FY 2018. This is an all funds decrease of \$2,037, or 0.7 percent, and a State General Fund decrease of \$1,529, or 0.8 percent, below the FY 2018 agency request. The all funds

decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount and to provide a moratorium on agency death and disability payments for one quarter.

The **agency** requests FY 2019 expenditures of \$285,318, including \$181,805 from the State General Fund, for the Labor Relations program. The request is an all funds increase of \$1,545, or 0.5 percent, and a State General Fund increase of \$554, or 0.3 percent, above the FY 2018 request. The request includes 2.0 FTE positions, which is the same number included in the agency's FY 2018 request. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency request includes \$210,547 in salaries and wages for FY 2019, an all funds increase of \$4,128, or 2.0 percent, above the FY 2018 request. The increase is primarily attributable to an increase in employer contributions for employee group health insurance; and
- **Contractual Services.** The agency request includes \$72,331 in contractual services for FY 2019, an all funds decrease of \$2,583, or 3.4 percent, below the FY 2018 request. The decrease is primarily attributable to a decrease in professional fees expected to be charged by the Office of Administrative Hearings.

The **Governor** recommends \$283,169, including \$180,192 from the State General Fund, for the Labor Relations program for FY 2019. This is an all funds decrease of \$2,149, or 0.8 percent, and a State General Fund decrease of \$1,613, or 0.9 percent, below the FY 2019 agency request. The all funds decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

G. Debt Service

The Debt Service program includes the interest expenditures for repayment of one bond: the Lease Revenue Bond, Series 2002H for the acquisition and renovation of the

401 SW Topeka Boulevard headquarters building. The Lease Revenue bond was obtained in 2002 for \$3,765,000 and was issued for 15 years.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2016 – 2019							
Item	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Expenditures:							
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0	0	0
Commodities	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0
Debt Service	<u>66,358</u>	<u>63,923</u>	<u>63,923</u>	<u>54,785</u>	<u>54,785</u>	<u>45,111</u>	<u>45,111</u>
<i>Subtotal - Operations</i>	<u>\$ 66,358</u>	<u>\$ 63,923</u>	<u>\$ 63,923</u>	<u>\$ 54,785</u>	<u>\$ 54,785</u>	<u>\$ 45,111</u>	<u>\$ 45,111</u>
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 66,358</u>	<u>\$ 63,923</u>	<u>\$ 63,923</u>	<u>\$ 54,785</u>	<u>\$ 54,785</u>	<u>\$ 45,111</u>	<u>\$ 45,111</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>66,358</u>	<u>63,923</u>	<u>63,923</u>	<u>54,785</u>	<u>54,785</u>	<u>45,111</u>	<u>45,111</u>
TOTAL	<u>\$ 66,358</u>	<u>\$ 63,923</u>	<u>\$ 63,923</u>	<u>\$ 54,785</u>	<u>\$ 54,785</u>	<u>\$ 45,111</u>	<u>\$ 45,111</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl.Perm.Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

The **agency** requests FY 2018 expenditures of \$54,785, all from special revenue funds, for the Debt Service program. The request is an all funds decrease of \$9,138, or 14.3 percent,

below the revised FY 2017 estimate. The funding is for the interest payments on the 401 SW Topeka Boulevard remodeling bond.

The **Governor** concurs with the agency's request for Debt Service for FY 2018.

The **agency** requests FY 2019 expenditures of \$45,111, all from special revenue funds, for the Debt Service program. The request is an all funds decrease of \$9,674, or 17.7 percent,

below the FY 2018 request. The funding is for the interest payments on the 401 SW Topeka Boulevard remodeling bond.

The **Governor** concurs with the agency's request for Debt Service for FY 2019.

CAPITAL IMPROVEMENTS

	CAPITAL IMPROVEMENTS					
	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000
Debt Service–Principal	215,000	215,000	225,000	225,000	230,000	230,000
1309 SW Topeka Boulevard Roof Replacement	75,000	75,000	0	0	0	0
1309 SW Topeka Boulevard Basement Renovation	80,000	80,000	0	0	0	0
Building Security Upgrades	65,000	65,000	0	0	0	0
2650 E. Circle Drive South Water Stations Install	50,000	50,000	0	0	0	0
427 SW Topeka Boulevard Maintenance Building Construction	0	0	500,000	500,000	0	0
1309 SW Topeka Boulevard First Floor Renovation	0	0	165,000	165,000	0	0
401 SW Topeka Boulevard Carpet Replacement	0	0	0	0	75,000	75,000
401 SW Topeka Boulevard Boilers Replacement	0	0	0	0	75,000	75,000
TOTAL	\$ 600,000	\$ 600,000	\$ 1,005,000	\$ 1,005,000	\$ 495,000	\$ 495,000
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	600,000	600,000	1,005,000	1,005,000	495,000	495,000
TOTAL	\$ 600,000	\$ 600,000	\$ 1,005,000	\$ 1,005,000	\$ 495,000	\$ 495,000

Current Year Agency Estimate

FY 2017–Current Year. The agency requests a revised capital improvements budget of \$600,000, all from special revenue funds. The request is a decrease of \$130,000, or 17.8 percent, below the approved amount. The decrease is due to shifting of the 427 SW Topeka Boulevard Maintenance Building project to FY 2018 and prioritizing 1309 SW Topeka Boulevard roof and basement renovations, building security upgrades, and water stations installations at 2650 E. Circle Drive South. 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 Boulevard remodel bond;

- **1309 SW Topeka Boulevard Roof Replacement.** The agency requests \$75,000 for replacing the roof at 1309 SW Topeka;
- **1309 SW Topeka Boulevard Basement Floor Renovation.** The agency requests \$80,000 for renovating the basement floor at 1309 SW Topeka Boulevard. This includes new painting and carpeting throughout the floor, including in hallways, office space, training and conference rooms, and the breakroom area;
- **Building Security Upgrades.** The agency requests \$65,000 for security upgrades at all KDOL Topeka locations; and
- **2650 E. Circle Drive South Water Stations Installation.** The agency requests \$50,000 for the installation of water stations at this location.

Current Year Governor Recommendation

The **Governor** concurs with the agency's FY 2017 capital improvements estimate.

Budget Year Agency Request

FY 2018–Budget Year. The agency requests a revised capital improvements budget of \$1.0 million, all from special

revenue funds. The request is an an increase of \$405,000, or 67.8 percent, above the FY 2017 request.

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 \$225,000 for debt service principal payments for the 401 SW Topeka Boulevard remodel bond;
- **427 SW Topeka Boulevard Maintenance Building Construction.** The agency requests \$500,000 for the construction of a new facilities maintenance building at this location. 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 SW Jackson Street to 420 SW Jackson Street, after which the buildings could be sold; and

- **1309 SW Topeka Boulevard First Floor Renovation.** The agency requests \$165,000 for renovating the first floor and first floor bathrooms at this location. This project involves removal of current walls, flooring, and ceiling in the two restrooms located on the first floor. The renovated restrooms will meet current Americans with Disabilities Act (ADA) and energy use standards. This project involves renovating the first floor at 1309 SW Topeka Boulevard. This project includes new painting, carpeting, and other updates throughout the floor, including in hallways, office space, and conference rooms.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's FY 2018 capital improvements request.

Budget Year Agency Request

FY 2019—Budget Year. The **agency** requests a revised capital improvements budget of \$495,000, all from special revenue funds. The request is a decrease of \$510,000, or 50.7 percent, below the FY 2018 request.

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 \$230,000 for debt service principal payments for the 401 SW Topeka Boulevard remodel bond;

- **401 SW Topeka Boulevard Carpet Replacement.** The agency requests \$75,000 for carpet replacement at this location; and

- **401 SW Topeka Boulevard Boilers Replacement.** The agency requests \$75,000 for boilers replacement at this location.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's FY 2019 capital improvements request.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2016	Actual FY 2016	Gov. Rec. FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Administration:					
Average number of days to process vouchers for payment	2.0	2.0	2.0	2.0	2.0
Labor Market Information Services:					
Percent of labor market requests processed within three days	95.0%	96.9%	95.0%	95.0%	95.0%
Number of requests received	600	453	500	500	500
Unemployment Insurance:					
Number of initial claims filed for benefits	154,992	135,800	120,800	126,900	126,000
Percent of intrastate claimants to be issued first payment within 14 days	88.0%	91.5%	87.0%	87.0%	87.0%
Average duration of unemployment benefits (in weeks)	13.6	11.6	10.0	11.1	11.1
Number of claimants exhausting unemployment benefits	23,076	24,100	15,100	17,300	17,400
Industrial Safety and Health:					
Number of consultations performed under federal contract	410	523	475	450	450
Number of serious or imminent hazards identified	1,800	1,362	1,500	1,500	1,500
Workers' Compensation:					
Number of accident reports	55,000	51,081	50,000	50,000	50,000
Average number of days from initial report of fraud or abuse to investigation completion	90	60	60	60	60
Number of fraud abuse cases reviewed	350	562	400	400	400
Average number of days from hearing to issued order from appeal of final award	30	30	30	30	30
Labor Relations:					
Number of impasse cases	25	22	25	25	25
Number of prohibited practice cases processed	7	4	6	6	6
Number of wage claims filed	900	860	820	800	800
Amount of wages collected/recovered	\$600,000	\$590,000	\$600,000	\$625,000	\$650,000

KANSAS GUARDIANSHIP PROGRAM

	Actual FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017	Agency Req. FY 2018	Gov. Rec. FY 2018	Agency Req. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:							
State General Fund	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415	\$ 1,149,415

Percentage Change:

Operating Expenditures

State General Fund	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
All Funds	0.6	0.0	0.0	0.0	0.0	0.0	0.0
FTE Positions							
	10.0	10.0	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	0.0	0.0
TOTAL	10.0	10.0	10.0	10.0	10.0	10.0	10.0

AGENCY OVERVIEW

The Kansas Guardianship Program is a quasi-state agency that 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 partially to 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's State General Fund budget for FY 2010.

The **2010 Legislature** passed SB 372, which 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 2017 Agency Estimate

The **agency** requests a revised estimate of \$1.1 million, all from the State General Fund, in FY 2017. There are no changes from the approved amount.

FY 2017 Governor Recommendation

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

FY 2018 Agency Request

The **agency** requests \$1.1 million, all from the State General Fund, for FY 2018. This is the same amount as the agency's FY 2017 revised estimate.

FY 2018 Governor Recommendation

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

FY 2019 Agency Request

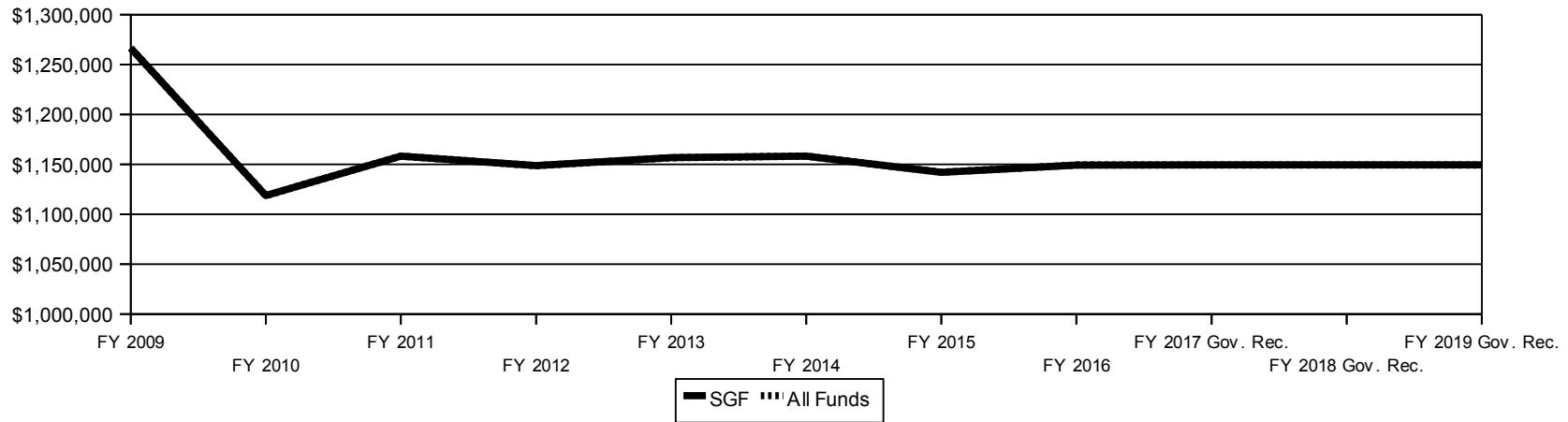
The **agency** requests \$1.1 million, all from the State General Fund, for FY 2019. This is the same amount as the agency's FY 2018 request.

FY 2019 Governor Recommendation

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

BUDGET TRENDS

OPERATING EXPENDITURES FY 2009 – FY 2019



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	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
2018 Gov. Rec.	1,149,415	0.0	1,149,415	0.0	10.0
2019 Gov. Rec.	1,149,415	0.0	1,149,415	0.0	10.0
Eleven-Year Change	\$ (117,086)	(9.2)%	\$ (117,086)	(9.2)%	(2.0)

Summary of Operating Budget FY 2016 - FY 2018

	Actual 2016	Agency Estimate				Governor's Recommendation			
		Estimate FY 2017	Request FY 2018	Dollar Change from FY 17	Percent Change from FY 17	Rec. FY 2017	Rec. FY 2018	Dollar Change from FY 17	Percent Change from FY 17
By Program:									
Administration	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 568,201	\$ 573,115	\$ 584,668	\$ 11,553	2.0 %	\$ 573,115	\$ 584,668	\$ 11,553	2.0 %
Contractual Services	572,742	568,262	558,262	(10,000)	(1.8)	568,262	558,262	(10,000)	(1.8)
Commodities	8,322	8,038	6,485	(1,553)	(19.3)	8,038	6,485	(1,553)	(19.3)
Capital Outlay	0	0	0	0	--	0	0	0	--
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
Financing:									
State General Fund	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,149,265	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %

Summary of Operating Budget FY 2018 - FY 2019

	Agency Estimate				Governor's Recommendation			
	Request FY 2018	Request FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:								
Administration	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 584,668	\$ 591,097	\$ 6,429	1.1 %	\$ 584,668	\$ 591,097	\$ 6,429	1.1 %
Contractual Services	558,262	552,318	(5,944)	(1.1)	558,262	552,318	(5,944)	(1.1)
Commodities	6,485	6,000	(485)	(7.5)	6,485	6,000	(485)	(7.5)
Capital Outlay	0	0	0	--	0	0	0	--
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
Financing:								
State General Fund	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %
All Other Funds	0	0	0	--	0	0	0	--
TOTAL	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %	\$ 1,149,415	\$ 1,149,415	\$ 0	0.0 %

BUDGET OVERVIEW

A. FY 2017 – Current Year

Adjustments to Approved State General Fund Budget

The 2016 Legislature approved a State General Fund budget of \$1,149,415 for the Kansas Guardianship Program in FY 2017. No adjustments have been made subsequently 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	\$ 1,149,415	\$ 1,149,415	\$ 0	\$ 1,149,415	\$ 0
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,149,415	\$ 1,149,415	\$ 0	\$ 1,149,415	\$ 0
FTE Positions	10.0	10.0	0.0	10.0	0.0

The **agency** requests a revised estimate of \$1.1 million, all from the State General Fund. There are no changes from the approved total amount, but adjustments have been made to expenditures within different categories. This request includes the following items:

- **Salaries and Wages.** The agency requests expenditures of \$573,115 for FY 2017. This is a decrease of \$11,124, or 1.9 percent, below the approved amount. This decrease is primarily attributable to decreased KPERs payments in FY 2017;

- **Contractual Services.** The agency requests expenditures of \$568,262 for FY 2017. This is an increase of \$9,361, or 1.7 percent, above the approved amount. This increase is primarily attributable to other fees paid by the agency; and
- **Commodities.** The agency requests expenditures of \$8,038 for FY 2017. This is an increase of \$1,763, or 28.1 percent, above the approved amount. This increase is attributable to increased expenditures on office supplies.

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

B. FY 2018 – Budget Year

FY 2018 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,149,415	\$ 1,149,415	\$ 0
FTE Positions	10.0	10.0	0.0
Change from FY 2017:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	0	0	
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	0.0	0.0	
TOTAL	<u>0.0 %</u>	<u>0.0 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$1.1 million, all from the State General Fund. There are no changes from the FY 2017 revised estimate in total, but adjustments have been made to expenditures within different categories. This request includes the following:

- **Salaries and Wages.** The agency requests expenditures of \$584,668 for FY 2018. This is an

increase of \$11,553, or 2.0 percent, above the estimated amount in FY 2017. This increase is primarily attributable to group health insurance costs and leave payment assessments;

- **Contractual Services.** The agency requests expenditures of \$558,262 for FY 2018. This is a decrease of \$10,000, or 1.8 percent, below the

estimated amount in FY 2017. This decrease is primarily attributable to decreased expenditures on commercial local communication services and decreased other fees paid by the agency; and

decrease of \$1,553, or 19.3 percent, below the estimated amount in FY 2017. This decrease is attributable to decreased expenditures on office supplies.

- **Commodities.** The agency requests expenditures of \$6,485 for FY 2018. This is a

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

FY 2018 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

Item	FY 2018 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduction of monthly stipend	\$ 57,471	\$ 0	0.0	\$ 0	\$ 0	0.0

The **agency** submitted a reduced resources package of \$57,471 for FY 2018. The agency proposed a reduction of the monthly stipend given to volunteers from \$30 per month to \$26 per month.

The **Governor** does not recommend this reduced resource option.

C. FY 2019 – Budget Year

FY 2019 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,149,415	\$ 1,149,415	\$ 0
FTE Positions	10.0	10.0	0.0
<i>Change from FY 2018:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	0	0	
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	0.0	0.0	
TOTAL	<u>0.0 %</u>	<u>0.0 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$1.1 million, all from the State General Fund. There are no changes from the FY 2018 total requested amount, but adjustments have been made to expenditures within different categories.

This request includes the following:

- **Salaries and Wages.** The agency requests expenditures of \$591,097 for FY 2019. This is an increase of \$6,429, or 1.1 percent, above the FY 2018 request. This increase is primarily

attributable to employer contributions for group health insurance and KPERS;

- **Contractual Services.** The agency requests expenditures of \$552,318 for FY 2019. This is a decrease of \$5,944, or 1.1 percent, below the requested amount in FY 2018. This decrease is primarily attributable to decreased other fees paid by the agency; and

- **Commodities.** The agency requests expenditures of \$6,000 for FY 2019. This is a decrease of \$485, or 7.5 percent, below the requested amount in FY 2018. This decrease is attributable to decreased expenditures on office supplies.

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

FY 2019 Reduced Resources

The Governor has requested that specified agencies with select funds provide a reduced resources budget submission of approximately 5.0 percent for FY 2018 and FY 2019. The

information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2019 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduction of monthly stipend	\$ 57,471	\$ 0	0.0	\$ 0	\$ 0	0.0

The **agency** submitted a reduced resources package of \$57,471 for FY 2019. The agency proposed a reduction of the monthly stipend given to volunteers from \$30 per month to \$26 per month.

The **Governor** does not recommend this reduced resource option.

Governor's Recommended Salary and Wage Adjustments

27th Payroll Period. The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the payroll system and how the pay dates have fallen on the calendar since the system was implemented, a 27th payroll period occurs in FY 2017. The last time this occurred was in FY 2006. The current estimate for the cost of the 27th pay period is \$107.2 million, including \$40.3 million from the State General Fund. The next anticipated occurrence of a 27th pay period will be in FY 2028.

Longevity Bonus Payments. For FY 2017, FY 2018, and FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2017 payments is \$4.9 million, including \$1.8 million from the State General Fund. For FY 2018, the estimated cost is \$5.1 million, including \$1.9 million from the State General Fund. For FY 2019, the estimated cost is \$4.4 million, including \$1.6 million from the State General Fund. **This agency has no longevity payments for FY 2017, FY 2018, or FY 2019.**

KPERS Employer Contributions. The employer retirement contribution rate for KPERS State and School is scheduled to be 10.81 percent in FY 2017, 12.01 percent for FY 2018, and 13.21 percent for FY 2019. For FY 2017, FY 2018, and FY 2019, the Governor recommends the employer contribution amounts be reduced, with the intention of holding employer contributions in these fiscal years to a similar amount as FY 2016 actual employer contributions, which included a quarter moratorium. This proposal also eliminates the scheduled contribution rate increases for FY

2017 through FY 2019. The estimated expenditure reduction to freeze KPERS employer contributions is \$87.8 million, including \$85.9 million from the State General Fund, in FY 2017; \$141.6 million, including \$140.2 million from the State General Fund, for FY 2018; and \$202.3 million, including \$198.5 million from the State General Fund, for FY 2019. Additionally, the Governor recommends not to pay approximately \$97.4 million, all from the State General Fund, in delayed FY 2016 employer contributions, in FY 2018 with 8.0 percent interest per annum. **This agency does not make employer contributions to the State and School pool.**

Death and Disability. The Governor recommends extending the current FY 2017 moratorium on employer contributions to the Group Insurance Reserve Fund through the first quarter of FY 2018. The employer contribution rate is recommended to return to 1.0 percent for FY 2019. The estimated expenditure reduction for the recommended moratorium on the first quarter of FY 2018 contributions is \$12.6 million, including \$10.1 million from the State General Fund. **This agency does not make employer contributions to the State Death and Disability Insurance plan.**

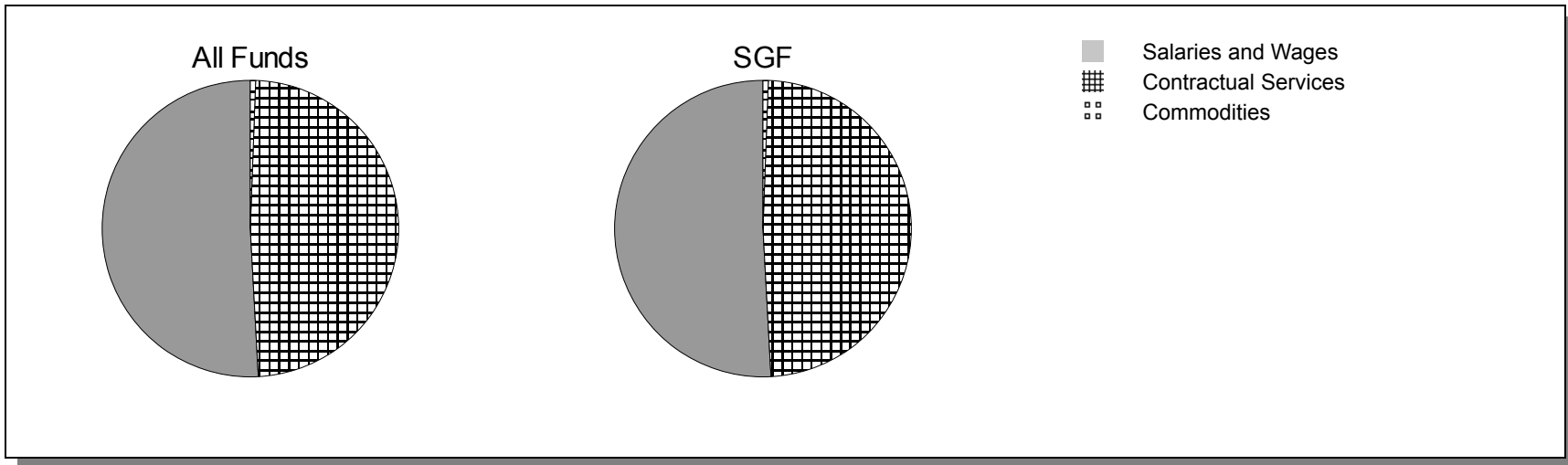
KPERS Policy Changes. The Governor recommends extending the amortization period on the unfunded actuarial liability (UAL) by ten years. Currently, the UAL is scheduled to be amortized in FY 2033. In addition, the Governor recommends the combined KPERS State and School employer contribution rate be decoupled. Currently, a contribution rate is established for the combined KPERS State and the KPERS School group. The KPERS State group has a considerably lower UAL than the KPERS School group and the actuarial recommended contribution rate for the KPERS State group is consistently below the combined KPERS State and School rate.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2018	Gov. Rec. Percent of Total FY 2018	Agency Req. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	100.0 %	100.0 %	100.0 %	100.0 %

PROGRAM DETAIL

EXPENDITURES BY OBJECT – GOVERNOR’S FY 2018 RECOMMENDATION



Object	Gov. Rec. All Funds FY 2018	Percent of Total	Gov. Rec. SGF FY 2018	Percent of Total
Salaries and Wages	\$ 584,668	50.9 %	\$ 584,668	50.9 %
Contractual Services	558,262	48.6	558,262	48.6
Commodities	6,485	0.6	6,485	0.6
TOTAL	\$ 1,149,415	100.0 %	\$ 1,149,415	100.0 %

FTE POSITIONS BY PROGRAM FY 2016 – FY 2019

<u>Program</u>	<u>Actual FY 2016</u>	<u>Agency Est. FY 2017</u>	<u>Gov. Rec. FY 2017</u>	<u>Agency Req. FY 2018</u>	<u>Gov. Rec. FY 2018</u>	<u>Agency Req. FY 2019</u>	<u>Gov. Rec. FY 2019</u>
Administration	10.0	10.0	10.0	10.0	10.0	10.0	10.0

PERFORMANCE MEASURES

<u>Measure</u>	<u>Gov. Rec. for FY 2016</u>	<u>Actual FY 2016</u>	<u>Gov. Rec. FY 2017</u>	<u>Gov. Rec. FY 2018</u>	<u>Gov. Rec. FY 2019</u>
Number of wards and conservatees served	1,462	1,409	1,423	1,423	1,423
Number of volunteers	769	765	773	773	773