

# BUDGET ANALYSIS

FISCAL YEAR 2019

*Submitted to the 2018 Kansas Legislature*



## *Volume I*

*FY 2019 Overview  
Governor's Budget Report  
General Government  
Agriculture and Natural Resources  
Transportation*

Kansas Legislative Research Department  
January 2018

# BUDGET ANALYSIS

## FISCAL YEAR 2019

*Volume I*

*FY 2019 Overview*

*Governor's Budget Report  
General Government  
Agriculture and Natural Resources  
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# FOREWORD

The *Fiscal Year 2019 Budget Analysis* is provided to assist the Legislature in the review of agency budget requests and the Governor's budget recommendations for fiscal years 2018 and 2019.

## Function of Government

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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 2019 Governor's Budget Report and agencies in General Government, Agriculture and Natural Resources, and Transportation.

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

## LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2019

Abstracters' Board of Examiners **ELYACHARSHUSTER, ISAAC** (785-296-4419)  
 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 **STITES, ASHLEY** (785-296-4439)  
 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 **STITES, ASHLEY** (785-296-4439)  
 Board of Regents **MORROW, SHIRLEY** (785-296-3542)  
 Board of Technical Professions **ELYACHARSHUSTER, ISAAC** (785-296-4419)  
 Board of Veterinary Examiners **KAPUSTA-POFAHL, KAREN** (785-296-4407)

Citizens' Utility Ratepayer Board **KAPUSTA-POFAHL, KAREN** (785-296-4407)

Department for Children and Families **DECKARD, AMY** (785-296-4429)  
 Department of Administration **DEAR, DYLAN** (785-296-0665)  
 Department of Agriculture **KAPUSTA-POFAHL, KAREN** (785-296-4407)  
 Department of Corrections **DEAR, DYLAN** (785-296-0665)  
 Department of Credit Unions **FARMER, JESSA** (785-296-4409)  
 Department of Education **HESS, JOHN** (785-296-7882)  
 Department of Wildlife, Parks and Tourism **KAPUSTA-POFAHL, KAREN** (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 **ELYACHARSHUSTER, ISAAC** (785-296-4419)

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 **KAPUSTA-POFAHL, KAREN** (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 **KAPUSTA-POFAHL, KAREN** (785-296-4407)  
 Kansas Department of Labor **PATEL, AMIT** (785-296-3183)  
 Kansas Department of Revenue **MARIANI, BOBBI** (785-296-3184)

Kansas Department of Transportation **KLAASSEN, AARON** (785-296-4396)  
 Kansas Guardianship Program **FARMER, JESSA** (785-296-4409)  
 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 **DEAR, DYLAN** (785-296-0665)  
 Kansas Neurological Institute **FYE, DAVID** (785-296-4405)  
 Kansas Public Employees Retirement System **DEAR, DYLAN** (785-296-0665)  
 Kansas Racing and Gaming Commission **PATEL, AMIT** (785-296-3183)  
 Kansas Sentencing Commission **DEAR, DYLAN** (785-296-0665)  
 Kansas State Board of Healing Arts **STITES, ASHLEY** (785-296-4439)  
 Kansas State Fair **KAPUSTA-POFAHL, KAREN** (785-296-4407)  
 Kansas State School for the Blind **HESS, JOHN** (785-296-7882)  
 Kansas State School for the Deaf **HESS, JOHN** (785-296-7882)  
 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 **KAPUSTA-POFAHL, KAREN** (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 **WU, STEVEN** (785-296-4447)  
 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 **FARMER, JESSA** (785-296-4409)  
 Office of the State Treasurer **STITES, ASHLEY** (785-296-4439)  
 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 **STITES, ASHLEY** (785-296-4439)  
 Postsecondary Education Systemwide **MORROW, SHIRLEY** (785-296-3542)

Real Estate Appraisal Board **ELYACHARSHUSTER, ISAAC** (785-296-4419)  
 Real Estate Commission **ELYACHARSHUSTER, ISAAC** (785-296-4419)

Secretary of State **MARIANI, BOBBI** (785-296-3184)  
 State Board of Tax Appeals **STITES, ASHLEY** (785-296-4439)  
 State Fire Marshal **KLAASSEN, AARON** (785-296-4396)  
 State Historical Society **HESS, JOHN** (785-296-7882)  
 State Library **HESS, JOHN** (785-296-7882)

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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# OVERVIEW OF THE FISCAL YEAR 2019

## GOVERNOR'S BUDGET REPORT

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In this budget overview, various summaries of state expenditures and the plan for their financing are reviewed. The summary data were obtained from the FY 2017 Governor's Budget Report. The Legislative Research Department utilizes the classification of expenditures by function of government and by major purpose of expenditure to coincide with the Division of the Budget and the Division of Accounts and Reports. The Department has made some changes in the classification of expenditures in order to be consistent with its prior reports to the Legislature.

The summary data in this overview compare FY 2017 actual expenditures and the Governor's revised FY 2018 and FY 2019 recommendations.

### **SUMMARY OF CHANGES TO ESTIMATED FY 2018 EXPENDITURES**

The 2017 Legislature approved an FY 2018 budget of \$15.9 billion, including \$6.6 billion from the State General Fund. This approved amount includes \$30.1 million of expenditure authority carried forward.

For FY 2018, the Governor's recommendation totals \$16.3 billion, with \$6.7 billion financed from the State General Fund. The recommendation increased total expenditures by \$388.7 million, including \$34.5 million from the State General Fund above the approved amount. The recommendation includes the State's new estimates of expenditures for state aid to K-12 schools which is a decrease of \$14.3 million and adds necessary increases for health and human service caseload entitlement programs of \$16.4 million. Other additions include enhanced funding of \$10.4 million for Medicaid programs that have traditionally not been considered entitlements. The Governor also recommends full funding for the Career Technical Education Initiative, which requires the addition of \$7.3 million in expenditures from the State General Fund. Other larger additions include \$5.1 million in expenditures from the State General Fund to address ongoing funding shortfalls at Osawatomie State Hospital that resulted from the decertification period and \$3.5 million in State General Fund expenditures for Office of Information Technology Services (OITS) for modernization projects.

It is expected that the Governor's recommended revenue and expenditure adjustments will produce a current year ending balance of \$266.6 million, or 4.4 percent of State General Fund expenditures.

### **TOTAL STATE EXPENDITURES FOR FY 2019**

#### **Summary of Expenditures from All Funds**

The 2017 Legislature approved a FY 2019 budget of \$16.2 billion, including \$6.6 billion from the State General Fund. The Governor's recommendation totals \$16.8 billion from all funding sources with \$6.9 billion financed from the State General Fund. The recommendation

increased total expenditures by \$694.3 million, including \$301.0 million from the State General Fund, above the approved amount. The recommendation includes the State's new estimates of expenditures for state aid to K-12 schools of \$18.7 million and adds projected increases for health and human service caseload entitlement programs of \$50.0 million. For Medicaid programs that have traditionally not been considered entitlements, the Governor recommends the addition of \$6.3 million. The recommendation also adds \$113.0 million, including \$99.2 million from the State General Fund and \$13.8 million from Kansas Endowment for Youth Fund balances, for K-12 education regarding K-12 school finance.

The revised FY 2019 recommendation also adds \$85.3 million from the State General Fund for various agencies and programs. These additions include \$20.7 million for Regents initiatives including fully funding the Career Technical Education Initiative for \$8.3 million, \$5.0 million in increased funding for the National Institute for Aviation Research, \$3.0 million for beginning operations at the University of Kansas Medical Center Dental School, \$2.1 million for tuition assistance for Kansas National Guard members, \$1.7 million for the National Center for Aviation Training and \$500,000 for the Emporia State University School of Nursing. The Governor recommends expenditures totaling \$42.1 million, including \$18.3 million from the State General Fund, for Medicaid initiatives for Kansas hospitals.

Another recommended addition is \$11.1 million from the State General Fund for employee compensation to address issues in the Department of Corrections and other issues concerning Executive Directive No. 17-482. The recommended budget also includes \$3.0 million for internet infrastructure improvements for Kansas schools, replacing a \$5.0 million State Highway Fund transfer to the Kansas Department of Education with State General Fund moneys for transportation, \$7.4 million to address funding issues at Osawatomie State Hospital, \$4.2 million to increase capacity in the Sex Predator Treatment Program, \$3.5 million for OITS information technology modernization and \$7.3 million in miscellaneous other adjustments.

The Governor's budget also includes an addition of \$1.5 million, all from the State General Fund, for state employee salary adjustments. These funds are intended to correct any wage compression and provide salary adjustments to employees who were not included in the FY 2017 Legislative Pay Plan Initiative. The funds are appropriated to the Division of the Budget and can be dispensed by the Director of the Budget at the Director's discretion.

The ending balance at the close of FY 2019 is now projected to be \$150.3 million, or 2.2 percent of State General Fund expenditures.

## **Expenditures by Major Purpose**

**State Operations. Actual agency operating costs for salaries and wages, contractual services, commodities and capital outlay.** The Governor's FY 2018 recommendation for state operations is \$5,172.3 million, which is an increase of \$259.6 million, or 5.3 percent, above the FY 2017 actual amount. Significant increases in contractual services include the Department of Transportation (\$39.5 million), Department of Corrections (\$25.6 million), Kansas Lottery (\$22.0 million), Department of Health and Environment-Health (\$19.3 million), Kansas State University (\$15.7 million), Department for Aging and Disability Services (\$11.1 million), Adjutant General's Department (\$3.3 million), and the Board of Indigents' Defense Services (\$1.1 million). Additional increases include the Department of Transportation (\$11.6 million) for commodities. Changes also include a decrease of \$5.0 million for statewide information technology savings.

For FY 2019, the recommendation for state operations is \$5,183.9 million, which is an increase of \$11.6 million, or 0.2 percent, above the FY 2018 recommendation. The most significant increases were the Adjutant General's Department (\$14.4 million) for contractual services, University of Kansas (\$9.0 million) for contractual services, Larned State Hospital (\$3.6 million) for contractual services and salaries and wages, and Osawatimie State Hospital (\$1.0 million) for salaries and wages. Reductions for operations occurred largely in the Kansas Department of Health and Environment (\$42.9 million) for contractual services, the Department of Transportation (\$9.1 million) for contractual services, and Osawatimie State Hospital (\$1.4 million) for contractual services. Changes also include a decrease of \$5.0 million for statewide information technology savings and an increase of \$1.5 million to address salary issues statewide.

**Aid to Local Units of Government. *Aid payments to counties, cities, school districts, and other local government entities; may be from state or federal funds.*** The Governor's FY 2018 recommendation of \$5,495.2 million increases aid to local units of government payments by \$405.7 million, or 8.0 percent, above the FY 2017 actual amount. Significant changes include an increase to the Department of Education (\$366.5 million) for K-12 school finance, the Adjutant General's Department (\$15.6 million) for disaster relief, and the Department of Corrections (\$4.9 million) for community corrections. The most significant decrease was in the Department of Health and Environment-Health (\$15.1 million) for local health departments.

For FY 2019, the recommendation is \$5,632.1 million for aid to local units of government payments, which is an increase of \$136.9 million, or 2.5 percent, above the FY 2018 recommendation. Significant changes include an increase to the Department of Education (\$136.8 million) for K-12 school finance. This is partially offset by a decrease to the Adjutant General's Department (\$3.9 million) due to an anticipated decrease in disaster relief.

**Other Assistance, Grants, and Benefits. *Payments made to or on behalf of individuals as aid, including public assistance benefits, unemployment benefits, and tuition grants.*** In FY 2018, the Governor's recommendation of \$4,985.9 million increases other assistance, grants and benefits by \$132.6 million, or 2.7 percent, above the FY 2017 actual amount. Significant changes include increases in the Department for Aging and Disability Services (\$55.6 million), the Department of Health and Environment (\$25.6 million) and the Department for Children and Families (\$32.9 million) to fund human services consensus caseload estimates as well as medicaid initiatives for hospitals and initiatives for children and families. This is partially offset by a reduction in the Department of Commerce (\$8.7 million) for reductions in the community development block grant funds and the Rural Opportunity Zone programs.

For FY 2019, the Governor's recommendation of \$5,341.0 million increases other assistance, grants, and benefits by \$355.1 million, or 7.1 percent, above the FY 2018 recommendation. Significant changes include increases in the Department of Health and Environment-Health (\$258.1 million) and the Department for Aging and Disability Services (\$68.1 million) to fund human services consensus caseload estimates. The Department of Labor had a significant increase due to anticipated unemployment insurance claims (\$27.7 million). This is partially offset by a small decrease in the Adjutant General's Department (\$3.9 million) for reductions in estimated disaster relief.

**Capital Improvements. *Cash or debt service payments for projects involving new construction, remodeling and additions, rehabilitation and repair, razing, and the principal portion of debt service for a capital expense.*** The Governor's FY 2018 recommendation for capital improvements of \$656.0 million is a decrease of \$70.7 million, or 9.7

percent, below the FY 2017 amount. The largest decrease is in the budget of the Department of Transportation (\$100.1 million) related to a decrease in federal funds and projected decreases in planned road construction contract lettings in FY 2018. Expenditures in the Department of Transportation budget fluctuate in its funding request due to its best estimate at a given point in time as to projects being let, and its subsequent funding streams. Other decreases for capital improvements include Kansas State University (\$21.8 million), the University of Kansas Medical Center (\$9.7 million), and Fort Hays State University (\$9.8 million). These decreases are offset by increases for Emporia State University (\$19.8 million) and the Department of Wildlife, Parks and Tourism (\$10.6 million).

The Governor's FY 2019 recommendation for capital improvements of \$688.0 million is an increase of \$32.0 million, or 4.9 percent, above the FY 2018 recommendation. Changes are largely reflected in the Department of Transportation with an increase of \$48.1 million for federal funds and projected planned road construction contracts. Expenditures in the Department of Transportation budget fluctuate in its funding request due to its best estimate at a given point in time as to projects being let, and its subsequent funding streams. The other large increase is in the Board of Regents (\$45.5 million) due to the Board allocating the capitol improvements funds to the Institutions during the current year's budget. These increases are partially offset by reductions for capital improvements in the University of Kansas (\$17.6 million), Kansas State University (\$16.2 million), and the University of Kansas Medical Center (\$12.2 million).

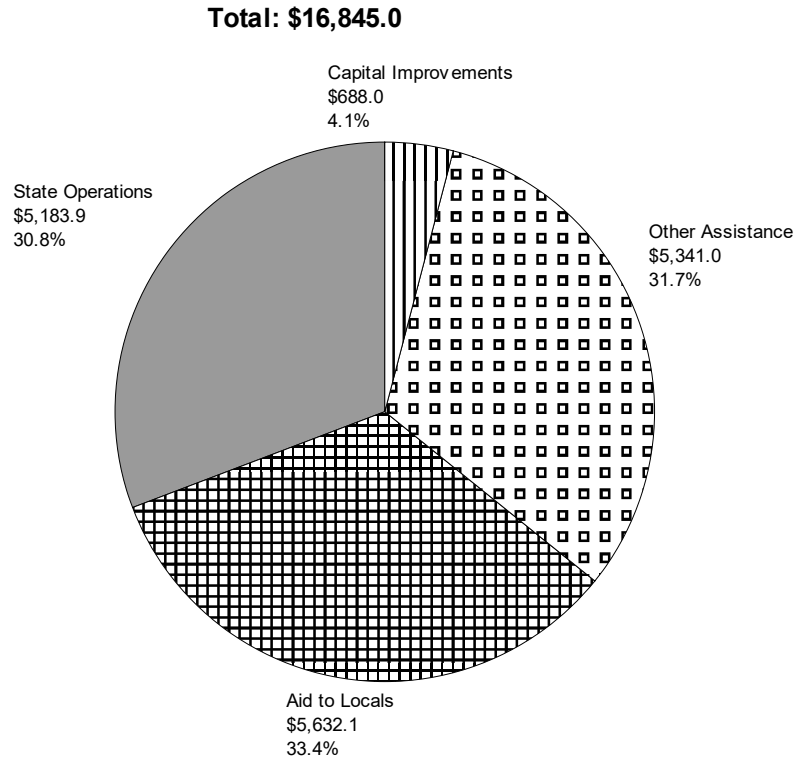
**EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE**  
(Dollars in Millions)

| Purpose              | Actual             | Gov. Rec.          | Change          |              | Gov. Rec.          | Change          |              |
|----------------------|--------------------|--------------------|-----------------|--------------|--------------------|-----------------|--------------|
|                      | FY 2017            | FY 2018            | \$              | %            | FY 2019            | \$              | %            |
| State Operations     | \$ 4,912.7         | \$ 5,172.3         | \$ 259.6        | 5.3 %        | \$ 5,183.9         | \$ 11.6         | 0.2 %        |
| Aid to Local Units   | 5,089.5            | 5,495.2            | 405.7           | 8.0          | 5,632.1            | 136.9           | 2.5          |
| Other Assistance     | 4,853.3            | 4,985.9            | 132.6           | 2.7          | 5,341.0            | 355.1           | 7.1          |
| Total Operations     | \$ 14,855.5        | \$ 15,653.5        | \$ 798.0        | 5.4 %        | \$ 16,157.0        | \$ 503.5        | 3.2 %        |
| Capital Improvements | 726.7              | 656.0              | (70.7)          | (9.7)        | 688.0              | 32.0            | 4.9          |
| <b>TOTAL</b>         | <b>\$ 15,582.2</b> | <b>\$ 16,309.5</b> | <b>\$ 727.3</b> | <b>4.7 %</b> | <b>\$ 16,845.0</b> | <b>\$ 535.5</b> | <b>3.3 %</b> |

*Note:* Totals may not add due to rounding.

Of the total budget recommendation in FY 2018, 31.7 percent is for state operations; 33.7 percent is for state aid to local units of government; 30.6 percent is for other assistance, grants, and benefits; and 4.0 percent is for capital improvements. For FY 2019, 30.8 percent is for state operations; 33.4 percent is for state aid to local units of government; 31.7 percent is for other assistance, grants, and benefits; and 4.1 percent is for capital improvements. The following pie chart displays the major categories of all funds expenditures in FY 2018 and FY 2019.

**FY 2019 EXPENDITURES FROM ALL FUNDS  
BY MAJOR PURPOSE  
Governor's Recommendation  
(Dollars in Millions)**



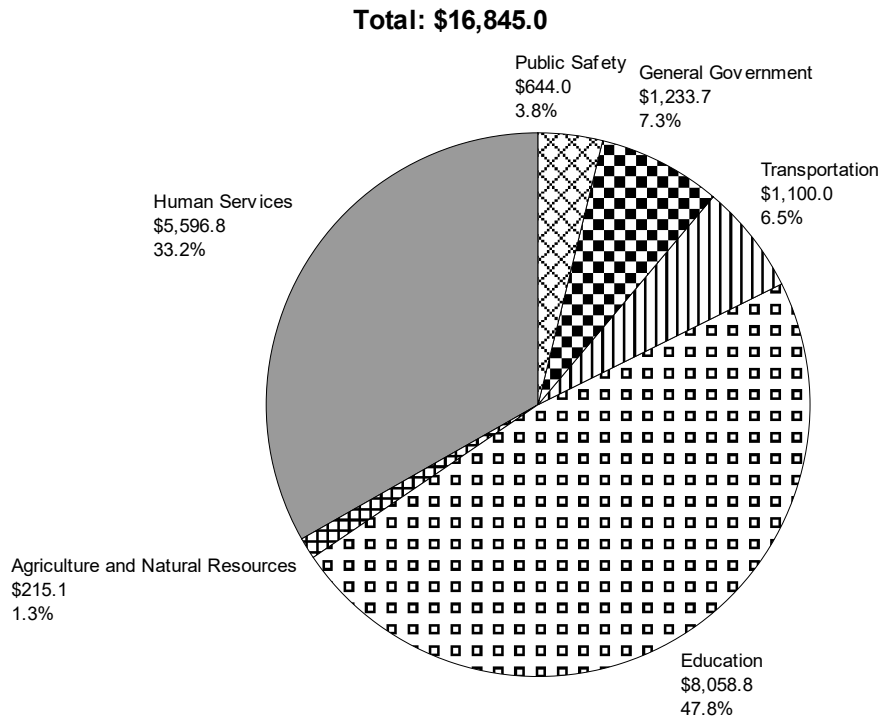
### Expenditures by Function of Government

The following table and pie chart summarize expenditures from all funds by function of government. Functions of government reflect the six classifications into which similar agencies are grouped that share similar basic purposes of state government. The functions include: General Government; Human Services; Education; Public Safety; Agriculture and Natural Resources; and Transportation. The education function is the largest component with 48.4 percent of the total expenditures for FY 2018 and 47.8 percent of the total expenditures for FY 2019. The two largest functions of government—education and human services—comprise 80.9 percent of the recommended expenditures in FY 2018 and 81.1 percent for FY 2019.

**EXPENDITURES FROM ALL FUNDS BY FUNCTION OF GOVERNMENT**  
(Dollars in Millions)

| Purpose                 | Actual             | Gov. Rec.          | Change          |              | Gov. Rec.          | Change          |              |
|-------------------------|--------------------|--------------------|-----------------|--------------|--------------------|-----------------|--------------|
|                         | FY 2017            | FY 2018            | \$              | %            | FY 2019            | \$              | %            |
| General Government      | \$ 1,153.9         | \$ 1,211.7         | \$ 57.8         | 5.0 %        | \$ 1,233.7         | \$ 22.0         | 1.8 %        |
| Human Services          | 5,137.7            | 5,292.0            | 154.3           | 3.0          | 5,596.8            | 304.8           | 5.8          |
| Education               | 7,433.7            | 7,901.0            | 467.3           | 6.3          | 8,058.8            | 157.8           | 2.0          |
| Public Safety           | 580.5              | 635.4              | 54.9            | 9.5          | 644.0              | 8.6             | 1.4          |
| Agriculture & Nat. Res. | 200.6              | 222.4              | 21.8            | 10.9         | 215.1              | (7.3)           | (3.3)        |
| Transportation          | 1,075.8            | 1,052.0            | (23.8)          | (2.2)        | 1,100.0            | 48.0            | 4.6          |
| Current Year Savings    | 0.0                | (5.0)              | (5.0)           | 0.0          | (3.5)              | 1.5             | 0.0          |
| <b>TOTAL</b>            | <b>\$ 15,582.2</b> | <b>\$ 16,309.5</b> | <b>\$ 727.3</b> | <b>4.7 %</b> | <b>\$ 16,845.0</b> | <b>\$ 535.5</b> | <b>3.3 %</b> |

**FY 2019 EXPENDITURES FROM ALL FUNDS**  
**BY FUNCTION OF GOVERNMENT**  
Governor's Recommendation  
(Dollars in Millions)





## Summary Plan for Financing

Total state expenditures are financed by the resources contained in approximately 1,300 distinct funds. The following table summarizes total state expenditures. The table separates the plan for financing into operating purposes and capital improvements. The State General Fund operating amount shown in the table for FY 2018 is based on current resources of the fund. The net increase in State General Fund operating expenditures from FY 2017 to FY 2018 is \$370.8 million, or 5.9 percent, and from FY 2018 to 2019 the increase is \$245.6 million, or 3.7 percent. The Governor's recommendations do, however, include both positive and negative adjustments for individual agencies.

### SUMMARY OF THE PLAN FOR FINANCING STATE EXPENDITURES (Dollars in Millions)

|                                   | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Change           |              | Gov. Rec.<br>FY 2019 | Change          |              |
|-----------------------------------|-------------------|----------------------|------------------|--------------|----------------------|-----------------|--------------|
|                                   |                   |                      | \$               | %            |                      | \$              | %            |
| <b>Operating Expenditures:</b>    |                   |                      |                  |              |                      |                 |              |
| State General Fund                | \$ 6,246.2        | \$ 6,617.0           | \$ 370.8         | 5.9          | \$ 6,862.6           | \$ 245.6        | 3.7 %        |
| All Other Funds                   | 8,609.2           | 9,036.4              | 427.2            | 5.0          | 9,294.4              | 258.0           | 2.9          |
| <i>Total Operating</i>            | <i>\$14,855.5</i> | <i>\$ 15,653.5</i>   | <i>\$ 798.0</i>  | <i>5.4 %</i> | <i>\$ 16,157.0</i>   | <i>\$ 503.5</i> | <i>3.2 %</i> |
| <b>Capital Improvements:</b>      |                   |                      |                  |              |                      |                 |              |
| State General Fund                | \$ 30.3           | 39.8                 | \$ 9.5           | 31.4 %       | \$ 36.3              | \$ (3.5)        | (8.8)%       |
| All Other Funds                   | 696.5             | 616.2                | (80.3)           | (11.5)       | 651.6                | 35.4            | 5.7          |
| <i>Total Capital Improvements</i> | <i>\$ 726.7</i>   | <i>\$ 656.0</i>      | <i>\$ (70.7)</i> | <i>(9.7)</i> | <i>\$ 688.0</i>      | <i>\$ 32.0</i>  | <i>4.9 %</i> |
| <b>TOTAL EXPENDITURES</b>         | <b>\$15,582.2</b> | <b>\$ 16,309.5</b>   | <b>\$ 727.3</b>  | <b>4.7 %</b> | <b>\$ 16,845.0</b>   | <b>\$ 535.5</b> | <b>3.3 %</b> |

*Note:* Totals may not add due to rounding.

The State General Fund, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The State General Fund finances 40.8 percent of estimated FY 2018 expenditures. For FY 2019, the State General Fund finances 41.0 percent of the recommended expenditures.

Schedule 7 in *The Governor's Budget Report (Volume 1)* summarizes actual and estimated receipts of federal funds. Estimated FY 2018 receipts are \$3.6 billion, which is an increase of \$747.4 million, or 2.9 percent, above FY 2017 actual receipts. The FY 2019 estimate of \$3.6 billion is \$46.7 million, or 1.7 percent, below FY 2018 estimated receipts. Four agencies—the Department of Health and Environment, the Department for Children and Families, the Department of Education, and the Department of Transportation—account for 76.0 percent of FY 2019 estimated federal receipts.

Federal receipts for FY 2018 and FY 2019 are dependent on future actions of the federal government. Past experience indicates that the final outcome of those actions will not be known prior to adjournment of the 2018 Legislature.

## Expenditures for State Operations

Expenditures for state operations, *i.e.*, for purposes other than local aid, other assistance, and capital improvements, comprise 31.7 percent of total recommended expenditures in FY 2018 and 30.8 percent for FY 2019. The following table divides state

operations expenditures into the following components: salaries and wages; contractual services (communications, rent, travel); commodities (food, supplies, stationery); capital outlay (equipment and furniture, not building and highway construction projects); and debt service interest payments.

**SUMMARY OF EXPENDITURES FROM ALL FUNDS STATE OPERATIONS  
BY MAJOR COMPONENT  
(Dollars in Millions)**

| Function              | Actual            | Gov. Rec.         | Change          |              | Gov. Rec.         | Change         |              |
|-----------------------|-------------------|-------------------|-----------------|--------------|-------------------|----------------|--------------|
|                       | FY 2017           | FY 2018           | \$              | %            | FY 2019           | \$             | %            |
| Salaries and Wages    | \$ 2,820.1        | \$ 2,927.1        | \$ 107.0        | 3.8 %        | \$ 2,978.2        | \$ 51.1        | 1.7 %        |
| Contractual Services  | 1,521.6           | 1,671.9           | 150.3           | 9.9          | 1,632.5           | (39.4)         | (2.4)        |
| Commodities           | 166.1             | 185.5             | 19.4            | 11.7         | 185.1             | (0.4)          | (0.2)        |
| Capital Outlay        | 134.6             | 114.6             | (20.0)          | (14.9)       | 112.2             | (2.4)          | (2.1)        |
| Debt Service Interest | 260.6             | 265.8             | 5.2             | 2.0          | 267.4             | 1.6            | 0.6          |
| <b>TOTAL</b>          | <b>\$ 4,903.1</b> | <b>\$ 5,165.0</b> | <b>\$ 261.9</b> | <b>5.3 %</b> | <b>\$ 5,175.4</b> | <b>\$ 10.4</b> | <b>0.2 %</b> |

*Note:* Totals may not add due to rounding.

Salaries and wages expenditures, including fringe benefits, comprise 56.7 percent of the recommended state operations budget in FY 2018 and for FY 2019, salaries and wages expenditures comprise 57.5 percent of the budget.

The Governor's budget does not include additional resources for a general, broad-based salary increase in FY 2018 and for FY 2019. The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund in the Department of Administration. The Director of the Budget is authorized to transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund.

The Governor's proposed salary expenditures in agency budgets are based on fringe benefit rates established by law or certified by agencies to the Division of the Budget for the budget instructions, which are used by agencies to prepare their budgets.

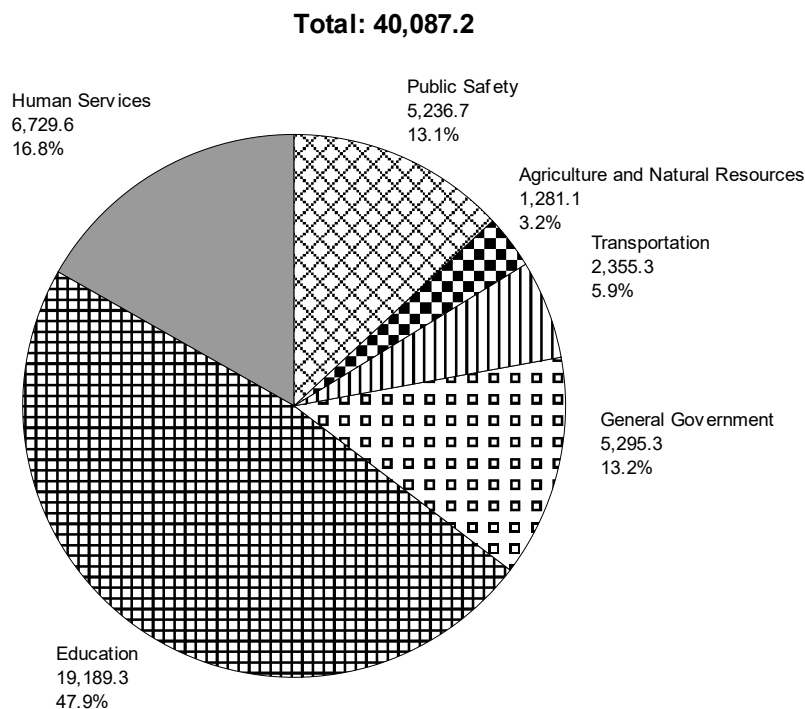
The employer retirement contribution rate for KPERS State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPERS school employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Authorized FTE Employees by Function of Government

Expenditures for salaries and wages are affected by policy recommendations that change the size of the State's workforce. The FY 2018 budget recommendations of the Governor increases positions from the approved amount by 8.9 from 40,067.9 to 40,076.8 and for FY 2019 increases positions from the approved by 35.2 from 40,051.9 to 40,087.2.

### FY 2019 FULL-TIME EQUIVALENT (FTE) POSITIONS by Function of Government Governor's Recommendations



## State Workforce Adjustments

The Governor's revised budget for the current fiscal year now totals 40,076.9 positions for FY 2018 and 40,087.2 positions for FY 2019.

The Governor's recommendation adds 3.0 positions to the Department of Administration in both FY 2018 and FY 2019 to support continued implementation of the efficiency study recommendations; 21.0 positions for the Department for Children and Families in both FY 2018 and FY 2019 for social workers and a special investigator; 35.0 positions in FY 2018 and 55.0 positions in FY 2019 to Larned State Hospital for staff at the Sex Predator Treatment Program and reintegration facilities; 16.0 positions to the Office of the Attorney General and Kansas Bureau of Investigation in FY 2019 to support local government law enforcement; and 5.0 positions to the Adjutant General in FY 2018 and FY 2019 for 4.0 maintenance positions and 1.0 National Bio and Agro-defense Facility coordinator.

## **Program or Agency Components of FY 2019 All Funds Budget**

To this point, this memorandum has dealt primarily with measuring year-to-year changes proposed in *The Governor's Budget Report*. The following tables pertain to FY 2019 only and measures major program or agency expenditures in dollar terms and as a percent of the total budget. The budget of the Department of Education, the Board of Regents and the Regents institutions, the Department of Health and Environment, the Department for Aging and Disability Services (including the state hospitals), and the Kansas Department of Transportation account for 82.0 percent for FY 2019.

**GOVERNOR'S RECOMMENDED  
EXPENDITURES FROM ALL FUNDS, FY 2019  
By Agency or Program**

|                                          | Amount<br>(Thousands)  | Percent<br>of total | Cumulative<br>Percent | Percent<br>Change<br>from FY 2018 |
|------------------------------------------|------------------------|---------------------|-----------------------|-----------------------------------|
| Department of Education                  | \$ 5,109,534.0         | 30.3 %              | 30.3 %                | 2.7 %                             |
| Board of Regents and Institutions        | 2,918,948.0            | 17.3                | 47.7                  | 0.7                               |
| KDHE–Health                              | 2,808,173.0            | 16.7                | 64.3                  | 7.7                               |
| KDADS, including Hospitals               | 1,876,415.0            | 11.1                | 75.5                  | 3.4                               |
| Department of Transportation             | 1,100,008.0            | 6.5                 | 82.0                  | 5.3                               |
| Department for Children and Families     | 618,775.0              | 3.7                 | 85.7                  | 0.2                               |
| Department of Corrections and Facilities | 403,517.0              | 2.4                 | 88.1                  | (0.6)                             |
| Kansas Lottery                           | 368,706.0              | 2.2                 | 90.3                  | 1.1                               |
| Department of Labor                      | 267,822.0              | 1.6                 | 91.8                  | 10.3                              |
| Department of Administration             | 184,572.0              | 1.1                 | 92.9                  | 2.6                               |
| Judicial Branch                          | 142,981.0              | 0.8                 | 93.8                  | 5.5                               |
| Highway Patrol and KBI                   | 125,736.0              | 0.7                 | 94.5                  | 1.2                               |
| Department of Revenue                    | 103,788.0              | 0.6                 | 95.2                  | 0.6                               |
| Department of Commerce                   | 93,253.0               | 0.6                 | 95.7                  | 4.1                               |
| Dept. of Wildlife, Parks and Tourism     | 85,727.0               | 0.5                 | 96.2                  | 0.6                               |
| Adjutant General                         | 85,194.0               | 0.5                 | 96.7                  | 1.4                               |
| Ins. Dept. and Health Care Stabilization | 74,248.0               | 0.4                 | 97.2                  | 5.4                               |
| KDHE–Environment                         | 68,033.0               | 0.4                 | 97.6                  | 4.6                               |
| KPERS                                    | 47,586.0               | 0.3                 | 97.9                  | 3.4                               |
| Department of Agriculture                | 47,144.0               | 0.3                 | 98.1                  | 6.8                               |
| All other                                | 41,264.0               | 0.2                 | 98.4                  | 4.6                               |
| Governor's Office                        | 32,011.0               | 0.2                 | 98.6                  | 2.4                               |
| Board of Indigent's Defense Services     | 30,613.0               | 0.2                 | 98.7                  | 3.6                               |
| Legislative Branch                       | 29,308.0               | 0.2                 | 98.9                  | 2.3                               |
| State Treasurer                          | 28,375.0               | 0.2                 | 99.1                  | 0.0                               |
| Commission on Veteran's Affairs          | 24,504.0               | 0.1                 | 99.2                  | (7.2)                             |
| Attorney General                         | 24,346.0               | 0.1                 | 99.4                  | 1.4                               |
| Kansas Corporation Commission            | 21,277.0               | 0.1                 | 99.5                  | (1.3)                             |
| Schools for the Deaf and Blind           | 17,566.0               | 0.1                 | 99.6                  | (3.0)                             |
| State Bank Commissioner                  | 11,713.0               | 0.1                 | 99.7                  | 4.0                               |
| Racing and Gaming Commission             | 8,798.0                | 0.1                 | 99.7                  | 0.9                               |
| Sentencing Commission                    | 7,571.0                | 0.0                 | 99.8                  | (0.8)                             |
| Kansas Water Office                      | 7,363.0                | 0.0                 | 99.8                  | (8.6)                             |
| State Historical Society                 | 6,984.0                | 0.0                 | 99.9                  | 1.7                               |
| Kansas State Fair Board                  | 6,872.0                | 0.0                 | 99.9                  | 3.8                               |
| State Fire Marshall                      | 5,990.0                | 0.0                 | 99.9                  | 1.6                               |
| State Library                            | 5,765.0                | 0.0                 | 100.0                 | 1.6                               |
| Secretary of State                       | 4,481.0                | 0.0                 | 100.0                 | 0.1                               |
| <b>TOTAL</b>                             | <b>\$ 16,844,961.0</b> | <b>100.0 %</b>      |                       |                                   |

Note: Each agency's expenditures include state and federal aid, if any, to local units of government.

The following tables reflect changes in agency budgets from the Governor's FY 2018 recommendation to the Governor's recommended FY 2019 budget.

**CHANGE IN EXPENDITURES FROM ALL FUNDS  
FY 2018 to FY 2019  
Governor's Recommendation**

| Agency/Program                            | Amount<br>(millions) | Comments                                                                                                                                                                                                          |
|-------------------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| KDHE–Health                               | \$ 216.5             | Health and Human Services Caseloads                                                                                                                                                                               |
| K-12 Education School Finance             | 139.1                | K-12 Initiatives, K-12 Caseloads & KPERS School                                                                                                                                                                   |
| KDADS                                     | 60.1                 | Medicaid Initiatives for Kansas Hospitals                                                                                                                                                                         |
| Dept. of Transportation                   | 58.4                 | Capital Improvements                                                                                                                                                                                              |
| Regents Initiatives                       | 47.5                 | Career Technical Education, National Institute for<br>Aviation, KUMC Dental School, tuition assistance<br>for Kansas National Guard, National Center for<br>Aviation Training, Emporia State School of<br>Nursing |
| Department of Labor                       | 27.6                 | Estimated increase in Unemployment Claims                                                                                                                                                                         |
| Wichita State University                  | 22.0                 | Capital Improvements and Contractual Services                                                                                                                                                                     |
| Employee Compensation Issues              | 11.1                 | Corrections officers and other salary adjustments                                                                                                                                                                 |
| Department for Children and Families      | 4.7                  | Children and Families Initiatives                                                                                                                                                                                 |
| Internet Infrastructure Improvements      | 3.0                  | Improve Internet access in Kansas schools                                                                                                                                                                         |
| Office of Information Technology Services | 3.5                  | Cybersecurity                                                                                                                                                                                                     |

## EXPENDITURES AND STATUS OF THE STATE GENERAL FUND

### Program and Agency Components of the FY 2019 State General Fund Budget

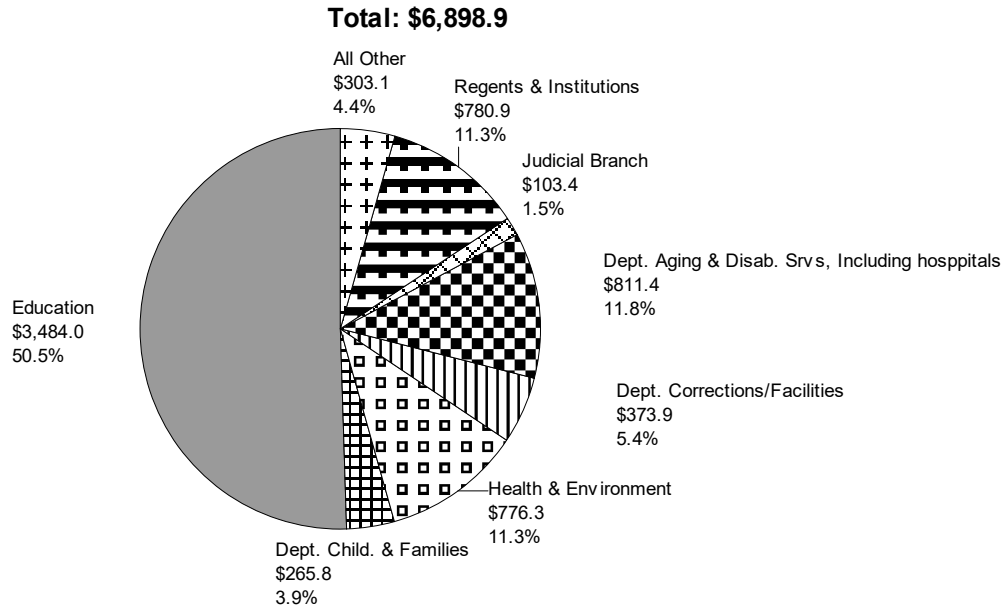
The following table provides an overview of the program or agency components of the Governor's recommended FY 2019 expenditures from the State General Fund. This table identifies individual components that comprise 99.9 percent of State General Fund expenditures. The education function accounts for 62.1 percent of all State General Fund expenditures for FY 2019.

#### STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY Governor's Recommendations for FY 2019

|                                 | Amount<br>(Thousands) | Percent<br>of Total | Cumulative<br>Percent | Increase Over FY 2018 |              |
|---------------------------------|-----------------------|---------------------|-----------------------|-----------------------|--------------|
|                                 |                       |                     |                       | Amount<br>(Thousands) | Percent      |
| <b>Education</b>                |                       |                     |                       |                       |              |
| Department of Education         | \$ 3,483,982          | 50.5 %              | 50.5 %                | \$ 85,658             | 2.5 %        |
| Bd. of Regents/Institutions     | 780,898               | 11.3                | 61.8                  | 16,262                | 2.1          |
| Other Education                 | 22,498                | 0.3                 | 62.1                  | 113                   | 0.5          |
| <i>Subtotal Education</i>       | <i>\$ 4,287,378</i>   | <i>62.1 %</i>       |                       | <i>\$ 102,033</i>     | <i>2.4 %</i> |
|                                 |                       |                     |                       |                       |              |
| KDADS, Including Hospitals      | 811,364               | 11.8                | 73.9 %                | 13,207                | 1.7          |
| KDHE—Health                     | 772,246               | 11.2                | 85.1                  | 131,315               | 20.5         |
| Dept. of Corrections/Facilities | 373,869               | 5.4                 | 90.5                  | 3,466                 | 0.9          |
| Dept. for Children and Families | 265,766               | 3.9                 | 94.4                  | (1,457)               | (0.5)        |
| Dept. of Administration         | 126,007               | 1.8                 | 96.2                  | (4,947)               | (3.8)        |
| Judicial Branch                 | 103,480               | 1.5                 | 97.7                  | 421                   | 0.4          |
| Board of Indigents' Defense     | 30,007                | 0.4                 | 98.1                  | 1,116                 | 3.9          |
| Legislative Branch              | 29,308                | 0.4                 | 98.6                  | (685)                 | (2.3)        |
| Kansas Bureau of Investigation  | 25,970                | 0.4                 | 98.9                  | 1,718                 | 7.1          |
| Department of Revenue           | 15,470                | 0.2                 | 99.2                  | (375)                 | (2.4)        |
| Adjutant General                | 9,658                 | 0.1                 | 99.3                  | (1,762)               | (15.4)       |
| Dept. of Agriculture            | 9,540                 | 0.1                 | 99.4                  | 337                   | 3.7          |
| Office of the Governor          | 7,926                 | 0.1                 | 99.6                  | (249)                 | (3.0)        |
| Sentencing Commission           | 7,418                 | 0.1                 | 99.7                  | (143)                 | (1.9)        |
| Comm. on Veteran's Affairs      | 6,677                 | 0.1                 | 99.8                  | 17                    | 0.3          |
| Attorney General                | 6,412                 | 0.1                 | 99.8                  | 229                   | 3.7          |
| KDHE - Environment              | 4,049                 | 0.1                 | 99.9                  | (42)                  | (1.0)        |
| Office of Inf. Tech. Services   | 3,509                 | 0.1                 | 100.0                 | 38                    | 1.1          |
| Kansas Guardianship             | 1,151                 | 0.0                 | 100.0                 | 0                     | 0.0          |
| Department of Commerce          | 557                   | 0.0                 | 100.0                 | (3,661)               | (86.8)       |
| All Other                       | 1,183                 | 0.0                 | 100.0                 | 1,503                 | (469.5)      |
| <b>TOTAL</b>                    | <b>\$ 6,898,945</b>   | <b>100.0 %</b>      |                       | <b>\$ 0</b>           | <b>0.0 %</b> |

*Note:* Totals may not add due to rounding.

**FY 2019 State General Fund Expenditures  
by Major Program or Agency  
Governor's Recommendation  
(Dollars in Millions)**



**State General Fund Expenditures by Function of Government**

The next table summarizes State General Fund expenditures by function of government. The education function accounts for the largest portion of the State General Fund budget (63.1 percent in FY 2018 and 62.1 percent for FY 2019). Two functions, education and human services, account for 89.0 percent of all State General Fund expenditures in FY 2018 and 89.4 for FY 2019.

**STATE GENERAL FUND EXPENDITURES  
BY FUNCTION OF GOVERNMENT  
Governor's Recommendation  
(Dollars in Millions)**

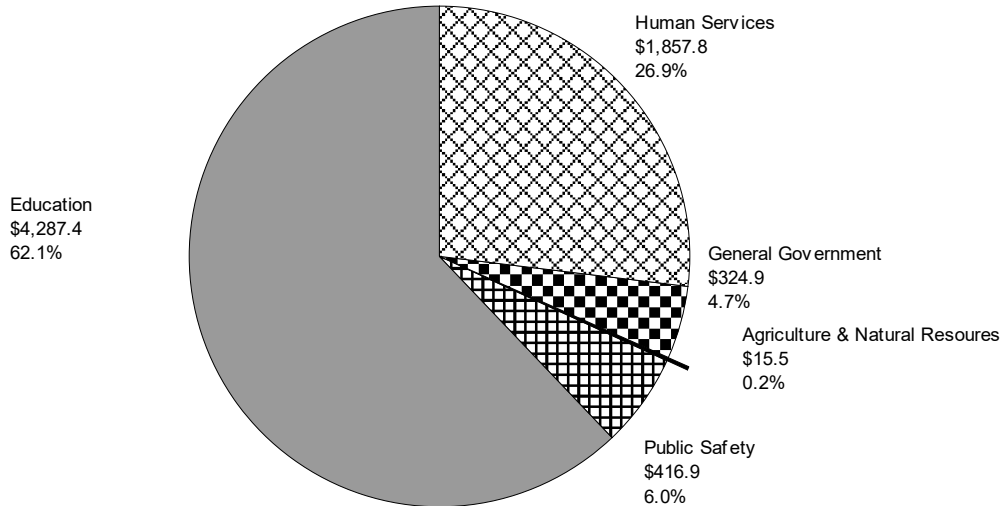
| Function                         | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Change<br>\$    | %            | Gov. Rec.<br>FY 2019 | Change<br>\$    | %            |
|----------------------------------|-------------------|----------------------|-----------------|--------------|----------------------|-----------------|--------------|
| General Government               | \$ 306.9          | \$ 322.6             | \$ 15.7         | 5.1 %        | \$ 324.9             | \$ 2.3          | 0.7 %        |
| Human Services                   | 1,678.3           | 1,714.7              | 36.4            | 2.2          | 1,857.8              | 143.1           | 8.3          |
| Education                        | 3,878.2           | 4,185.3              | 307.1           | 7.9          | 4,287.4              | 102.1           | 2.4          |
| Public Safety                    | 387.3             | 413.6                | 26.3            | 6.8          | 416.9                | 3.3             | 0.8          |
| Agriculture/Natural<br>Resources | 15.5              | 15.2                 | (0.3)           | (1.9)        | 15.5                 | 0.3             | 2.0          |
| Transportation                   | 10.4              | 10.4                 | 0.0             | 0.0          | 0.0                  | (10.4)          | (100.0)      |
| Current Year Savings             | 0.0               | (5.0)                | (5.0)           | 0.0          | (3.5)                | 1.5             | (30.0)       |
| <b>TOTAL</b>                     | <b>\$ 6,276.5</b> | <b>\$ 6,656.9</b>    | <b>\$ 380.4</b> | <b>6.1 %</b> | <b>\$ 6,898.9</b>    | <b>\$ 242.1</b> | <b>3.6 %</b> |

*Note:* Totals may not add due to rounding.



**FY 2019 STATE GENERAL FUND EXPENDITURES  
BY FUNCTION OF GOVERNMENT  
Governor's Recommendation  
(Dollars in Millions)**

**Total: \$6,898.9**



### Expenditures by Major Purpose

Almost \$3.6 billion (54.8 percent) of recommended FY 2018 expenditures from the State General Fund is paid to local units of government; 21.9 percent is for other assistance, grants, and benefits expenditures; 22.7 percent represents the costs of state operations; and less than 1.0 percent is for capital improvements.

Approximately over \$3.7 billion (54.1 percent) of recommended FY 2019 expenditures from the State General Fund is paid to local units of government; 23.2 percent is for other assistance, grants, and benefits expenditures; 22.2 percent represents the costs of state operations; and less than 1.0 percent is for capital improvements.

The following table reflects expenditures for the State General Fund by major purpose.

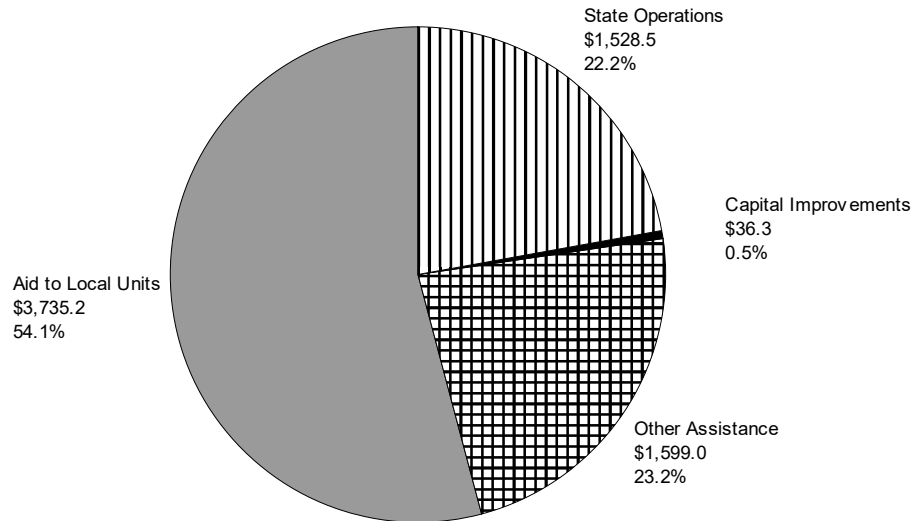
**STATE GENERAL FUND EXPENDITURES  
BY MAJOR PURPOSE  
(Dollars in Millions)**

|                      | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Change          |              | Gov. Rec.<br>FY 2019 | Change          |              |
|----------------------|-------------------|----------------------|-----------------|--------------|----------------------|-----------------|--------------|
|                      |                   |                      | \$              | %            |                      | \$              | %            |
| State Operations     | \$ 1,477.9        | \$ 1,511.3           | \$ 33.4         | 2.3 %        | \$ 1,528.5           | \$ 17.2         | 1.1 %        |
| Aid to Local Units   | 3,322.8           | 3,646.3              | 323.5           | 9.7          | 3,735.2              | 88.9            | 2.4          |
| Other Assistance     | 1,445.6           | 1,459.4              | 13.8            | 1.0          | 1,599.0              | 139.6           | 9.6          |
| Total Operations     | \$ 6,246.3        | \$ 6,617.0           | \$ 370.7        | 5.9 %        | \$ 6,862.7           | \$ 245.7        | 3.7 %        |
| Capital Improvements | 30.3              | 39.8                 | 9.5             | 31.4         | 36.3                 | (3.5)           | (8.8)        |
| <b>TOTAL</b>         | <b>\$ 6,276.5</b> | <b>\$ 6,656.9</b>    | <b>\$ 380.4</b> | <b>6.1 %</b> | <b>\$ 6,898.9</b>    | <b>\$ 242.0</b> | <b>3.6 %</b> |

*Note:* Totals may not add due to rounding.

**FY 2019 STATE GENERAL FUND EXPENDITURES  
BY MAJOR PURPOSE  
Governor's Recommendation  
(Dollars in Millions)**

**Total: \$6,898.9**



The following table reflects expenditures for state operations by function of government.

**STATE GENERAL FUND FOR STATE OPERATIONS  
BY FUNCTION OF GOVERNMENT  
(Dollars in Millions)**

| Function                      | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Change         |              | Gov. Rec.<br>FY 2019 | Change         |              |
|-------------------------------|-------------------|----------------------|----------------|--------------|----------------------|----------------|--------------|
|                               |                   |                      | \$             | %            |                      | \$             | %            |
| General Government            | \$ 276.8          | \$ 281.2             | \$ 4.4         | 1.6 %        | \$ 291.3             | \$ 10.1        | 3.6 %        |
| Human Services                | 252.1             | 264.8                | 12.7           | 5.0          | 262.9                | (1.9)          | (0.7)        |
| Education                     | 595.9             | 592.9                | (3.0)          | (0.5)        | 607.2                | 14.3           | 2.4          |
| Public Safety                 | 327.8             | 352.3                | 24.5           | 7.5          | 355.6                | 3.3            | 0.9          |
| Agriculture/Natural Resources | 14.9              | 14.6                 | (0.3)          | (2.0)        | 14.8                 | 0.2            | 1.4          |
| Transportation                | 10.4              | 10.4                 | 0.0            | 0.0          | 0.0                  | (10.4)         | 0.0          |
| Current Year Savings          | 0.0               | (5.0)                | (5.0)          | 0.0          | (3.5)                | 1.5            | (30.0)       |
| <b>TOTAL</b>                  | <b>\$ 1,477.9</b> | <b>\$ 1,511.3</b>    | <b>\$ 33.4</b> | <b>2.3 %</b> | <b>\$ 1,528.5</b>    | <b>\$ 17.2</b> | <b>1.1 %</b> |

*Note:* Totals may not add due to rounding.

### State Aid to Local Units of Government

The table on the following pages lists state aid by major program or financing source. Although most of the programs of state aid to local units are financed from the State General Fund, some significant ones are financed from the resources of other funds.

**State Aid to Local Units of Government  
(In Thousands)**

|                                                                       | Actual<br>FY 2017          | Gov. Rec.<br>FY 2018       | Gov. Rec.<br>FY 2019       | Change<br>FY 2018 - 2019 |                     |
|-----------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------|---------------------|
|                                                                       |                            |                            |                            | Amount                   | Percent             |
| Block Grant                                                           | \$ 2,105,143               | \$ 0                       | \$ 0                       | \$ 0                     | 0.0 %               |
| State Foundation Aid                                                  | 0                          | 2,001,591                  | 2,162,422                  | 160,831                  | 8.0                 |
| Supp. Gen. State Aid                                                  | 470,626                    | 454,500                    | 483,923                    | 29,423                   | 6.5                 |
| <i>Subtotal</i>                                                       | <u>\$ 2,575,769</u>        | <u>\$ 2,456,091</u>        | <u>\$ 2,646,345</u>        | <u>\$ 190,254</u>        | <u>7.7 %</u>        |
| KPERS – CC, Tech                                                      | \$ 15,664                  | \$ 22,511                  | \$ 31,517                  | \$ 9,006                 | 40.0 %              |
| KPERS – School *                                                      | 0                          | 390,320                    | 254,116                    | (136,204)                | (34.9)              |
| KPERS Layering Payment                                                | 0                          | 6,400                      | 6,400                      | 0                        | 0.0                 |
| Technical Education Incentive **                                      | 0                          | 50                         | 0                          | (50)                     | (100.0)             |
| CTE Credentialing Tests                                               | 0                          | 0                          | 105                        | 105                      | --                  |
| Mentor Teacher Program                                                | 0                          | 800                        | 800                        | 0                        | 0.0                 |
| Education Super Highway                                               | 0                          | 0                          | 3,000                      | 3,000                    | --                  |
| Professional Development                                              | 0                          | 1,700                      | 1,700                      | 0                        | 0.0                 |
| Special Education                                                     | 425,470                    | 435,982                    | 452,980                    | 16,999                   | 3.9                 |
| Capital Outlay State Aid (Demand Transfer)                            | 58,039                     | 60,530                     | 63,000                     | 2,470                    | 4.1                 |
| Deaf and Blind Program Aid                                            | 105                        | 110                        | 110                        | 0                        | 0.0                 |
| Food Assistance                                                       | 2,393                      | 2,391                      | 2,391                      | 0                        | 0.0                 |
| Governor's Teaching Excellence Scholarships                           | 261                        | 306                        | 306                        | 0                        | 0.0                 |
| Discretionary Grants                                                  | 176.5                      | 181                        | 181                        | 0                        | 0.0                 |
| Juvenile Detention                                                    | 4,060                      | 5,061                      | 5,061                      | 0                        | 0.0                 |
| <i>Subtotal - USDs</i>                                                | <u>\$ 3,081,937</u>        | <u>\$ 3,382,432</u>        | <u>\$ 3,468,011</u>        | <u>\$ 85,580</u>         | <u>2.5 %</u>        |
| Postsecondary Tiered Technical Education                              | \$ 55,969                  | \$ 55,969                  | \$ 56,184                  | \$ 215                   | 0.4 %               |
| Non-Tiered Course Credit Hour Grant                                   | 73,436                     | 73,436                     | 73,721                     | 285                      | 0.4                 |
| Technical Equipment for Technical Colleges<br>and Washburn University | 383                        | 383                        | 383                        | 0                        | 0.0                 |
| Vocational Education Capital Outlay                                   | 69                         | 69                         | 69                         | 0                        | 0.0                 |
| Adult Basic Education                                                 | 1,290                      | 1,399                      | 1,399                      | 0                        | 0.0                 |
| Washburn University                                                   | 11,425                     | 11,425                     | 11,544                     | 119                      | 1.0                 |
| Technical Education Tuition                                           | 20,720                     | 28,050                     | 29,050                     | 1,000                    | 3.6                 |
| Incentive for Technical Education **                                  | 50                         | 0                          | 0                          | 0                        | 0.0                 |
| Nursing Faculty & Supplies Grant                                      | 1,020                      | 988                        | 988                        | 0                        | 0.0                 |
| Historical Society                                                    | 16                         | 0                          | 0                          | 0                        | --                  |
| State Library                                                         | 1,346                      | 1,301                      | 1,298                      | (4)                      | (0.3)               |
| <i>Subtotal - Education</i>                                           | <u>\$ 3,247,660</u>        | <u>\$ 3,555,451</u>        | <u>\$ 3,642,646</u>        | <u>\$ 87,195</u>         | <u>2.5 %</u>        |
| Community Corrections                                                 | \$ 19,114                  | \$ 19,882                  | \$ 20,192                  | \$ 311                   | 1.6 %               |
| Juvenile Programs                                                     | 19,610                     | 20,384                     | 20,384                     | 0                        | 0.0                 |
| Public Health                                                         | 5,518                      | 5,818                      | 5,643                      | (175)                    | (3.0)               |
| DCF/Aging Department Programs                                         | 1,586                      | 2,346                      | 2,346                      | 0                        | 0.0                 |
| Disaster Relief                                                       | 845                        | 2,681                      | 2,450                      | (231)                    | (8.6)               |
| <i>Subtotal – Other Programs</i>                                      | <u>\$ 46,672</u>           | <u>\$ 51,110</u>           | <u>\$ 51,014</u>           | <u>\$ (95)</u>           | <u>(0.2) %</u>      |
| <b>TOTAL</b>                                                          | <u><b>\$ 3,294,332</b></u> | <u><b>\$ 3,606,561</b></u> | <u><b>\$ 3,693,660</b></u> | <u><b>\$ 87,100</b></u>  | <u><b>2.4 %</b></u> |

**Percent of Total SGF**

**52.5 %**

**54.2 %**

**53.5 %**

\* Included in the Block Grant in FY 2017

\*\* Transferred to KSDE starting in FY 2018

**Selected Education State Aid from Other Funds  
(In Thousands)**

|                              | Actual              | Gov. Rec.           | Gov. Rec.           | Change           |              |
|------------------------------|---------------------|---------------------|---------------------|------------------|--------------|
|                              | FY 2017             | FY 2018             | FY 2019             | \$               | %            |
| 20-Mill Local Property Tax   | \$ 613,881          | \$ 643,101          | \$ 670,322          | \$ 27,221        | 4.2 %        |
| School District Finance Fund | 51,304              | 54,800              | 52,800              | (2,000)          | (3.6)        |
| KPERS – ELARF                | 35,431              | 39,883              | 40,084              | 201              | 0.5          |
| Mineral Production Fund      | 5,557               | 7,197               | 9,801               | 2,604            | 36.2         |
| Transportation Aid – State   |                     |                     |                     |                  |              |
| Highway Fund                 | 107,250             | 107,250             | 102,250             | (5,000)          | (4.7)        |
| State Safety Fund            | 1,490               | 1,662               | 1,662               | 0                | 0.0          |
| CIF - State Foundation Aid   | 0                   | 0                   | 13,850              | 13,850           | 0.0          |
| CIF - Parents as Teachers    | 0                   | 7,238               | 7,238               | 0                | 0.0          |
| TANF - Children's Programs   | 7,845               | 1,948               | 2,948               | 1,000            | 51.3         |
| Extraordinary Need -         |                     |                     |                     |                  |              |
| Declining Enrollment         | 0                   | 2,593               | 0                   | (2,593)          | (100.0)      |
| School District Capital      |                     |                     |                     |                  |              |
| Improvement Fund             | 179,712             | 190,000             | 200,000             | 10,000           | 5.3          |
| <b>TOTAL</b>                 | <b>\$ 1,002,470</b> | <b>\$ 1,055,672</b> | <b>\$ 1,100,955</b> | <b>\$ 45,283</b> | <b>4.3 %</b> |

**Selected Non Education State Aid from Other Funds  
(In Thousands)**

|                                                             | Actual<br>FY 2017 | Gov. Est.<br>FY 2018 | Gov. Rec.<br>FY 2019 | Change            |               |
|-------------------------------------------------------------|-------------------|----------------------|----------------------|-------------------|---------------|
|                                                             |                   |                      |                      | \$                | %             |
| KDOT – CCHF and Co.<br>Equalization                         | \$ 152,180        | \$ 152,812           | \$ 154,422           | \$ 1,610          | 1.1 %         |
| KDOT - Aviation                                             | 4,762             | 5,000                | 5,000                | 0                 | 0.0           |
| Insurance – Firefighters<br>Relief                          | 13,405            | 14,000               | 14,000               | 0                 | 0.0           |
| Commerce - Community<br>Development Block Grant             | 11,177            | 15,259               | 15,259               | 0                 | 0.0           |
| Lottery – Expanded Lottery<br>Aid to Locals                 | 11,050            | 11,793               | 11,829               | 36                | 0.3           |
| Corrections – Community<br>Corrections                      | 21,414            | 22,182               | 22,492               | 311               | 1.4           |
| Corrections – Juvenile<br>Programs                          | 20,184            | 24,325               | 24,066               | (259)             | (1.1)         |
| KDOR – Oil and Gas,<br>Mineral Production,<br>Miscellaneous | 3,585             | 3,595                | 3,595                | 0                 | 0.0           |
| KDHE – Local Health<br>Departments                          | 4,662             | 4,862                | 4,749                | (113)             | (2.3)         |
| KDHE – Environmental<br>Enforcement                         | 3,240             | 8,224                | 5,068                | (3,156)           | (38.4)        |
| Agriculture – SWPF Aid to<br>Local Districts                | 2,515             | 2,000                | 2,000                | 0                 | 0.0           |
| <b>TOTAL</b>                                                | <b>\$ 248,172</b> | <b>\$ 264,051</b>    | <b>\$ 262,479</b>    | <b>\$ (1,572)</b> | <b>(0.6)%</b> |

**INCREASE IN STATE GENERAL FUND EXPENDITURES  
Governor's Recommendation  
FY 2018 - FY 2019**

|                                                                                                                                                                                                                                   | Amount<br>(millions) | Percent of<br>Total<br>Increase |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------------------|
| <b>TOTAL</b>                                                                                                                                                                                                                      | <b>\$ 301.1</b>      | <b>100.0%</b>                   |
| K-12 Education School Finance                                                                                                                                                                                                     | 99.2                 | 32.9%                           |
| Health and Human Services Caseloads                                                                                                                                                                                               | 50.0                 | 16.6%                           |
| KPERS School                                                                                                                                                                                                                      | 30.8                 | 10.2%                           |
| Regents Initiatives: Career Technical Education, National<br>Institute for Aviation,KUMC Dental School, tuition<br>assistance for Kansas National Guard,National Center<br>for Aviation Training, Emporia State School of Nursing | 20.7                 | 6.9%                            |
| K-12 Caseloads                                                                                                                                                                                                                    | 18.7                 | 6.2%                            |
| Medicaid Initiatives for Kansas Hospitals                                                                                                                                                                                         | 18.3                 | 6.1%                            |
| Employee Compensation Issues                                                                                                                                                                                                      | 11.1                 | 3.7%                            |
| K-12 Initiatives                                                                                                                                                                                                                  | 8.0                  | 2.7%                            |
| Children and Families Initiatives                                                                                                                                                                                                 | 4.7                  | 1.6%                            |
| Internet Infrastructure Improvements                                                                                                                                                                                              | 3.0                  | 1.0%                            |
| OITS for cybersecurity                                                                                                                                                                                                            | 3.5                  | 1.2%                            |
| Misc. other adjustments                                                                                                                                                                                                           | \$ 33.1              | 11.0%                           |

## DEMAND/REVENUE TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers are certain expenditures specified by statute. Since FY 2002, the demand transfers to the Local *Ad Valorem* Tax Reduction Fund (LAVTRF), the County and City Revenue Sharing Fund (CCRSF), and the Special City and County Highway Fund (SCCHF) have been treated as revenue transfers. By changing these demand transfers to revenue transfers, these funds were no longer considered State General Fund expenditures and thus, no longer subject to the State General Fund ending balance law. In FY 2003, the Governor recommended changing the State Water Plan Fund and the School District Capital Improvements Fund to revenue transfers as well. Since FY 2004, the remaining demand transfers, with the exception of the School District Capital Outlay Fund, are also treated as revenue transfers. The only transfers recommended in FY 2018 are the School District Capital Improvement Fund (\$190.0 million) and the Regents Faculty of Distinction (\$686,682) and for FY 2019 are the School District Capital Improvement Fund (\$200.0 million) and the Regents Faculty of Distinction (\$688,776).

### FY 2019 DEMAND/REVENUE TRANSFERS FROM STATE GENERAL FUND TO OTHER STATE FUNDS (In Thousands)

|                                             | FY 2019               |                        |                      |
|---------------------------------------------|-----------------------|------------------------|----------------------|
|                                             | No Law<br>Change      | Governor's<br>Proposed | Difference           |
| School District Capital<br>Improvement Fund | \$ 190,000,000        | \$ 200,000,000         | \$ 10,000,000        |
| Regents Faculty of Distinction              | 686,682               | 688,776                | 2,094                |
| <b>TOTAL</b>                                | <b>\$ 190,686,682</b> | <b>\$ 200,688,776</b>  | <b>\$ 10,002,094</b> |

## Status of the State General Fund

The Governor's recommendations for FY 2018 and FY 2019 would result in an ending balance of \$266.6 million at the end of FY 2018 and \$150.3 million at the end of FY 2019. Recommended receipts for FY 2018 and FY 2019 are equal to the consensus revenue estimates with the exception of certain transfers, adjustments, and revenue proposals recommended by the Governor, which increase projected State General Fund receipts by \$1.2 million in FY 2018 and decreased projections by \$0.8 million for FY 2019.

Some of the Governor's proposed revenue adjustments include the following changes:

- Use additional State General Fund tax receipt revenue to repay the PMIB loan earlier and also build up the reserves of the Budget Stabilization Fund by distributing the additional amount of actual fiscal year tax revenue that is collected above the April Consensus Revenue Estimate. The Governor recommends 50.0 percent of the excess to pay back the PMIB bridge loan early and 50.0 percent of the excess to the Budget Stabilization Fund;
- Increase transfers to the State General Fund in FY 2018 with an additional \$930,000 from the Economic Development Initiatives Funds for a total transfer of \$20.1 million and \$250,000 from the Attorney General's Court Cost Fund;

- Reduce the Learning Quest Matching Funds transfer in FY 2018 by \$25,000 and add \$5,000 to the average daily balance transfers in FY 2017, which reduces the State General Fund revenue by the same amount;
- Increase transfers to the State General Fund for FY 2019 with \$1.8 million from the Attorney General's Court Cost Fund;
- Eliminate for FY 2019 the planned \$1.0 million transfer from the Attorney General's Medicaid Fraud Prosecution Revolving Fund to the State General Fund and transfer \$600,000 from the State General Fund to this fund, which in total reduces State General Fund revenues by \$1.6 million, and reduce for FY 2019 the planned transfer from the Fire Marshal Fee Fund by \$1.0 million, from \$2.0 million to \$1.0 million, which reduces State General Fund revenues by \$1.0 million; and
- Reduce the Learning Quest Matching Funds transfer for FY 2019 by \$75,000, reduce for FY 2019 the transfer from the Kansas Water Office's Water Supply Storage Acquisition Fund by \$8,400, and add \$16,600 to the average daily balance transfers for FY 2019, which reduces the State General Fund revenue by the same amount.

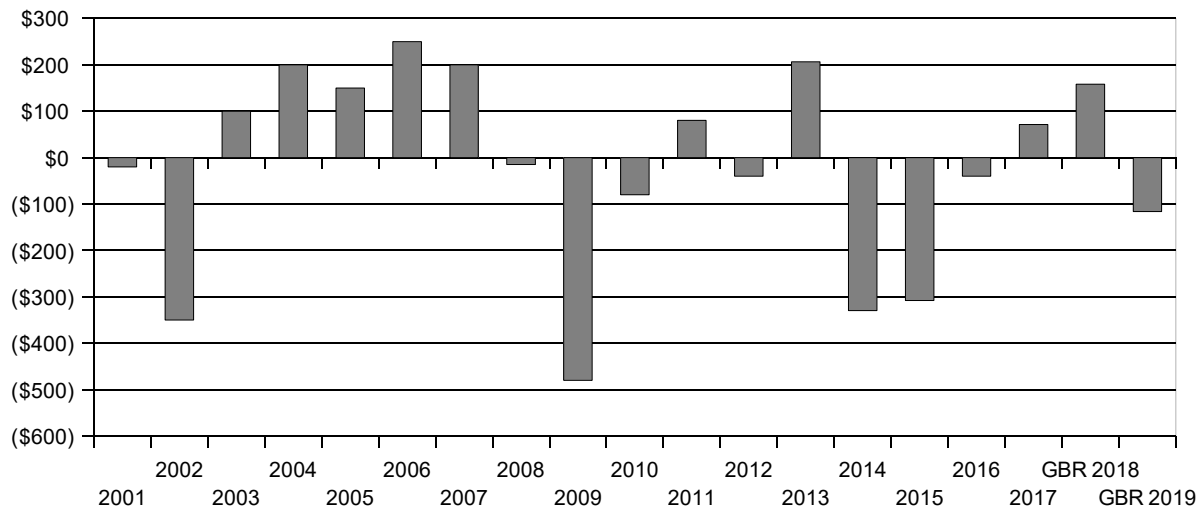
**STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES**  
(Dollars in Millions)

|                                                   | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Change          | Gov. Rec<br>FY 2019 | Change            |
|---------------------------------------------------|-------------------|----------------------|-----------------|---------------------|-------------------|
| Beginning Unencumbered Cash                       | \$ 37.1           | \$ 108.5             | \$ 71.4         | \$ 266.6            | \$ 158.1          |
| Receipts                                          | 6,140.7           | 6,695.0              | 554.3           | 6,783.4             | 88.4              |
| Gov. Rec. Adjustments                             | 0.0               | 1.2                  | 1.2             | (0.8)               | (2.0)             |
| Adjusted Receipts                                 | 207.3             | 118.8                | (88.5)          | 0.0                 | (118.8)           |
| Total Resources                                   | \$ 6,385.1        | \$ 6,923.5           | \$ 538.4        | \$ 7,049.2          | \$ 125.7          |
| Less Expenditures                                 | 6,276.5           | 6,656.9              | 380.4           | 6,898.9             | 242.0             |
| <b>Ending Unencumbered<br/>Cash Balance</b>       | <b>\$ 108.5</b>   | <b>\$ 266.6</b>      | <b>\$ 158.1</b> | <b>\$ 150.3</b>     | <b>\$ (116.3)</b> |
| Ending Balance as a Percentage<br>of Expenditures | 1.7 %             | 4.0 %                | --              | 2.2 %               | --                |
| Adj. Receipts in Excess of<br>Expenditures        | \$ 71.4           | \$ 158.1             | --              | \$ (116.3)          | --                |

Note: Totals may not add due to rounding.

The following table reflects the amounts of receipts in excess of expenditures from FY 2002 to FY 2019.

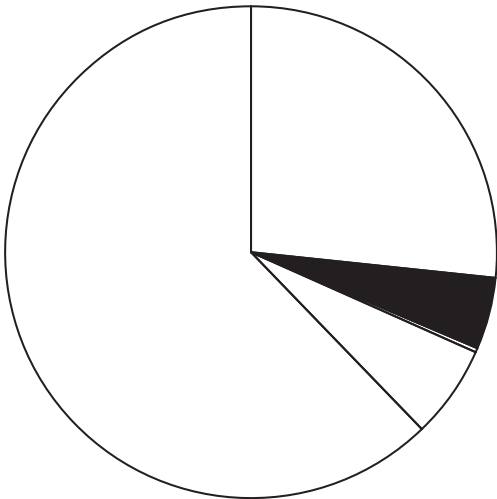
**RECEIPTS IN EXCESS OF EXPENDITURES  
GOVERNOR'S RECOMMENDATION – STATE GENERAL FUND  
(Dollars in Millions)**



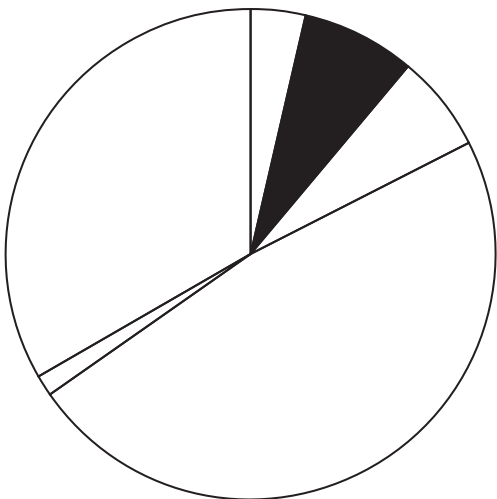


# GENERAL GOVERNMENT

State General Fund



All Funds



General Government is the administrative and regulatory function of state government and includes elected officials, regulatory agencies, the Legislature, the Judiciary, and general administrative agencies.

The Governor's FY 2018 recommendation for the General Government function totals \$1.22 billion from all funding sources, including \$333.0 million from the State General Fund.

The FY 2018 recommendation represents a State General Fund increase of \$15.7 million, or 4.9 percent, above FY 2017 actual expenditures. Expenditures from all funds is an increase of \$78.7 million, or 6.9 percent, above FY 2017 actual expenditures.

#### Agencies in this Function:

|                                                                                    |     |
|------------------------------------------------------------------------------------|-----|
| Legislative Coordinating Council.....                                              | 25  |
| Legislature.....                                                                   | 34  |
| Legislative Research Department.....                                               | 43  |
| Office of the Revisor of Statutes.....                                             | 52  |
| Legislative Division of Post Audit.....                                            | 61  |
| Office of the Governor.....                                                        | 70  |
| Secretary of State.....                                                            | 92  |
| Attorney General.....                                                              | 109 |
| Kansas Insurance Department.....                                                   | 140 |
| Office of the State Treasurer.....                                                 | 171 |
| Pooled Money Investment Board.....                                                 | 189 |
| Judicial Branch.....                                                               | 199 |
| Judicial Council.....                                                              | 226 |
| Board of Indigents' Defense Services.....                                          | 236 |
| Department of Administration.....                                                  | 260 |
| Office of Information and Technology Services.....                                 | 297 |
| Kansas Public Employees Retirement System.....                                     | 320 |
| Kansas Department of Revenue.....                                                  | 336 |
| Kansas Department of Commerce.....                                                 | 360 |
| Kansas Lottery.....                                                                | 397 |
| Kansas Racing and Gaming Commission.....                                           | 419 |
| Kansas Corporation Commission.....                                                 | 435 |
| Citizens' Utility Ratepayer Board.....                                             | 455 |
| Kansas Human Rights Commission.....                                                | 465 |
| Health Care Stabilization Fund Board of Governors.....                             | 481 |
| Office of Administrative Hearings.....                                             | 497 |
| Abstracters' Board of Examiners.....                                               | 508 |
| Board of Accountancy.....                                                          | 517 |
| Office of the State Bank Commissioner.....                                         | 527 |
| Board of Barbering.....                                                            | 544 |
| Behavioral Sciences Regulatory Board.....                                          | 554 |
| Board of Cosmetology.....                                                          | 565 |
| Department of Credit Unions.....                                                   | 579 |
| Kansas Dental Board.....                                                           | 587 |
| Governmental Ethics Commission.....                                                | 601 |
| Kansas State Board of Healing Arts.....                                            | 611 |
| Kansas Board of Examiners in Fitting and Dispensing of Hearing<br>Instruments..... | 625 |
| Board of Mortuary Arts.....                                                        | 635 |
| Board of Nursing.....                                                              | 645 |
| Board of Examiners in Optometry.....                                               | 657 |
| Board of Pharmacy.....                                                             | 667 |
| Real Estate Appraisal Board.....                                                   | 679 |
| Real Estate Commission.....                                                        | 690 |
| Office of the Securities Commissioner.....                                         | 701 |
| Board of Technical Professions.....                                                | 706 |
| State Board of Tax Appeals.....                                                    | 716 |
| Board of Veterinary Examiners.....                                                 | 728 |

A total of 5,292.9 FTE positions are recommended by the Governor for the General Government function in FY 2018, an increase of 44.7 FTE from FY 2017. Of all state FTE positions in FY 2018, 13.2 percent are in this function.

Agencies in this function comprise 5.0 percent of the total State General Fund budget in FY 2018, unchanged from FY 2017. They comprise 7.5 percent of expenditures from all funding sources in FY 2018, up from 7.3 percent in FY 2017.

The Governor's FY 2019 recommendation for the General Government function totals \$1.23 billion from all funding sources, including \$324.9 million from the State General Fund.

The FY 2019 recommendation represents a State General Fund decrease of \$8.1 million million, or 2.4 percent, below the FY 2018 recommendation. Expenditures from all funds is an increase of \$11.6 million, or 0.9 percent, above the FY 2018 recommendation.

A total of 5,295.3 FTE positions are recommended by the Governor for the General Government function for FY 2019, an increase of 2.4 FTE from the FY 2018 recommendation. Of all state FTE positions in FY 2019, 13.2 percent are in this function.

Agencies in this function comprise 4.7 percent of the total State General Fund budget for FY 2019, down from 5.0 percent in FY 2018. They comprise 7.3 percent of expenditures from all funding sources for FY 2019, down from 7.5 percent in FY 2018.

# LEGISLATIVE COORDINATING COUNCIL

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 508,772        | \$ 789,643             | \$ 789,643           | \$ 563,976             | \$ 563,976           |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 508,772</i> | <i>\$ 789,643</i>      | <i>\$ 789,643</i>    | <i>\$ 563,976</i>      | <i>\$ 563,976</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 508,772</b> | <b>\$ 789,643</b>      | <b>\$ 789,643</b>    | <b>\$ 563,976</b>      | <b>\$ 563,976</b>    |

## Percentage Change:

### Operating Expenditures

|                    |         |        |        |          |          |
|--------------------|---------|--------|--------|----------|----------|
| State General Fund | (0.1) % | 55.2 % | 55.2 % | (28.6) % | (28.6) % |
| All Funds          | (0.1)   | 55.2   | 55.2   | (28.6)   | (28.6)   |

|               |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|
| FTE Positions | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
|---------------|-----|-----|-----|-----|-----|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Legislative Coordinating Council is responsible for coordinating the delivery of legislative services. The Council consists of the President of the Senate, the Speaker of the House, the Speaker Pro Temp of the House, and the Majority and Minority leaders of each chamber. The budget includes the compensation and expenses associated with Council meetings and the salaries and wages and travel expenses of the staff of the Division of Legislative Administrative Services.

## MAJOR ISSUES FROM PRIOR YEARS

In previous years, concerns have been raised in both the House Budget Committee and Senate Subcommittee that Legislative agencies be fully staffed. The agency has fully funded its existing positions in this budget request.

In **2003**, the Governor implemented a new placeholder budget process for all Legislative and Judicial branch agencies. The FY 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2003 Legislature. This process left all the budget decisions to be made by the Legislature during Session.

In **2004**, the Governor modified the placeholder budget process used in FY 2004. Both the Legislative Branch and the Judicial Branch budgets were recommended by the Governor as the agency requested, without proposed changes. While required under 2003 SB 21 (law) to submit the judicial budget without change, it was a policy decision to use the same process for the Legislative Branch.

During the **2005 Session**, the Legislature added funding for meetings of the newly created 2010 Commission and the At-Risk Education Council.

In the **2006 Session**, the Legislature added \$338,860 in FY 2008 to fund a complete study of the current pay system.

During the **2007 Session**, the Legislature added \$100,000 in FY 2009 to fund a study of the current benefit package offered to classified state employees.

In the **2012 Session**, the Legislature shifted 4.0 FTE positions from this budget to the budget of the Legislature to consolidate legislative computer services.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$789,643, all from the State General Fund in FY 2018. This is a reduction of \$321, all from the State General Fund, below the amount approved by the 2017 Legislature for FY 2018, after all adjustments. This reduction is being lapsed, or returned to the State General Fund. The agency requests 8.0 FTE positions, which is the same as the approved number.

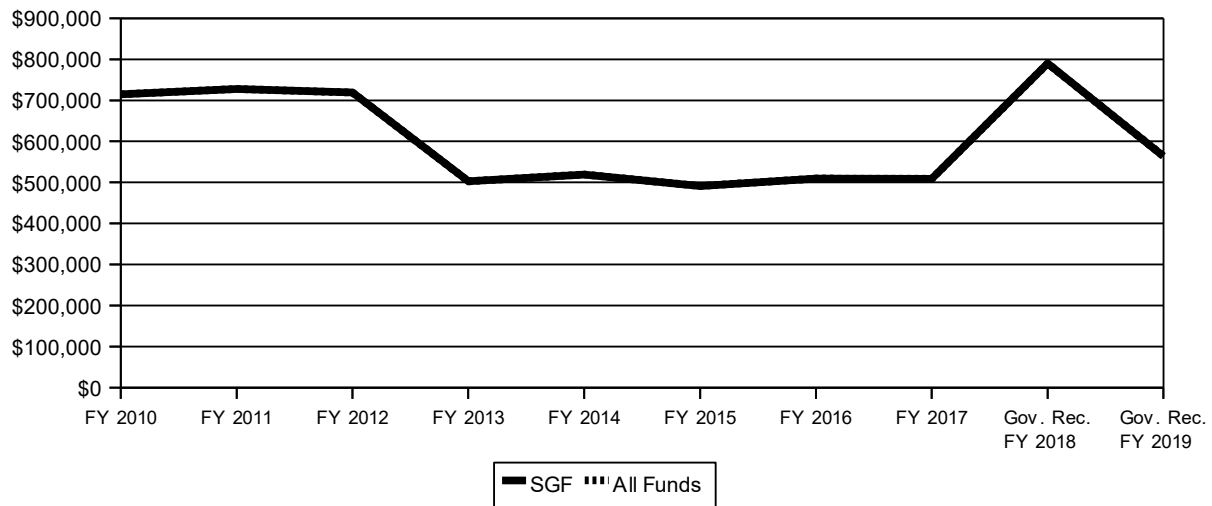
The **Governor** concurs with the agency's revised estimate of \$789,643, all from the State General Fund, and 8.0 FTE positions.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$563,976, all from the State General Fund for FY 2019. This is an increase of \$12,273, or 2.2 percent, above the amount approved by the 2017 Legislature. The increase is in salaries and wages and reflects a salary increase recommended by the Legislative Coordinating Council. The agency requests 8.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$563,976, all from the State General Fund, and 8.0 FTE positions.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds    | % Change | FTE   |
|---------------------------------|--------------|----------|--------------|----------|-------|
| 2010                            | \$ 714,940   | 4.4 %    | \$ 714,940   | 4.4 %    | 12.0  |
| 2011                            | 727,743      | 1.8      | 727,743      | 1.8      | 15.0  |
| 2012                            | 718,958      | (1.2)    | 718,958      | (1.2)    | 15.0  |
| 2013                            | 502,628      | (30.1)   | 502,628      | (30.1)   | 15.0  |
| 2014                            | 519,324      | 3.3      | 519,324      | 3.3      | 15.0  |
| 2015                            | 491,234      | (5.4)    | 491,234      | (5.4)    | 8.0   |
| 2016                            | 509,404      | 3.7      | 509,404      | 3.7      | 8.0   |
| 2017                            | 508,772      | (0.1)    | 508,772      | (0.1)    | 8.0   |
| 2018 Gov. Rec.                  | 789,643      | 55.2     | 789,643      | 55.2     | 8.0   |
| 2019 Gov. Rec.                  | 563,976      | (28.6)   | 563,976      | (28.6)   | 8.0   |
| Ten-Year Change Dollars/Percent | \$ (150,964) | (21.1)%  | \$ (150,964) | (21.1)%  | (4.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017 | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|----------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                        |                   | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                         | \$ 508,772        | \$ 789,643          | \$ 563,976          | \$ (225,667)                   | (28.6) %                        | \$ 789,643                | \$ 563,976        | \$ (225,667)                   | (28.6) %                        |
| <b>By Major Object of Expenditure:</b> |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                     | \$ 503,495        | \$ 539,137          | \$ 553,376          | \$ 14,239                      | 2.6 %                           | \$ 539,137                | \$ 553,376        | \$ 14,239                      | 2.6 %                           |
| Contractual Services                   | 5,277             | 250,506             | 10,600              | (239,906)                      | (95.8)                          | 250,506                   | 10,600            | (239,906)                      | (95.8)                          |
| 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                              | --                              |
| Subtotal-Operations                    | \$ 508,772        | \$ 789,643          | \$ 563,976          | \$ (225,667)                   | (28.6) %                        | \$ 789,643                | \$ 563,976        | \$ (225,667)                   | (28.6) %                        |
| Aid to Local Units                     | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                       | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 508,772</b> | <b>\$ 789,643</b>   | <b>\$ 563,976</b>   | <b>\$ (225,667)</b>            | <b>(28.6) %</b>                 | <b>\$ 789,643</b>         | <b>\$ 563,976</b> | <b>\$ (225,667)</b>            | <b>(28.6) %</b>                 |
| <b>Financing:</b>                      |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                     | \$ 508,772        | \$ 789,643          | \$ 563,976          | \$ (225,667)                   | (28.6) %                        | \$ 789,643                | \$ 563,976        | \$ (225,667)                   | (28.6) %                        |
| All Other Funds                        | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 508,772</b> | <b>\$ 789,643</b>   | <b>\$ 563,976</b>   | <b>\$ (225,667)</b>            | <b>(28.6) %</b>                 | <b>\$ 789,643</b>         | <b>\$ 563,976</b> | <b>\$ (225,667)</b>            | <b>(28.6) %</b>                 |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$737,812 in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$52,152, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$789,964. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 789,964                         | \$ 789,643                    | \$ (321)                          | \$ 789,643                  | \$ (321)                            |
| All Other Funds             | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>                | <b>\$ 789,964</b>                  | <b>\$ 789,643</b>             | <b>\$ (321)</b>                   | <b>\$ 789,643</b>           | <b>\$ (321)</b>                     |
| FTE Positions               | 8.0                                | 8.0                           | 0.0                               | 8.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$789,643, all from the State General Fund in FY 2018. This is a reduction of \$321, all from the State General Fund, below the amount approved by the 2017 Legislature for FY 2018, after all adjustments. This reduction is being lapsed, or returned to the State General Fund. The agency requests 8.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$789,643, all from the State General Fund, and 8.0 FTE positions.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$551,703 FY 2019. No adjustment has subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 551,703                         | \$ 563,976                    | \$ 12,273                         | \$ 563,976                  | \$ 12,273                           |
| All Other Funds             | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>                | <b>\$ 551,703</b>                  | <b>\$ 563,976</b>             | <b>\$ 12,273</b>                  | <b>\$ 563,976</b>           | <b>\$ 12,273</b>                    |
| FTE Positions               | 8.0                                | 8.0                           | 0.0                               | 8.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$563,976, all from the State General Fund. This is an increase of \$12,273, or 2.2 percent, above the amount approved by the 2017 Legislature for FY 2019. The increase is in salaries and wages and reflects a salary increase recommended by the Legislative Coordinating Council. The agency requests 8.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$563,976, all from the State General Fund, and 8.0 FTE positions.



## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$520, all from the State General Fund, and FY 2019 longevity payments total \$560, all from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

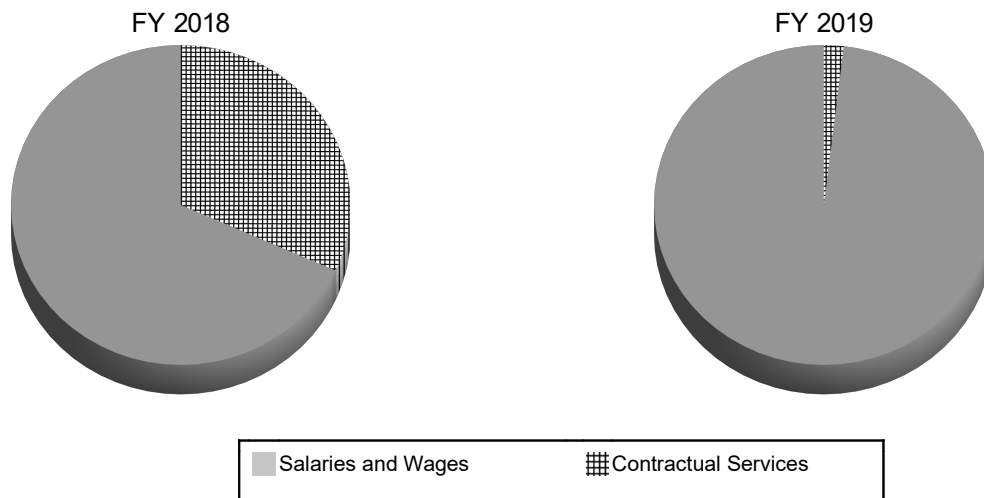
| Funding Source     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------|--------------------------------------------|------------------------------------------|
| State General Fund | 100.0 %                                    | 100.0 %                                  |

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

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>FY 2018 | Percent of<br>Total | Gov. Rec.<br>FY 2019 | Percent of<br>Total |
|----------------------|----------------------|---------------------|----------------------|---------------------|
| Salaries and Wages   | \$ 539,137           | 68.3 %              | \$ 553,376           | 98.1 %              |
| Contractual Services | 250,506              | 31.7                | 10,600               | 1.9                 |
| <b>TOTAL</b>         | <b>\$ 789,643</b>    | <b>100.0 %</b>      | <b>\$ 563,976</b>    | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 8.0               | 8.0                    | 8.0                  | 8.0                    | 8.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                   | Gov. Rec.<br>FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|-----------------------------------------------------------|----------------------|-------------------|----------------------|----------------------|
| This agency is not required to have performance measures. |                      |                   |                      |                      |

# LEGISLATURE

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 19,453,259        | \$ 19,452,486          | \$ 19,452,486        | \$ 19,442,675          | \$ 19,442,675        |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 19,453,259</i> | <i>\$ 19,452,486</i>   | <i>\$ 19,452,486</i> | <i>\$ 19,442,675</i>   | <i>\$ 19,442,675</i> |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 19,453,259</b> | <b>\$ 19,452,486</b>   | <b>\$ 19,452,486</b> | <b>\$ 19,442,675</b>   | <b>\$ 19,442,675</b> |

## Percentage Change:

|                        |       |         |         |         |         |
|------------------------|-------|---------|---------|---------|---------|
| Operating Expenditures |       |         |         |         |         |
| State General Fund     | 0.9 % | (0.0) % | (0.0) % | (0.1) % | (0.1) % |
| All Funds              | 0.9   | (0.0)   | (0.0)   | (0.1)   | (0.1)   |
| FTE Positions          | 48.0  | 48.0    | 48.0    | 48.0    | 48.0    |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The legislative power of the State of Kansas is vested in a House of Representatives (125 members) and a Senate (40 members). The budget for the Legislature finances the operations of the House and the Senate, joint expenses, legislative claims, special maintenance and repair expenses, special expenses, Legislative Branch information systems authorized by the Legislative Coordinating Council, and the retirement program for Session-only employees of the Legislature.

## MAJOR ISSUES FROM PRIOR YEARS

In **2003**, the Governor implemented a new placeholder budget process for all Legislative and Judicial branch agencies. The FY 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during Session.

The **2003 Legislature** reduced the legislative budget for FY 2004 by \$170,055 in out-of-state travel and \$150,000 for reduced interim days.

In **2004**, the Governor modified the placeholder budget process used in 2003. Both the Legislative Branch and the Judicial Branch budgets were recommended by the Governor as the agency requested, without proposed changes. While required under 2003 SB 21 (law) to submit the judicial budget without change, it was a policy decision to use the same process for the Legislative Branch.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$19.5 million, all from the State General Fund, in FY 2018. This is an increase of \$400,000 above the amount approved by the 2017 Legislature, including reappropriations. The revised estimate includes an increase of \$200,000 from the State General Fund for legislative council: \$100,000 for the House and \$100,000 for the Senate. The agency also is requesting \$200,000 to employ an expert in school finance to help the Legislature refine the existing or develop a new school finance formula. The agency estimate also includes 48.0 FTE positions, which is the same as the approved number.

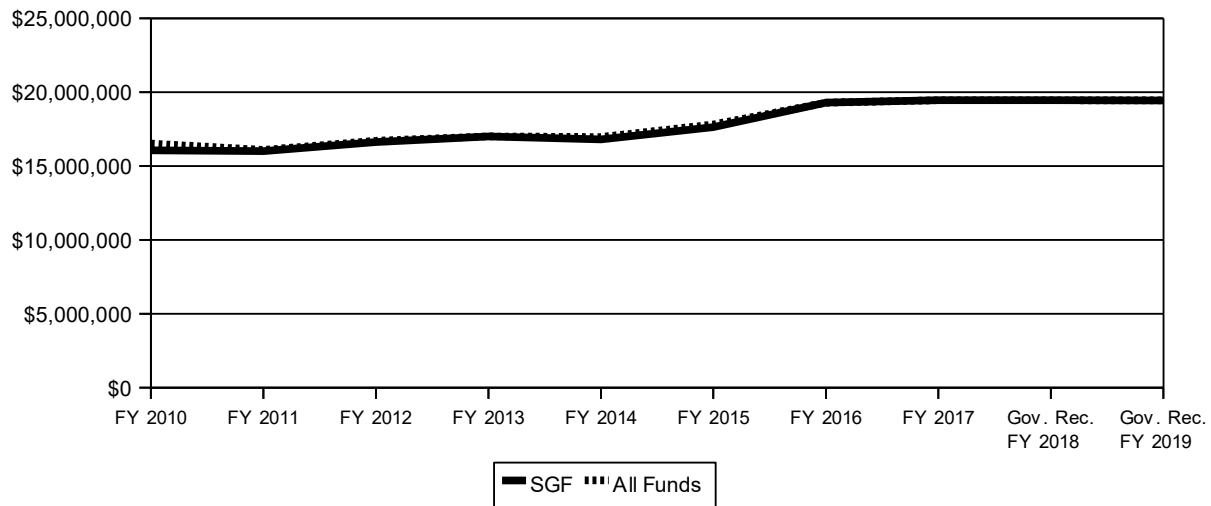
The **Governor** concurs with the agency's revised estimate of \$19.5 million, all from the State General Fund, and 48.0 FTE positions.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$19.4 million, all from the State General Fund, for FY 2019. This is the same as the amount approved by the 2017 Legislature. The agency estimate also includes 48.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$19.4 million, all from the State General Fund, and 48.0 FTE positions.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF           | % Change | All Funds     | % Change | FTE  |
|---------------------------------|---------------|----------|---------------|----------|------|
| 2010                            | \$ 16,068,969 | (3.7)%   | \$ 16,159,059 | (4.2)%   | 37.0 |
| 2011                            | 15,999,004    | (0.4)    | 16,086,290    | (0.5)    | 37.0 |
| 2012                            | 16,625,773    | 3.9      | 16,708,781    | 3.9      | 39.0 |
| 2013                            | 17,002,410    | 2.3      | 17,004,310    | 1.8      | 48.0 |
| 2014                            | 16,794,148    | (1.2)    | 16,958,695    | (0.3)    | 48.0 |
| 2015                            | 17,637,779    | 5.0      | 17,807,172    | 5.0      | 48.0 |
| 2016                            | 19,283,981    | 9.3      | 19,283,981    | 8.3      | 48.0 |
| 2017                            | 19,453,259    | 0.9      | 19,453,259    | 0.9      | 48.0 |
| 2018 Gov. Rec.                  | 19,452,486    | (0.0)    | 19,452,486    | (0.0)    | 48.0 |
| 2019 Gov. Rec.                  | 19,442,675    | (0.1)    | 19,442,675    | (0.1)    | 48.0 |
| Ten-Year Change Dollars/Percent | \$ 3,373,706  | 21.0 %   | \$ 3,283,616  | 20.3 %   | 11.0 |

### Summary of Operating Budget FY 2017 - FY 2019

Legislature

|                                        |               | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|---------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |               | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |               |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Administration                         | \$ 19,453,259 | \$ 19,452,486       | \$ 19,442,675       | \$ (9,811)                     | (0.1) %                         | \$ 19,452,486   | \$ 19,442,675             | \$ (9,811)                     | (0.1) %                         |  |  |
| <b>By Major Object of Expenditure:</b> |               |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 11,433,494 | \$ 11,260,476       | \$ 11,405,112       | \$ 144,636                     | 1.3 %                           | \$ 11,260,476   | \$ 11,405,112             | \$ 144,636                     | 1.3 %                           |  |  |
| Contractual Services                   | 7,171,287     | 7,584,979           | 7,429,310           | (155,669)                      | (2.1)                           | 7,584,979       | 7,429,310                 | (155,669)                      | (2.1)                           |  |  |
| Commodities                            | 82,488        | 77,032              | 77,737              | 705                            | 0.9                             | 77,032          | 77,737                    | 705                            | 0.9                             |  |  |
| Capital Outlay                         | 654,638       | 502,321             | 502,838             | 517                            | 0.1                             | 502,321         | 502,838                   | 517                            | 0.1                             |  |  |
| Debt Service                           | 0             | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 19,341,907 | \$ 19,424,808       | \$ 19,414,997       | \$ (9,811)                     | (0.1) %                         | \$ 19,424,808   | \$ 19,414,997             | \$ (9,811)                     | (0.1) %                         |  |  |
| Aid to Local Units                     | 0             | 27,678              | 27,678              | 0                              | --                              | 27,678          | 27,678                    | 0                              | --                              |  |  |
| Other Assistance                       | 111,352       | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 19,453,259 | \$ 19,452,486       | \$ 19,442,675       | \$ (9,811)                     | (0.1) %                         | \$ 19,452,486   | \$ 19,442,675             | \$ (9,811)                     | (0.1) %                         |  |  |
| <b>Financing:</b>                      |               |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| State General Fund                     | \$ 19,453,259 | \$ 19,452,486       | \$ 19,442,675       | \$ (9,811)                     | (0.1) %                         | \$ 19,452,486   | \$ 19,442,675             | \$ (9,811)                     | (0.1) %                         |  |  |
| All Other Funds                        | 0             | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 19,453,259 | \$ 19,452,486       | \$ 19,442,675       | \$ (9,811)                     | (0.1) %                         | \$ 19,452,486   | \$ 19,442,675             | \$ (9,811)                     | (0.1) %                         |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$18.9 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$128,285, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$19.1 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 19,052,486                      | \$ 19,452,486                 | \$ 400,000                        | \$ 19,452,486               | \$ 400,000                          |
| All Other Funds             | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>                | <b>\$ 19,052,486</b>               | <b>\$ 19,452,486</b>          | <b>\$ 400,000</b>                 | <b>\$ 19,452,486</b>        | <b>\$ 400,000</b>                   |
| FTE Positions               | 48.0                               | 48.0                          | 0.0                               | 48.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$19.5 million, all from the State General Fund, in FY 2018. This is an increase of \$400,000 above the approved amount of \$19.1 million, including reappropriations. The revised estimate includes an increase of \$200,00 from the State General Fund for legislative council: \$100,000 for the House and \$100,000 for the Senate. The agency also is requesting \$200,000 to employ an expert in school finance to help the Legislature refine the existing or develop a new school finance formula. The agency estimate also includes 48.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$19.5 million, all from the State General Fund, and 48.0 FTE positions.



## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$19,442,675 for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 19,442,675                      | \$ 19,442,675                 | \$ 0                              | \$ 19,442,675               | \$ 0                                |
| All Other Funds             | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>                | <b>\$ 19,442,675</b>               | <b>\$ 19,442,675</b>          | <b>\$ 0</b>                       | <b>\$ 19,442,675</b>        | <b>\$ 0</b>                         |
| FTE Positions               | 40.0                               | 48.0                          | 8.0                               | 48.0                        | 8.0                                 |

The **agency** requests a revised estimate of \$19.4 million, all from the State General Fund, for FY 2019. This is the same as the approved amount. The agency estimate also includes 48.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$19.4 million, all from the State General Fund, and 48.0 FTE positions.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$4,920, all from from the State General Fund, and FY 2019 longevity payments total \$5,240, all from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

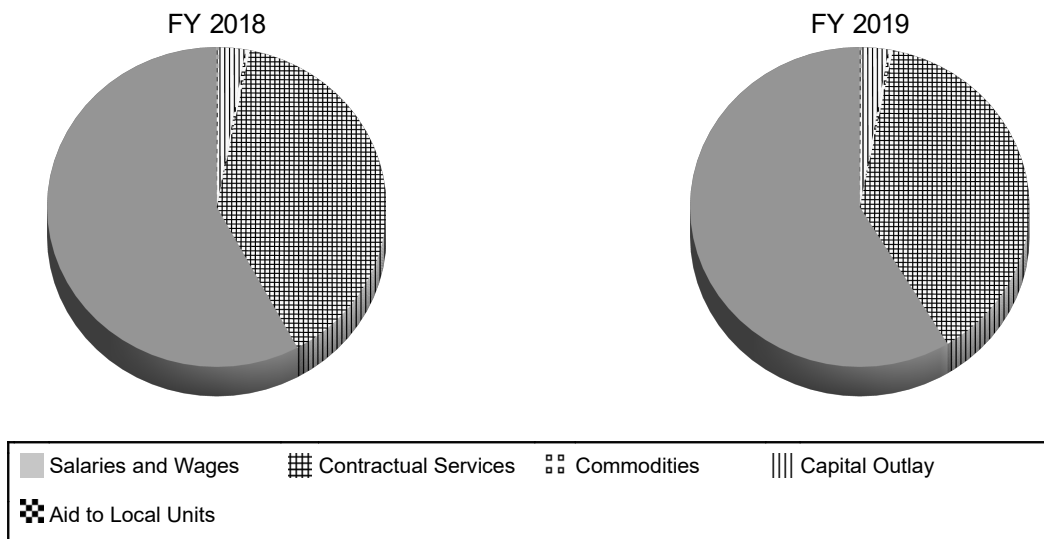
| Funding Source     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------|--------------------------------------------|------------------------------------------|
| State General Fund | 100.0 %                                    | 100.0 %                                  |

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

## PROGRAM DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>FY 2018 | Percent of<br>Total | Gov. Rec.<br>FY 2019 | Percent of<br>Total |
|----------------------|----------------------|---------------------|----------------------|---------------------|
| Salaries and Wages   | \$ 11,260,476        | 57.9 %              | \$ 11,405,112        | 58.7 %              |
| Contractual Services | 7,584,979            | 39.0                | 7,429,310            | 38.2                |
| Commodities          | 77,032               | 0.4                 | 77,737               | 0.4                 |
| Capital Outlay       | 502,321              | 2.6                 | 502,838              | 2.6                 |
| Aid to Local Units   | 27,678               | 0.1                 | 27,678               | 0.1                 |
| <b>TOTAL</b>         | <b>\$ 19,452,486</b> | <b>100.0 %</b>      | <b>\$ 19,442,675</b> | <b>100.0 %</b>      |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 48.0              | 48.0                   | 48.0                 | 48.0                   | 48.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

#### PERFORMANCE MEASURES

| Measure | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|---------|--------------------------|-------------------|----------------------|----------------------|
|---------|--------------------------|-------------------|----------------------|----------------------|

This agency is not required to have performance measures.

# LEGISLATIVE RESEARCH DEPARTMENT

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 3,475,646        | \$ 3,694,610           | \$ 3,694,610         | \$ 3,628,851           | \$ 3,628,851         |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 3,475,646</i> | <i>\$ 3,694,610</i>    | <i>\$ 3,694,610</i>  | <i>\$ 3,628,851</i>    | <i>\$ 3,628,851</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 3,475,646</b> | <b>\$ 3,694,610</b>    | <b>\$ 3,694,610</b>  | <b>\$ 3,628,851</b>    | <b>\$ 3,628,851</b>  |

## Percentage Change:

### Operating Expenditures

|                    |         |       |       |         |         |
|--------------------|---------|-------|-------|---------|---------|
| State General Fund | (2.9) % | 6.3 % | 6.3 % | (1.8) % | (1.8) % |
| All Funds          | (3.2)   | 6.3   | 6.3   | (1.8)   | (1.8)   |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| FTE Positions | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 |
|---------------|------|------|------|------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Legislative Research Department provides research and fiscal analysis for the Legislature, its committees, and individual legislators. The Department provides staff for all legislative committees during both the Session and the Interim, including statutorily created committees (*i.e.*, Legislative Budget Committee, State Building Construction, and others). The Legislative Coordinating Council appoints the Director of Legislative Research, approves the budget proposed for its operation, and generally establishes the broad policies under which the Department operates.

## MAJOR ISSUES FROM PRIOR YEARS

In previous years, concerns have been raised in both the House Budget Committee and Senate Subcommittee that legislative agencies be fully staffed. The Legislative Research Department has fully funded its existing positions in this budget request.

In **2003**, the Governor implemented a new placeholder budget process for all Legislative and Judicial branch agencies. The FY 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during Session.

In the **2003 Session**, a new special revenue fund was created to receive grant funding for a new health policy research analyst position. The three-year grant was secured during the Summer of 2003 and the position was established within the agency.

In **2004**, the Governor modified the placeholder budget process used in 2003. Both the Legislative Branch and the Judicial Branch budgets were recommended by the Governor as the agency requested, without proposed changes. While required under 2003 SB 21 (law) to submit the judicial budget without change, it was a policy decision to use the same process for the Legislative Branch.

In the **2004 Session**, additional funding was added to this agency to enhance professional development and provide additional salary resources.

In the **2006 Session**, a new graduate student internship program, the Legislative Fellow, was authorized to begin for FY 2008 with funding added for two fellows.

During the **2007 Session**, the Legislature added 2.0 new FTE positions to help offset some of the agency's increasing workload.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate in FY 2018 of \$3.7 million, all from the State General Fund. This is an increase of \$1,500 above the amount approved by the 2017 Legislature, including reappropriations. The proposed budget does include an increase of \$3,084 to the State General Fund that is requested by the agency. The Department is requesting \$1,500 to begin training redistricting staff and a shift of \$1,584 from the fee fund to the State General Fund. During the 2017 Session, the Legislature added funding to the State Finance Council for a salary increase for select state employees. The distribution of funding for salaries totals \$22,454, including \$20,870 from State General Fund and \$1,584 from the agency fee fund. This distribution was based on an older funding formula, and since the fee fund, formerly funded from the Kansas Electric Transmission Authority, is no longer receiving funding, the Department is asking for \$1,584 from the State General Fund. The agency estimate includes 40.0 FTE positions, which is the same as the approved number.

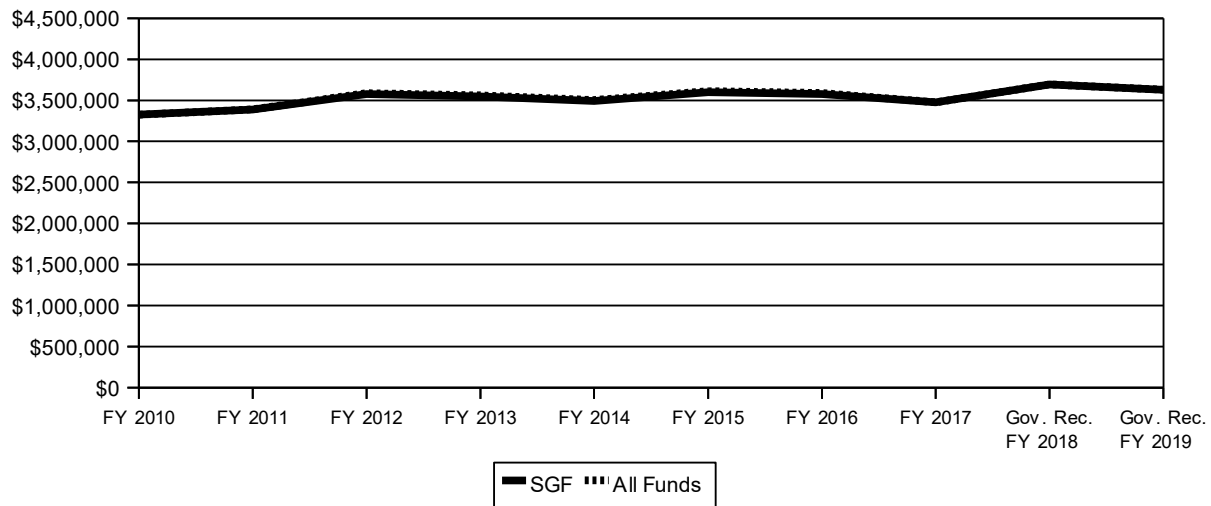
The **Governor** concurs with the agency's revised estimate of \$3.7 million, all from the State General Fund, and 40.0 FTE positions.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for FY 2019 of \$3.6 million, all from the State General Fund. This is an increase of \$6,000 above the amount approved by the 2017 Legislature. The proposed budget does include an increase of \$7,584 to the State General Fund that is requested by the agency. The Department is requesting \$6,000 to begin training redistricting staff and a shift of \$1,584 from the fee fund to the State General Fund. During the 2017 Session, the Legislature added funding to the State Finance Council for a salary increase for select state employees. The distribution of funding for salaries totals \$22,454, including \$20,870 from State General Fund and \$1,584 from the agency fee fund. This distribution was based on an older funding formula, and since the fee fund, formerly funded from the Kansas Electric Transmission Authority, is no longer receiving funding, the Department is asking for \$1,584 from the State General Fund. The agency estimate includes 40.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$3.6 million, all from the State General Fund, and 40.0 FTE positions.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds    | % Change | FTE  |
|---------------------------------|--------------|----------|--------------|----------|------|
| 2010                            | \$ 3,325,324 | 0.2 %    | \$ 3,325,324 | %        | 40.0 |
| 2011                            | 3,389,140    | 1.9      | 3,389,140    | 1.9      | 40.0 |
| 2012                            | 3,575,812    | 5.5      | 3,587,812    | 5.9      | 40.0 |
| 2013                            | 3,548,943    | (0.8)    | 3,560,942    | (0.7)    | 40.0 |
| 2014                            | 3,491,410    | (1.6)    | 3,503,410    | (1.6)    | 40.0 |
| 2015                            | 3,600,492    | 3.1      | 3,612,492    | 3.1      | 40.0 |
| 2016                            | 3,577,822    | (0.6)    | 3,589,524    | (0.6)    | 40.0 |
| 2017                            | 3,475,646    | (2.9)    | 3,475,646    | (3.2)    | 40.0 |
| 2018 Gov. Rec.                  | 3,694,610    | 6.3      | 3,694,610    | 6.3      | 40.0 |
| 2019 Gov. Rec.                  | 3,628,851    | (1.8)    | 3,628,851    | (1.8)    | 40.0 |
| Ten-Year Change Dollars/Percent | \$ 303,527   | 9.1 %    | \$ 303,527   | 9.1 %    | 0.0  |

## Summary of Operating Budget FY 2017 - FY 2019

|                                 |    | Agency Estimate   |                     |                     |                                | Governor's Recommendation       |                 |                 |                                |                                 |           |    |           |    |          |         |
|---------------------------------|----|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|-----------------|--------------------------------|---------------------------------|-----------|----|-----------|----|----------|---------|
|                                 |    | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |           |    |           |    |          |         |
| By Program:                     |    |                   |                     |                     |                                |                                 |                 |                 |                                |                                 |           |    |           |    |          |         |
| Administration                  | \$ | 3,475,464         | \$                  | 3,694,610           | \$                             | 3,628,851                       | \$              | (65,759)        | (1.8) %                        | \$                              | 3,694,610 | \$ | 3,628,851 | \$ | (65,759) | (1.8) % |
| By Major Object of Expenditure: |    |                   |                     |                     |                                |                                 |                 |                 |                                |                                 |           |    |           |    |          |         |
| Salaries and Wages              | \$ | 3,405,214         | \$                  | 3,495,793           | \$                             | 3,509,101                       | \$              | 13,308          | 0.4 %                          | \$                              | 3,495,793 | \$ | 3,509,101 | \$ | 13,308   | 0.4 %   |
| Contractual Services            |    | 61,598            |                     | 189,912             |                                | 110,845                         |                 | (79,067)        | (41.6)                         |                                 | 189,912   |    | 110,845   |    | (79,067) | (41.6)  |
| Commodities                     |    | 7,752             |                     | 8,005               |                                | 8,005                           |                 | 0               | --                             |                                 | 8,005     |    | 8,005     |    | 0        | --      |
| Capital Outlay                  |    | 900               |                     | 900                 |                                | 900                             |                 | 0               | --                             |                                 | 900       |    | 900       |    | 0        | --      |
| Debt Service                    |    | 0                 |                     | 0                   |                                | 0                               |                 | 0               | --                             |                                 | 0         |    | 0         |    | 0        | --      |
| Subtotal-Operations             | \$ | 3,475,464         | \$                  | 3,694,610           | \$                             | 3,628,851                       | \$              | (65,759)        | (1.8) %                        | \$                              | 3,694,610 | \$ | 3,628,851 | \$ | (65,759) | (1.8) % |
| Aid to Local Units              |    | 0                 |                     | 0                   |                                | 0                               |                 | 0               | --                             |                                 | 0         |    | 0         |    | 0        | --      |
| Other Assistance                |    | 0                 |                     | 0                   |                                | 0                               |                 | 0               | --                             |                                 | 0         |    | 0         |    | 0        | --      |
| TOTAL                           | \$ | 3,475,464         | \$                  | 3,694,610           | \$                             | 3,628,851                       | \$              | (65,759)        | (1.8) %                        | \$                              | 3,694,610 | \$ | 3,628,851 | \$ | (65,759) | (1.8) % |
| Financing:                      |    |                   |                     |                     |                                |                                 |                 |                 |                                |                                 |           |    |           |    |          |         |
| State General Fund              | \$ | 3,475,646         | \$                  | 3,694,610           | \$                             | 3,628,851                       | \$              | (65,759)        | (1.8) %                        | \$                              | 3,694,610 | \$ | 3,628,851 | \$ | (65,759) | (1.8) % |
| All Other Funds                 |    | 0                 |                     | 0                   |                                | 0                               |                 | 0               | --                             |                                 | 0         |    | 0         |    | 0        | --      |
| TOTAL                           | \$ | 3,475,646         | \$                  | 3,694,610           | \$                             | 3,628,851                       | \$              | (65,759)        | (1.8) %                        | \$                              | 3,694,610 | \$ | 3,628,851 | \$ | (65,759) | (1.8) % |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$3.6 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$139,682, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$3.7 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 3,691,526                       | \$ 3,694,610                  | \$ 3,084                          | \$ 3,694,610                | \$ 3,084                            |
| All Other Funds             | 1,584                              | 0                             | (1,584)                           | 0                           | (1,584)                             |
| <b>TOTAL</b>                | <b>\$ 3,693,110</b>                | <b>\$ 3,694,610</b>           | <b>\$ 1,500</b>                   | <b>\$ 3,694,610</b>         | <b>\$ 1,500</b>                     |
| FTE Positions               | 40.0                               | 40.0                          | 0.0                               | 40.0                        | 0.0                                 |

The **agency** requests a revised estimate in FY 2018 of \$3.7 million, all from the State General Fund. This is an increase of \$1,500 above the amount approved by the 2017 Legislature, including reappropriations. The proposed budget does include an increase of \$3,084 to the State General Fund that is requested by the agency. The Department is requesting \$1,500 to begin training redistricting staff and a shift of \$1,584 from the fee fund to the State General Fund. During the 2017 Session, the Legislature added funding to the State Finance Council for a salary increase for select state employees. The distribution of funding for salaries totals \$22,454, including \$20,870 from State General Fund and \$1,584 from the agency fee fund. This distribution was based on an older funding formula, and since the fee fund, formerly funded from the Kansas Electric Transmission Authority, is no longer receiving funding, the Department is asking for \$1,584 from the State General Fund. The agency estimate includes 40.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$3.7 million, all from the State General Fund, and 40.0 FTE positions.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$3.6 million for FY 2019. No adjustment has subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 3,621,267                       | \$ 3,628,851                  | \$ 7,584                          | \$ 3,628,851                | \$ 7,584                            |
| All Other Funds             | 1,584                              | 0                             | (1,584)                           | 0                           | (1,584)                             |
| <b>TOTAL</b>                | <b>\$ 3,622,851</b>                | <b>\$ 3,628,851</b>           | <b>\$ 6,000</b>                   | <b>\$ 3,628,851</b>         | <b>\$ 6,000</b>                     |
| FTE Positions               | 40.0                               | 40.0                          | 0.0                               | 40.0                        | 0.0                                 |

The **agency** requests a revised estimate for FY 2019 of \$3.6 million, all from the State General Fund. This is an increase of \$6,000 above the amount approved by the 2017 Legislature. The proposed budget does include an increase of \$7,584 to the State General Fund that is requested by the agency. The Department is requesting \$6,000 to begin training redistricting staff and a shift of \$1,584 from the fee fund to the State General Fund. During the 2017 Session, the Legislature added funding to the State Finance Council for a salary increase for select state employees. The distribution of funding for salaries totals \$22,454, including \$20,870 from State General Fund and \$1,584 from the agency fee fund. This distribution was based on an older funding formula, and since the fee fund, formerly funded from the Kansas Electric Transmission Authority, is no longer receiving funding, the Department is asking for \$1,584 from the State General Fund. The agency estimate includes 40.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$3.6 million, all from the State General Fund, and 40.0 FTE positions.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 payments total \$15,420, all from the State General Fund, and FY 2019 longevity payments total \$15,900, all from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

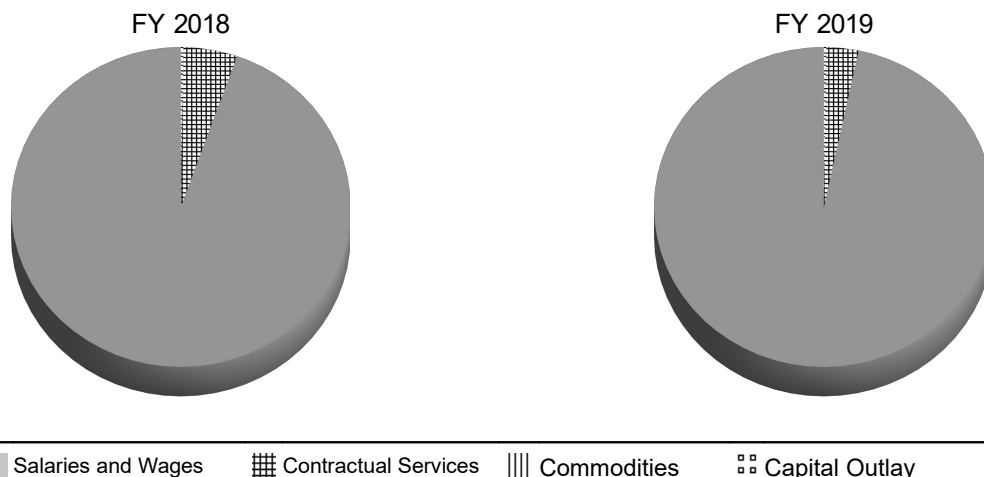
| Funding Source     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------|--------------------------------------------|------------------------------------------|
| State General Fund | 100.0 %                                    | 100.0 %                                  |

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

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>FY 2018 | Percent of<br>Total | Gov. Rec.<br>FY 2019 | Percent of<br>Total |
|----------------------|----------------------|---------------------|----------------------|---------------------|
| Salaries and Wages   | \$ 3,495,793         | 94.6 %              | \$ 3,509,101         | 96.7 %              |
| Contractual Services | 189,912              | 5.1                 | 110,845              | 3.1                 |
| Commodities          | 8,005                | 0.2                 | 8,005                | 0.2                 |
| Capital Outlay       | 900                  | 0.0                 | 900                  | 0.0                 |
| <b>TOTAL</b>         | <b>\$ 3,694,610</b>  | <b>100.0 %</b>      | <b>\$ 3,628,851</b>  | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 40.0              | 40.0                   | 40.0                 | 40.0                   | 40.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure | Gov. Rec.<br>FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|---------|----------------------|-------------------|----------------------|----------------------|
|---------|----------------------|-------------------|----------------------|----------------------|

This agency is not required to have performance measures.

# OFFICE OF REVISOR OF STATUTES

| Expenditure             | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Operating Expenditures: |                            |                            |                            |                            |                            |
| State General Fund      | \$ 2,940,623               | \$ 3,357,245               | \$ 3,357,245               | \$ 3,129,799               | \$ 3,129,799               |
| Other Funds             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal</i>         | <i>\$ 2,940,623</i>        | <i>\$ 3,357,245</i>        | <i>\$ 3,357,245</i>        | <i>\$ 3,129,799</i>        | <i>\$ 3,129,799</i>        |
| Capital Improvements:   |                            |                            |                            |                            |                            |
| State General Fund      | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal</i>         | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                |
| <b>TOTAL</b>            | <b><u>\$ 2,940,623</u></b> | <b><u>\$ 3,357,245</u></b> | <b><u>\$ 3,357,245</u></b> | <b><u>\$ 3,129,799</u></b> | <b><u>\$ 3,129,799</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |       |        |        |         |         |
|--------------------|-------|--------|--------|---------|---------|
| State General Fund | 0.6 % | 14.2 % | 14.2 % | (6.8) % | (6.8) % |
| All Funds          | 0.6   | 14.2   | 14.2   | (6.8)   | (6.8)   |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| FTE Positions | 31.5 | 31.5 | 31.5 | 31.5 | 31.5 |
|---------------|------|------|------|------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Office of the Revisor of Statutes provides bill drafting and legal research services for all legislators and the Legislative Coordinating Council. The agency is responsible for continuous statutory revision and supervising the computerized legislative information system involving bill status and bill typing. The Revisor of Statutes also provides staff services to the Interstate Cooperation Commission. The Office of Revisor of Statutes operates under the supervision of the Legislative Coordinating Council.

## MAJOR ISSUES FROM PRIOR YEARS

In previous years, concerns have been raised in both the House Budget Committee and Senate Subcommittee that legislative agencies are fully staffed. The Revisor of Statutes has fully funded its existing positions in this budget request.

In **2003**, the Governor implemented a new placeholder budget process for all Legislative and Judicial branch agencies. The FY 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during Session.

In **2004**, the Governor modified the placeholder budget process used in 2003. Both the Legislative Branch and the Judicial Branch budgets were recommended by the Governor as the agency requested, without proposed changes. While required under 2003 SB 21 (law) to submit the judicial budget without change, it was a policy decision to use the same process for the Legislative Branch.

In the **2004 Session**, additional funding was added to this agency to enhance professional development and provide additional salary resources.

In the **2006 Session**, a new graduate student internship program, the Legislative Fellow, was authorized to begin for FY 2007, with funding added for two fellows.

During the **2007 Session**, the Legislature added 2.0 new FTE positions to help offset some of the agency's increasing workload.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$3.4 million, all from the State General Fund, in FY 2018. This is the same as the amount approved by the 2017 Legislature. The agency estimate also includes 31.5 FTE positions, which is the same as the approved number.

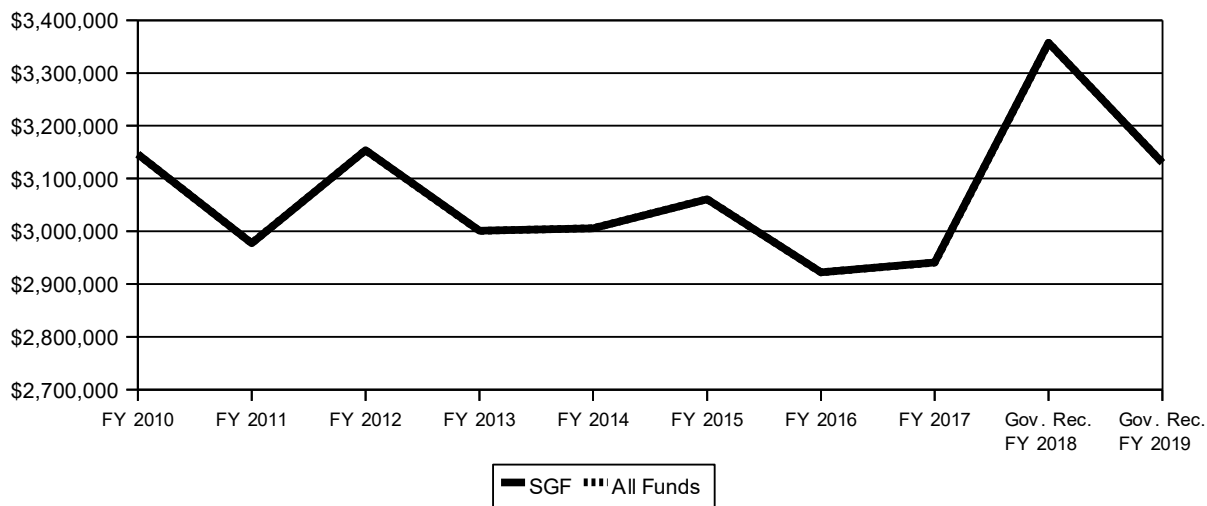
The **Governor** concurs with the agency's revised estimate of \$3.4 million, all from the State General Fund, and 31.5 FTE positions in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$3.1 million, all from the State General Fund, for FY 2019. This is the same as the amount approved by the 2017 Legislature. The agency estimate also includes 31.5 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$3.1 million, all from the State General Fund, and 31.5 FTE positions for FY 2019.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds    | % Change | FTE  |
|---------------------------------|--------------|----------|--------------|----------|------|
| 2010                            | \$ 3,146,055 | 1.2 %    | \$ 3,146,055 | 1.2 %    | 31.5 |
| 2011                            | 2,977,433    | (5.4)    | 2,977,433    | (5.4)    | 31.5 |
| 2012                            | 3,153,542    | 5.9      | 3,153,542    | 5.9      | 31.5 |
| 2013                            | 3,000,914    | (4.8)    | 3,000,914    | (4.8)    | 31.5 |
| 2014                            | 3,005,818    | 0.2      | 3,005,818    | 0.2      | 31.5 |
| 2015                            | 3,060,952    | 1.8      | 3,060,952    | 1.8      | 31.5 |
| 2016                            | 2,922,202    | (4.5)    | 2,922,202    | (4.5)    | 31.5 |
| 2017                            | 2,940,623    | 0.6      | 2,940,623    | 0.6      | 31.5 |
| 2018 Gov. Rec.                  | 3,357,245    | 14.2     | 3,357,245    | 14.2     | 31.5 |
| 2019 Gov. Rec.                  | 3,129,799    | (6.8)    | 3,129,799    | (6.8)    | 31.5 |
| Ten-Year Change Dollars/Percent | \$ (16,256)  | (0.5)%   | \$ (16,256)  | (0.5)%   | 0.0  |



# Summary of Operating Budget FY 2017 - FY 2019

| Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
| Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| \$ 3,357,245        | \$ 3,129,799        | \$ (227,446)                   | (6.8) %                         | \$ 3,357,245              | \$ 3,129,799        | \$ (227,446)                   | (6.8) %                         |
| \$ 2,798,706        | \$ 2,667,130        | \$ (131,576)                   | (4.7) %                         | \$ 2,798,706              | \$ 2,667,130        | \$ (131,576)                   | (4.7) %                         |
| 547,564             | 454,419             | (93,145)                       | (17.0)                          | 547,564                   | 454,419             | (93,145)                       | (17.0)                          |
| 5,025               | 3,250               | (1,775)                        | (35.3)                          | 5,025                     | 3,250               | (1,775)                        | (35.3)                          |
| 5,950               | 5,000               | (950)                          | (16.0)                          | 5,950                     | 5,000               | (950)                          | (16.0)                          |
| 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| \$ 3,357,245        | \$ 3,129,799        | \$ (227,446)                   | (6.8) %                         | \$ 3,357,245              | \$ 3,129,799        | \$ (227,446)                   | (6.8) %                         |
| 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>\$ 3,357,245</b> | <b>\$ 3,129,799</b> | <b>\$ (227,446)</b>            | <b>(6.8) %</b>                  | <b>\$ 3,357,245</b>       | <b>\$ 3,129,799</b> | <b>\$ (227,446)</b>            | <b>(6.8) %</b>                  |
| \$ 3,357,245        | \$ 3,129,799        | \$ (227,446)                   | (6.8) %                         | \$ 3,357,245              | \$ 3,129,799        | \$ (227,446)                   | (6.8) %                         |
| 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>\$ 3,357,245</b> | <b>\$ 3,129,799</b> | <b>\$ (227,446)</b>            | <b>(6.8) %</b>                  | <b>\$ 3,357,245</b>       | <b>\$ 3,129,799</b> | <b>\$ (227,446)</b>            | <b>(6.8) %</b>                  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$3.1 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$278,888, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$3.4 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 3,357,245                       | \$ 3,357,245                  | \$ 0                              | \$ 3,357,245                | \$ 0                                |
| All Other Funds             | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>                | <b>\$ 3,357,245</b>                | <b>\$ 3,357,245</b>           | <b>\$ 0</b>                       | <b>\$ 3,357,245</b>         | <b>\$ 0</b>                         |
| FTE Positions               | 31.5                               | 31.5                          | 0.0                               | 31.5                        | 0.0                                 |

The **agency** requests a revised estimate of \$3.4 million, all from the State General Fund, in FY 2018. This is the same as the amount approved by the 2017 Legislature. The agency estimate also includes 31.5 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$3.4 million, all from the State General Fund, and 31.5 FTE positions in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$3.1 million for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 3,129,799                       | \$ 3,129,799                  | \$ 0                              | \$ 3,129,799                | \$ 0                                |
| All Other Funds             | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>                | <b>\$ 3,129,799</b>                | <b>\$ 3,129,799</b>           | <b>\$ 0</b>                       | <b>\$ 3,129,799</b>         | <b>\$ 0</b>                         |
| FTE Positions               | 31.5                               | 31.5                          | 0.0                               | 31.5                        | 0.0                                 |

The **agency** requests a revised estimate of \$3.1 million, all from the State General Fund, for FY 2019. This is the same as the amount approved by the 2017 Legislature. The agency estimate also includes 31.5 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$3.1 million, all from the State General Fund, and 31.5 FTE positions for FY 2019.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$7,560, all from the State General Fund, and FY 2019 longevity payments total \$8,200, all from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

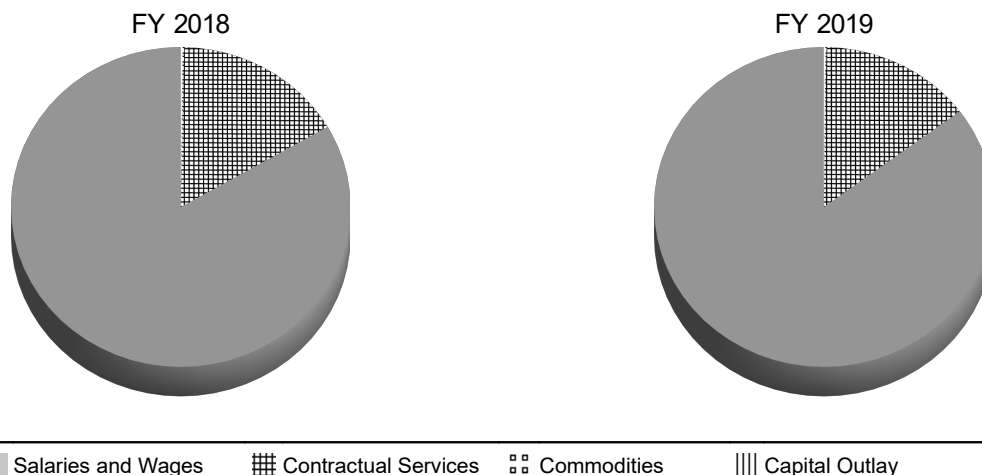
| Funding Source     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------|--------------------------------------------|------------------------------------------|
| State General Fund | 100.0 %                                    | 100.0 %                                  |

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

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2018 and FY 2019 Recommendation



| Object               | Gov. Rec.<br>FY 2018 | Percent of<br>Total | Gov. Rec.<br>FY 2019 | Percent of<br>Total |
|----------------------|----------------------|---------------------|----------------------|---------------------|
| Salaries and Wages   | \$ 2,798,706         | 83.4 %              | \$ 2,667,130         | 85.2 %              |
| Contractual Services | 547,564              | 16.3                | 454,419              | 14.5                |
| Commodities          | 5,025                | 0.1                 | 3,250                | 0.1                 |
| Capital Outlay       | 5,950                | 0.2                 | 5,000                | 0.2                 |
| <b>TOTAL</b>         | <b>\$ 3,357,245</b>  | <b>100.0 %</b>      | <b>\$ 3,129,799</b>  | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 31.5              | 31.5                   | 31.5                 | 31.5                   | 31.5                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                  | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| This agency is not required to have performance measures |                          |                   |                      |                      |

# LEGISLATIVE DIVISION OF POST AUDIT

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 2,218,338        | \$ 2,699,057           | \$ 2,699,057         | \$ 2,542,355           | \$ 2,542,355         |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 2,218,338</i> | <i>\$ 2,699,057</i>    | <i>\$ 2,699,057</i>  | <i>\$ 2,542,355</i>    | <i>\$ 2,542,355</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 2,218,338</b> | <b>\$ 2,699,057</b>    | <b>\$ 2,699,057</b>  | <b>\$ 2,542,355</b>    | <b>\$ 2,542,355</b>  |

## Percentage Change:

### Operating Expenditures

|                    |       |        |        |         |         |
|--------------------|-------|--------|--------|---------|---------|
| State General Fund | 4.5 % | 21.7 % | 21.7 % | (5.8) % | (5.8) % |
| All Funds          | 4.5   | 21.7   | 21.7   | (5.8)   | (5.8)   |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| FTE Positions | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 |
|---------------|------|------|------|------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Legislative Division of Post Audit is the audit arm of the Kansas Legislature. The Division is responsible for the financial compliance and performance audits of state agencies and programs. The Division's audit work is conducted in accordance with generally accepted governmental auditing standards as set forth by the U.S. General Accounting Office. The agency operates under the supervision of the ten-member Legislative Post Audit Committee.

## MAJOR ISSUES FROM PRIOR YEARS

In previous years, concerns have been raised in both the House Budget Committee and Senate Subcommittee that legislative agencies be fully staffed. The Legislative Division of Post Audit has fully funded its existing positions in this budget request and has budgeted funding for some contract audit work if an outside audit is directed by the Legislature.

In **2003**, the Governor implemented a new placeholder budget process for all Legislative and Judicial branch agencies. The FY 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during Session.

In **2004**, the Governor modified the placeholder budget process used in 2003. Both the Legislative Branch and the Judicial Branch budgets were recommended by the Governor as the agency requested, without proposed changes. While required under 2003 SB 21 (law) to submit the judicial budget without change, it was a policy decision to use the same process for the Legislative Branch.

In the **2005 Session**, the Legislature passed HB 2247 (the school finance bill), which created a new role for the Legislative Division of Post Audit with regard to oversight of school district costs and expenditures. The bill requires the Division to make a professional cost study analysis to determine the costs of delivering the K-12 curriculum, related services, and other programs mandated by state statute in accredited schools. This bill also established the School District Audit Team within the Legislative Division of Post Audit to accomplish the new role and provided an additional five positions.

In the **2010 Session**, the Legislature reduced the agency by 5.0 FTE positions and associated funding to eliminate the School District Audit Team.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$2.7 million, all from the State General Fund, in FY 2018. This is a decrease of \$192,909, all from the State General Fund, below the amount approved by the 2017 Legislature for FY 2018, after all adjustments. This reduction is being lapsed, or returned, to the State General Fund. The agency requests 25.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$2.7 million, all from the State General Fund, and 25.0 FTE positions in FY 2018.

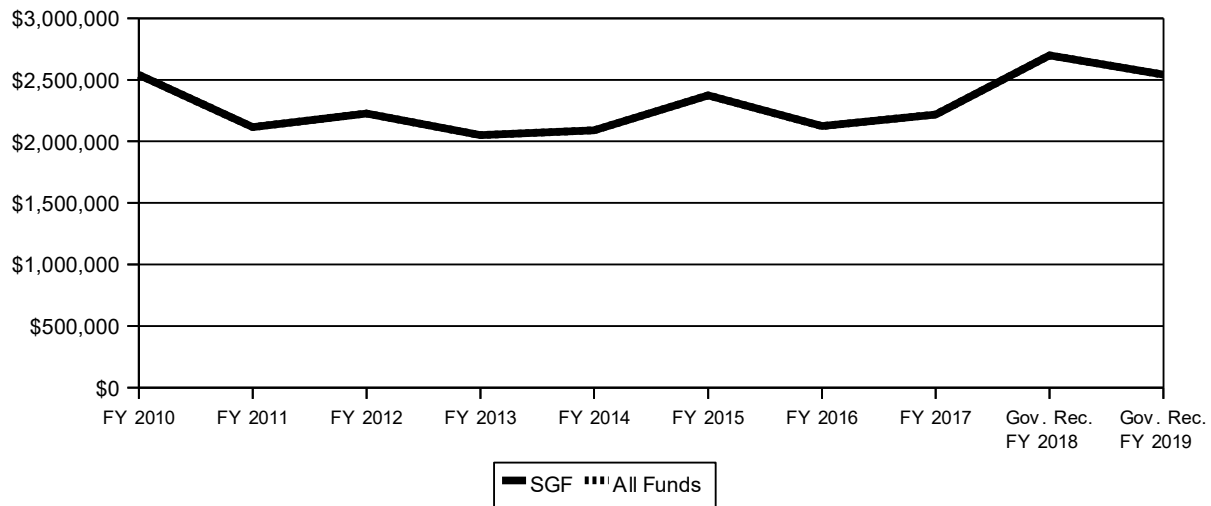
**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$2.5 million, all from the State General Fund, for FY 2019. This is the same as the amount approved by the 2017 Legislature. The agency estimate also includes 25.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$2.5 million, all from the State General Fund, and 25.0 FTE positions for FY 2019.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds    | % Change | FTE   |
|---------------------------------|--------------|----------|--------------|----------|-------|
| 2010                            | \$ 2,540,447 | 1.0 %    | \$ 2,540,447 | 1.0 %    | 27.0  |
| 2011                            | 2,116,188    | (16.7)   | 2,116,188    | (16.7)   | 27.0  |
| 2012                            | 2,226,706    | 5.2      | 2,226,706    | 5.2      | 22.0  |
| 2013                            | 2,051,057    | (7.9)    | 2,051,057    | (7.9)    | 22.0  |
| 2014                            | 2,090,280    | 1.9      | 2,090,280    | 1.9      | 22.0  |
| 2015                            | 2,373,764    | 13.6     | 2,373,764    | 13.6     | 22.0  |
| 2016                            | 2,123,820    | (10.5)   | 2,123,820    | (10.5)   | 25.0  |
| 2017                            | 2,218,338    | 4.5      | 2,218,338    | 4.5      | 25.0  |
| 2018 Gov. Rec.                  | 2,699,057    | 21.7     | 2,699,057    | 21.7     | 25.0  |
| 2019 Gov. Rec.                  | 2,542,355    | (5.8)    | 2,542,355    | (5.8)    | 25.0  |
| Ten-Year Change Dollars/Percent | \$ 1,908     | 0.1 %    | \$ 1,908     | 0.1 %    | (2.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                 |    | Agency Estimate   |                     |                     |                                |                                 | Governor's Recommendation |                 |                                |                                 |           |    |           |    |           |        |
|---------------------------------|----|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-----------------|--------------------------------|---------------------------------|-----------|----|-----------|----|-----------|--------|
|                                 |    | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |           |    |           |    |           |        |
| By Program:                     |    |                   |                     |                     |                                |                                 |                           |                 |                                |                                 |           |    |           |    |           |        |
| Administration                  | \$ | 2,218,338         | \$                  | 2,699,057           | \$                             | 2,542,355                       | \$                        | (156,702)       | (5.8) %                        | \$                              | 2,699,057 | \$ | 2,542,355 | \$ | (156,702) | (5.8)% |
| By Major Object of Expenditure: |    |                   |                     |                     |                                |                                 |                           |                 |                                |                                 |           |    |           |    |           |        |
| Salaries and Wages              | \$ | 2,035,168         | \$                  | 2,311,307           | \$                             | 2,339,605                       | \$                        | 28,298          | 1.2 %                          | \$                              | 2,311,307 | \$ | 2,339,605 | \$ | 28,298    | 1.2 %  |
| Contractual Services            |    | 170,217           |                     | 364,750             |                                | 189,750                         |                           | (175,000)       | (48.0)                         |                                 | 364,750   |    | 189,750   |    | (175,000) | (48.0) |
| Commodities                     |    | 5,604             |                     | 8,000               |                                | 8,000                           |                           | 0               | --                             |                                 | 8,000     |    | 8,000     |    | 0         | --     |
| Capital Outlay                  |    | 7,349             |                     | 15,000              |                                | 5,000                           |                           | (10,000)        | (66.7)                         |                                 | 15,000    |    | 5,000     |    | (10,000)  | (66.7) |
| Debt Service                    |    | 0                 |                     | 0                   |                                | 0                               |                           | 0               | --                             |                                 | 0         |    | 0         |    | 0         | --     |
| Subtotal-Operations             | \$ | 2,218,338         | \$                  | 2,699,057           | \$                             | 2,542,355                       | \$                        | (156,702)       | (5.8) %                        | \$                              | 2,699,057 | \$ | 2,542,355 | \$ | (156,702) | (5.8)% |
| Aid to Local Units              |    | 0                 |                     | 0                   |                                | 0                               |                           | 0               | --                             |                                 | 0         |    | 0         |    | 0         | --     |
| Other Assistance                |    | 0                 |                     | 0                   |                                | 0                               |                           | 0               | --                             |                                 | 0         |    | 0         |    | 0         | --     |
| TOTAL                           | \$ | 2,218,338         | \$                  | 2,699,057           | \$                             | 2,542,355                       | \$                        | (156,702)       | (5.8) %                        | \$                              | 2,699,057 | \$ | 2,542,355 | \$ | (156,702) | (5.8)% |
| Financing:                      |    |                   |                     |                     |                                |                                 |                           |                 |                                |                                 |           |    |           |    |           |        |
| State General Fund              | \$ | 2,218,338         | \$                  | 2,699,057           | \$                             | 2,542,355                       | \$                        | (156,702)       | (5.8) %                        | \$                              | 2,699,057 | \$ | 2,542,355 | \$ | (156,702) | (5.8)% |
| All Other Funds                 |    | 0                 |                     | 0                   |                                | 0                               |                           | 0               | --                             |                                 | 0         |    | 0         |    | 0         | --     |
| TOTAL                           | \$ | 2,218,338         | \$                  | 2,699,057           | \$                             | 2,542,355                       | \$                        | (156,702)       | (5.8) %                        | \$                              | 2,699,057 | \$ | 2,542,355 | \$ | (156,702) | (5.8)% |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$2.5 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$382,167, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018;

This adjustment changes the FY 2018 approved State General Fund amount to \$2.9 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

|                    | CHANGE FROM APPROVED BUDGET        |                               |                                   |                             |                                     |
|--------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                    | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund | \$ 2,891,966                       | \$ 2,699,057                  | \$ (192,909)                      | \$ 2,699,057                | \$ (192,909)                        |
| All Other Funds    | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>       | <b>\$ 2,891,966</b>                | <b>\$ 2,699,057</b>           | <b>\$ (192,909)</b>               | <b>\$ 2,699,057</b>         | <b>\$ (192,909)</b>                 |
| FTE Positions      | 25.0                               | 25.0                          | 0.0                               | 25.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$2.7 million, all from the State General Fund, in FY 2018. This is a decrease of \$192,909, all from the State General Fund, below the amount approved by the 2017 Legislature for FY 2018, after all adjustments. This reduction is being lapsed, or returned, to the State General Fund. The agency includes \$150,000 as a contingency for possible contracts for outside expertise. Any unspent funds from FY 2017 that were not spent are carried forward to FY 2018. The agency estimate also includes 25.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$2.7 million, all from the State General Fund, and 25.0 FTE positions in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$2.5 million for FY 2019. No adjustment has subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 2,542,355                       | \$ 2,542,355                  | \$ 0                              | \$ 2,542,355                | \$ 0                                |
| All Other Funds             | 0                                  | 0                             | 0                                 | 0                           | 0                                   |
| <b>TOTAL</b>                | <b>\$ 2,542,355</b>                | <b>\$ 2,542,355</b>           | <b>\$ 0</b>                       | <b>\$ 2,542,355</b>         | <b>\$ 0</b>                         |
| FTE Positions               | 25.0                               | 25.0                          | 0.0                               | 25.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$2.5 million, all from the State General Fund, for FY 2019. This is the same as the amount approved by the 2017 Legislature. The agency estimate also includes 25.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate of \$2.5 million, all from the State General Fund, and 25.0 FTE positions for FY 2019.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$4,680, all from the State General Fund, and FY 2019 longevity payments total \$4,840, all from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

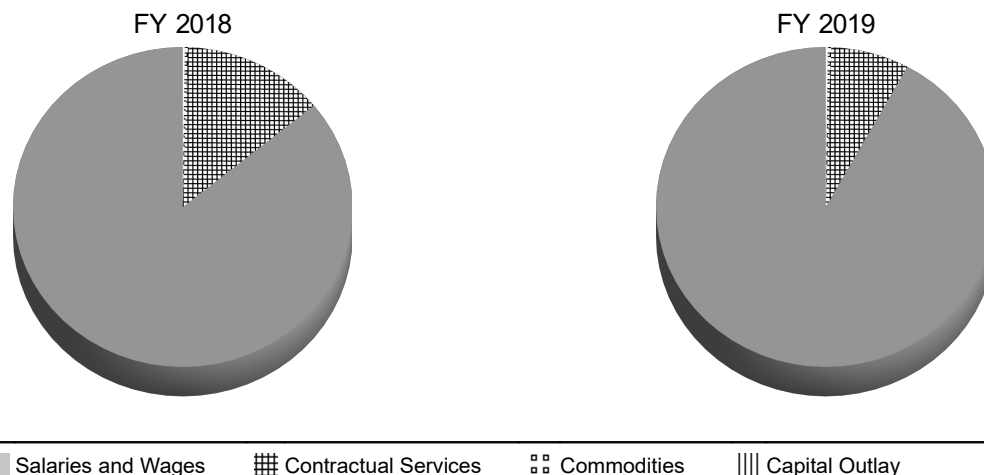
| Funding Source     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------|--------------------------------------------|------------------------------------------|
| State General Fund | 100.0 %                                    | 100.0 %                                  |

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

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>FY 2018 | Percent of<br>Total | Gov. Rec.<br>FY 2019 | Percent of<br>Total |
|----------------------|----------------------|---------------------|----------------------|---------------------|
| Salaries and Wages   | \$ 2,311,307         | 85.6 %              | \$ 2,339,605         | 92.0 %              |
| Contractual Services | 364,750              | 13.5                | 189,750              | 7.5                 |
| Commodities          | 8,000                | 0.3                 | 8,000                | 0.3                 |
| Capital Outlay       | 15,000               | 0.6                 | 5,000                | 0.2                 |
| <b>TOTAL</b>         | <b>\$ 2,699,057</b>  | <b>100.0 %</b>      | <b>\$ 2,542,355</b>  | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 25.0              | 25.0                   | 25.0                 | 25.0                   | 25.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|---------|--------------------------|-------------------|----------------------|----------------------|
|---------|--------------------------|-------------------|----------------------|----------------------|

This agency is not required to have performance measures.

# OFFICE OF THE GOVERNOR

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 6,575,424         | \$ 8,171,930           | \$ 8,171,930         | \$ 7,926,206           | \$ 7,926,206         |
| Other Funds             | 15,910,450           | 23,061,249             | 23,061,249           | 24,268,306             | 24,084,615           |
| <i>Subtotal</i>         | <i>\$ 22,485,874</i> | <i>\$ 31,233,179</i>   | <i>\$ 31,233,179</i> | <i>\$ 32,194,512</i>   | <i>\$ 32,010,821</i> |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 22,485,874</b> | <b>\$ 31,233,179</b>   | <b>\$ 31,233,179</b> | <b>\$ 32,194,512</b>   | <b>\$ 32,010,821</b> |

## Percentage Change:

### Operating Expenditures

|                    |         |        |        |         |         |
|--------------------|---------|--------|--------|---------|---------|
| State General Fund | (3.7) % | 24.3 % | 24.3 % | (3.0) % | (3.0) % |
| All Funds          | 21.3    | 38.9   | 38.9   | 3.1     | 2.5     |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| FTE Positions | 33.2 | 34.1 | 34.1 | 34.1 | 34.1 |
|---------------|------|------|------|------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The *Kansas Constitution* provides that the Governor shall be the Chief Executive Officer of the State. The Governor is elected to a four-year term of office on a ticket that also includes the Lieutenant Governor. Among the constitutional powers and duties exercised by the Governor are signing and vetoing acts of the Legislature, presenting an annual message to the Legislature on the condition of the State, submitting to the Legislature an annual state budget recommendation, and considering pardon of those convicted of criminal acts. The Governor also serves as chairperson of the State Finance Council and is, by virtue of the Office, the Commander-in-Chief of the Kansas National Guard.

## MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** authorized the transfer of responsibility for the administration of the E911 grants from the Office of the Governor to the Office of the Attorney General. Approximately \$6.7 million and 2.4 FTE positions were transferred to the Office of the Attorney General in FY 2012.



The **2011 Legislature** also authorized the transfer of the duties and responsibilities of the Kansas Commission on Disability Concerns (KCDC) from the Kansas Department of Commerce to the Office of the Governor. The KCDC is mandated by statute to facilitate independence for disabled Kansans. Independence, in this instance, means equal access to employment opportunities and living outside institutions in the environment of the disabled person's choice. The function of the KCDC is to work with federal, state, and local governments as well as businesses, labor, private citizens, and nonprofit organizations to enhance the employment opportunities and quality of life of disabled Kansans. The primary goal for the KCDC is to promote full and equal citizenship for all Kansans with disabilities through education, legislative advocacy, and resource networking. The Legislature authorized the transfer of \$184,310, all from the State General Fund, and 2.0 FTE positions from the Department of Commerce to the Office of the Governor.

The **2013 Legislature** added \$500,000, including \$200,000 from the State General Fund, for domestic violence prevention grants, in addition to the amount recommended by the Governor, bringing the total approved amount to \$4.1 million. The Legislature also approved the addition of \$150,000, all from special revenue funds, for grants to child advocacy centers for FY 2013, bringing the total approved amount for those grants to \$1.0 million. The special revenue amounts added for both grant programs are funded by a transfer from the Problem Gambling and Addictions Grant Fund of the Department for Aging and Disability Services.

The **2013 Legislature** also added \$550,000 for FY 2014 and FY 2015, all from special revenue funds, for Domestic Violence Prevention Grants bringing the total funding for the program to \$4.3 million over two years. The Legislature also added \$150,000 for FY 2014 and FY 2015 to Child Advocacy Center Grants, bringing the total for the program to \$1.0 million for both years. The Legislature also merged the budget of the Lieutenant Governor into the overall budget for the Governor's Office for FY 2014.

The **2017 Legislature** added \$1.0 million for FY 2018 and FY 2019, all from the State General Fund, for domestic violence prevention grant matching funds for FY 2018 and FY 2019.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$31.0 million, including \$8.0 million from the State General Fund, in FY 2018. The revised request is an all funds increase of \$2.9 million, or 10.3 percent, above the approved amount. The State General Fund request is a decrease of \$306,881, or 3.6 percent, below the approved amount. The all funds increase is attributable to a larger distribution of federal grant moneys. The State General Fund decrease is attributable to the reappropriation of money that was not spent in FY 2017.

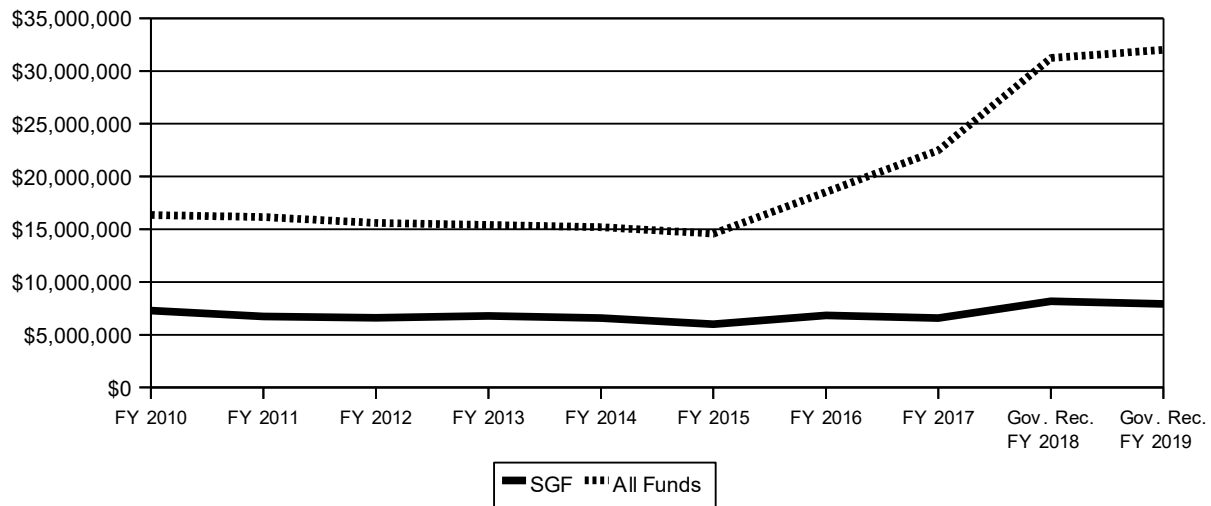
The **Governor** concurs with the agency estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$32.2 million, including \$8.0 million from the State General Fund, for FY 2019. The revised request is an all funds increase of \$1.8 million, or 5.9 percent, above the approved amount. The State General Fund request is an increase of \$306,881, or 4.0 percent, above the approved amount. The all funds increase is attributable to a larger distribution of federal grant moneys. The State General Fund increase is attributable to increased contractual service expenditures.

The **Governor** recommends \$32.0 million, including \$7.9 million from the State General Fund, for FY 2019. The recommendation is an all funds decrease of \$183,691, or 0.6 percent, below the agency estimate. The decrease is primarily due to a reduction of Medicaid Fraud Fund transfer for expenditures in the Domestic Violence Grant Fund (\$150,343) and the Child Advocacy Centers Grant Fund (\$33,348).

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds     | % Change | FTE   |
|---------------------------------|--------------|----------|---------------|----------|-------|
| 2010                            | \$ 7,293,978 | (3.5)%   | \$ 16,349,223 | 5.6 %    | 39.0  |
| 2011                            | 6,735,304    | (7.7)    | 16,157,067    | (1.2)    | 43.5  |
| 2012                            | 6,605,450    | (1.9)    | 15,596,120    | (3.5)    | 39.0  |
| 2013                            | 6,780,616    | 2.7      | 15,412,559    | (1.2)    | 28.1  |
| 2014                            | 6,582,319    | (2.9)    | 15,194,346    | (1.4)    | 31.1  |
| 2015                            | 6,008,007    | (8.7)    | 14,587,255    | (4.0)    | 34.4  |
| 2016                            | 6,824,835    | 13.6     | 18,530,567    | 27.0     | 31.6  |
| 2017                            | 6,575,424    | (3.7)    | 22,485,874    | 21.3     | 33.2  |
| 2018 Gov. Rec.                  | 8,171,930    | 24.3     | 31,233,179    | 38.9     | 34.1  |
| 2019 Gov. Rec.                  | 7,926,206    | (3.0)    | 32,010,821    | 2.5      | 34.1  |
| Ten-Year Change Dollars/Percent | \$ 632,228   | 8.7 %    | \$ 15,661,598 | 95.8 %   | (4.9) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                                     |                      | Agency Estimate      |                      |                                |                                 |                      | Governor's Recommendation |                                |                                 |  |  |
|-----------------------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|----------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                                   |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018      | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                                  |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Office of the Governor                              | \$ 1,545,598         | \$ 1,745,598         | \$ 1,845,836         | \$ 100,238                     | 5.7 %                           | \$ 1,745,598         | \$ 1,845,836              | \$ 100,238                     | 5.7 %                           |  |  |
| Governor's Residence                                | 88,404               | 88,404               | 88,404               | 0                              | --                              | 88,404               | 88,404                    | 0                              | --                              |  |  |
| Office of the Lt. Gov.                              | 186,188              | 186,188              | 186,188              | 0                              | --                              | 186,188              | 186,188                   | 0                              | --                              |  |  |
| Federal Grants Office                               | 20,301,273           | 28,826,198           | 29,682,713           | 856,515                        | 3.0                             | 28,826,198           | 29,499,022                | 672,824                        | 2.3                             |  |  |
| Hispanic & Latino<br>American Affairs<br>Commission | 81,966               | 86,051               | 86,772               | 721                            | 0.8                             | 86,051               | 86,772                    | 721                            | 0.8                             |  |  |
| Commission on African-<br>American Affairs          | 108,392              | 117,159              | 118,222              | 1,063                          | 0.9                             | 117,159              | 118,222                   | 1,063                          | 0.9                             |  |  |
| Commission on<br>Disability Concerns                | 107,514              | 110,244              | 111,714              | 1,470                          | 1.3                             | 110,244              | 111,714                   | 1,470                          | 1.3                             |  |  |
| Native American Affairs                             | 66,539               | 73,337               | 74,663               | 1,326                          | 1.8                             | 73,337               | 74,663                    | 1,326                          | 1.8                             |  |  |
| <b>TOTAL</b>                                        | <b>\$ 22,485,874</b> | <b>\$ 31,233,179</b> | <b>\$ 32,194,512</b> | <b>\$ 961,333</b>              | <b>3.1 %</b>                    | <b>\$ 31,233,179</b> | <b>\$ 32,010,821</b>      | <b>\$ 777,642</b>              | <b>2.5 %</b>                    |  |  |
| <b>By Major Object of Expenditure:</b>              |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Salaries and Wages                                  | \$ 2,630,151         | \$ 2,822,415         | \$ 2,842,743         | \$ 20,328                      | 0.7 %                           | \$ 2,822,415         | \$ 2,842,743              | \$ 20,328                      | 0.7 %                           |  |  |
| Contractual Services                                | 421,551              | 616,916              | 761,138              | 144,222                        | 23.4                            | 616,916              | 761,138                   | 144,222                        | 23.4                            |  |  |
| Commodities                                         | 13,023               | 63,588               | 66,788               | 3,200                          | 5.0                             | 63,588               | 66,788                    | 3,200                          | 5.0                             |  |  |
| Capital Outlay                                      | 7,789                | 4,500                | 4,750                | 250                            | 5.6                             | 4,500                | 4,750                     | 250                            | 5.6                             |  |  |
| Debt Service                                        | 0                    | 0                    | 0                    | 0                              | --                              | 0                    | 0                         | 0                              | --                              |  |  |
| <i>Subtotal-Operations</i>                          | <i>\$ 3,072,514</i>  | <i>\$ 3,507,419</i>  | <i>\$ 3,675,419</i>  | <i>\$ 168,000</i>              | <i>4.8 %</i>                    | <i>\$ 3,507,419</i>  | <i>\$ 3,675,419</i>       | <i>\$ 168,000</i>              | <i>4.8 %</i>                    |  |  |
| Aid to Local Units                                  | 1,952,036            | 3,012,178            | 3,040,335            | 28,157                         | 0.9                             | 3,012,178            | 3,040,335                 | 28,157                         | 0.9                             |  |  |
| Other Assistance                                    | 17,461,324           | 24,713,582           | 25,478,758           | 765,176                        | 3.1                             | 24,713,582           | 25,295,067                | 581,485                        | 2.4                             |  |  |
| <b>TOTAL</b>                                        | <b>\$ 22,485,874</b> | <b>\$ 31,233,179</b> | <b>\$ 32,194,512</b> | <b>\$ 961,333</b>              | <b>3.1 %</b>                    | <b>\$ 31,233,179</b> | <b>\$ 32,010,821</b>      | <b>\$ 777,642</b>              | <b>2.5 %</b>                    |  |  |
| <b>Financing:</b>                                   |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| State General Fund                                  | \$ 6,575,424         | \$ 8,171,930         | \$ 7,926,206         | \$ (245,724)                   | (3.0) %                         | \$ 8,171,930         | \$ 7,926,206              | \$ (245,724)                   | (3.0) %                         |  |  |
| Domestic Violence<br>Grant Fund                     | 700,343              | 700,343              | 700,343              | 0                              | --                              | 700,343              | 550,000                   | (150,343)                      | (21.5)                          |  |  |
| Child Advocacy Centers<br>Grant Fund                | 183,348              | 183,348              | 183,348              | 0                              | --                              | 183,348              | 150,000                   | (33,348)                       | (18.2)                          |  |  |
| Special Programs Fund                               | 45,929               | 88,270               | 92,245               | 3,975                          | 4.5                             | 88,270               | 92,245                    | 3,975                          | 4.5                             |  |  |
| Comm. on Disability<br>Concerns Fee Fund            | 166                  | 0                    | 0                    | 0                              | --                              | 0                    | 0                         | 0                              | --                              |  |  |
| Federal Funds                                       | 14,980,664           | 22,089,288           | 23,292,370           | 1,203,082                      | 5.4                             | 22,089,288           | 23,292,370                | 1,203,082                      | 5.4                             |  |  |
| <b>TOTAL</b>                                        | <b>\$ 22,485,874</b> | <b>\$ 31,233,179</b> | <b>\$ 32,194,512</b> | <b>\$ 961,333</b>              | <b>3.1 %</b>                    | <b>\$ 31,233,179</b> | <b>\$ 32,010,821</b>      | <b>\$ 777,642</b>              | <b>2.5 %</b>                    |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$7,615,982 in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$862,829, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$8,478,811. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 8,478,811                       | \$ 8,171,930                  | \$ (306,881)                      | \$ 8,171,930                | \$ (306,881)                        |
| All Other Funds             | 19,827,665                         | 23,061,249                    | 3,233,584                         | 23,061,249                  | 3,233,584                           |
| <b>TOTAL</b>                | <b>\$ 28,306,476</b>               | <b>\$ 31,233,179</b>          | <b>\$ 2,926,703</b>               | <b>\$ 31,233,179</b>        | <b>\$ 2,926,703</b>                 |
| FTE Positions               | 33.2                               | 34.1                          | 0.9                               | 34.1                        | 0.9                                 |

The **agency** requests FY 2018 operating expenditures of \$31.0 million, including \$8.0 million from the State General Fund. The revised request is an all funds increase of \$2.9 million, or 10.3 percent, above the approved amount. The State General Fund request is a decrease of \$306,881, or 3.6 percent, below the approved amount. The all funds increase is attributable to a larger distribution of federal grant moneys. The State General Fund decrease is attributable to the reappropriation of money that was not spent in FY 2017. Major changes by category of expenditure include the following:

- **Contractual Services.** The agency requests \$516,916, including \$301,616 from the State General Fund, for contractual services. The revised request is an all funds increase of \$37,793, or 7.9 percent, above the approved amount. The increase is attributable to increased expenditures associated with travel;
- **Aid to Local Units of Government.** The agency requests \$3.0 million, all from special revenue funds, for aid to local units of government. The revised request is an increase of \$424,333, or 16.4 percent, above the approved amount. The increase is attributable to increased distribution of federal grant money to local units of government; and

- **Other Assistance.** The agency requests \$24.7 million, including \$5.5 million from the State General Fund, for other assistance. The revised request is an all funds increase of \$3.1 million, or 14.6 percent, above the approved amount. The increase is attributable to increased distribution of federal grant moneys to non-governmental entities.

The **Governor** concurs with the agency estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$7,619,325 for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 7,619,325                       | \$ 7,926,206                  | \$ 306,881                        | \$ 7,926,206                | \$ 306,881                          |
| All Other Funds             | 22,770,411                         | 24,268,306                    | 1,497,895                         | 24,084,615                  | 1,314,204                           |
| <b>TOTAL</b>                | <b>\$ 30,389,736</b>               | <b>\$ 32,194,512</b>          | <b>\$ 1,804,776</b>               | <b>\$ 32,010,821</b>        | <b>\$ 1,621,085</b>                 |
| FTE Positions               | 33.2                               | 34.1                          | 0.9                               | 34.1                        | 0.9                                 |

The **agency** requests a revised estimate of \$32.2 million, including \$8.0 million from the State General Fund, for FY 2019. The revised request is an all funds increase of \$1.8 million, or 5.9 percent, above the approved amount. The State General Fund request is an increase of \$306,881, or 4.0 percent, above the approved amount. The all funds increase is attributable to a larger distribution of federal grant moneys. The State General Fund increase is attributable to increased contractual service expenditures. Major changes by category of expenditure include the following:

- **Salaries and Wages.** The agency requests \$2.8 million, including \$2.2 million from the State General Fund, for salaries and wages. The revised request is an all funds increase of \$84,496, or 3.1 percent, above the approved amount. The increase is attributable to planned expenditures associated with end-of-term accrued vacation leave for administration employees within the agency;
- **Contractual Services.** The agency requests \$761,138, including \$550,263 from the State General Fund, for contractual services. The revised request is an all funds increase of \$369,248, or 94.2 percent, above the approved amount. Expenditures include projected increases in OITS expenditures, end of term expenditures, and additional travel expenditures;
- **Aid to Local Units of Government.** The agency requests \$3.0 million, all from special revenue funds, for aid to local units of government. The revised request is an increase of \$195,502, or 6.9 percent, above the approved amount. The increase is attributable to increased distribution of federal grant money to local units of government; and

- **Other Assistance.** The agency requests \$25.5 million, including \$5.1 million from the State General Fund, for other assistance. The revised request is an all funds increase of \$1.1 million, or 4.7 percent, above the approved amount. The increase is attributable to increased distribution of federal grant moneys to non-governmental entities.

The **Governor** recommends \$32.0 million, including \$7.9 million from the State General Fund, for FY 2019. The recommendation is an all funds decrease of \$183,691, or 0.6 percent, below the agency estimate. The decrease is primarily due to a reduction of Medicaid Fraud Fund transfer for expenditures in the Domestic Violence Grant Fund (\$150,343) and the Child Advocacy Centers Grant Fund (\$33,348).

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

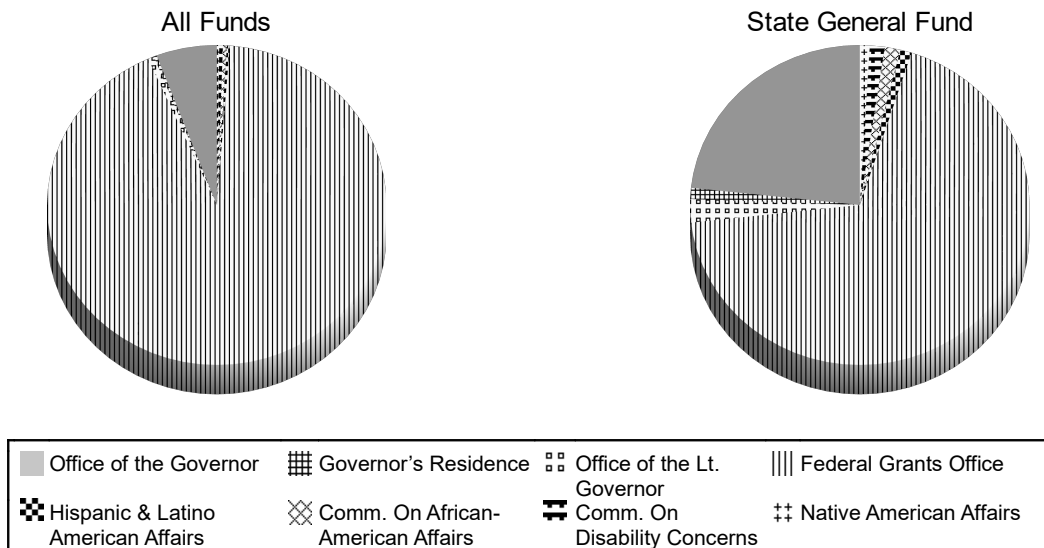
| Funding Source                          | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                      | 24.6 %                                     | 24.8 %                                   |
| Domestic Violence Grant<br>Funding      | 2.2                                        | 1.7                                      |
| Child Advocacy Centers<br>Grant Funding | 0.6                                        | 0.5                                      |
| Special Programs Fund                   | 0.3                                        | 0.3                                      |
| Federal Funds                           | 72.3                                       | 72.8                                     |
| <b>TOTAL</b>                            | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program                                          | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|--------------------------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Office of the Governor                           | \$ 1,845,836                      | 5.8 %               | \$ 1,845,826                | 23.3 %              |
| Governor's Residence                             | 88,404                            | 0.3                 | 88,404                      | 1.1                 |
| Office of the Lt. Gov.                           | 186,188                           | 0.6                 | 186,188                     | 2.3                 |
| Federal Grants Office                            | 29,499,022                        | 92.2                | 5,414,407                   | 68.3                |
| Hispanic & Latino American Affairs<br>Commission | 86,772                            | 0.3                 | 86,772                      | 1.1                 |
| Commission on African-American Affairs           | 118,222                           | 0.4                 | 118,222                     | 1.5                 |
| Commission on Disability Concerns                | 111,714                           | 0.3                 | 111,714                     | 1.4                 |
| Native American Affairs                          | 74,663                            | 0.2                 | 74,663                      | 0.9                 |
| <b>TOTAL</b>                                     | <b>\$ 32,010,821</b>              | <b>100.0 %</b>      | <b>\$ 7,926,196</b>         | <b>100.0 %</b>      |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b>   |                   |                        |                      |                        |                      |
|-----------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Office of the Governor                              | 15.5              | 15.5                   | 15.5                 | 15.5                   | 15.5                 |
| Governor's Residence                                | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| Office of the Lt. Gov.                              | 2.6               | 2.6                    | 2.6                  | 2.6                    | 2.6                  |
| Federal Grants Office                               | 10.1              | 11.0                   | 11.0                 | 11.0                   | 11.0                 |
| Hispanic & Latino<br>American Affairs<br>Commission | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| Commission on African-<br>American Affairs          | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| Commission on<br>Disability Concerns                | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| Native American Affairs                             | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| <b>TOTAL</b>                                        | <b>33.2</b>       | <b>34.1</b>            | <b>34.1</b>          | <b>34.1</b>            | <b>34.1</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### **A. Office of the Governor**

The *Kansas Constitution* provides that the Governor shall be the Chief Executive Officer of the State. The Governor is elected to a four-year term of office on a ticket that also includes the Lieutenant Governor. Among the constitutional powers and duties exercised by the Governor are signing and vetoing acts of the Legislature, presenting an annual message to the Legislature on the condition of the State, submitting to the Legislature an annual state budget recommendation, and considering pardon of those convicted of criminal acts. The Governor also serves as chairperson of the State Finance Council and is, by virtue of the Office, the Commander-in-Chief of the Kansas National Guard. The Office of the Governor provides staff and technical assistance to the Governor in administering the Executive Branch.

**OFFICE OF THE GOVERNOR  
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

| Item                         | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Expenditures:</b>         |                            |                            |                            |                            |                            |
| Salaries and Wages           | \$ 1,404,732               | \$ 1,505,493               | \$ 1,505,493               | \$ 1,456,609               | \$ 1,456,609               |
| Contractual Services         | 132,076                    | 234,305                    | 234,305                    | 383,427                    | 383,427                    |
| Commodities                  | 4,276                      | 5,800                      | 5,800                      | 5,800                      | 5,800                      |
| Capital Outlay               | 4,514                      | 0                          | 0                          | 0                          | 0                          |
| Debt Service                 | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i> | <i>\$ 1,545,598</i>        | <i>\$ 1,745,598</i>        | <i>\$ 1,745,598</i>        | <i>\$ 1,845,836</i>        | <i>\$ 1,845,836</i>        |
| Aid to Local Units           | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                 | <b><u>\$ 1,545,598</u></b> | <b><u>\$ 1,745,598</u></b> | <b><u>\$ 1,745,598</u></b> | <b><u>\$ 1,845,836</u></b> | <b><u>\$ 1,845,836</u></b> |
| <b>Financing:</b>            |                            |                            |                            |                            |                            |
| State General Fund           | \$ 1,545,598               | \$ 1,745,598               | \$ 1,745,598               | \$ 1,845,836               | \$ 1,845,836               |
| All Other Funds              | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                 | <b><u>\$ 1,545,598</u></b> | <b><u>\$ 1,745,598</u></b> | <b><u>\$ 1,745,598</u></b> | <b><u>\$ 1,845,836</u></b> | <b><u>\$ 1,845,836</u></b> |
| FTE Positions                | 15.5                       | 15.5                       | 15.5                       | 15.5                       | 15.5                       |

The **agency** requests \$1.8 million, all from the State General Fund, for the Office of the Governor program for FY 2019. The request is an increase of \$300,238, or 19.4 percent, above the amount estimated in FY 2018. The increase is primarily in contractual services, including projected increases in OITS expenditures, end-of-term expenditures, and additional travel.

The **Governor** concurs with the agency estimate for FY 2019.

**B. Governor's Residence**

The Governor's Residence encompasses expenditures for Cedar Crest, the Governor's official residence.

**GOVERNOR'S RESIDENCE  
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

| Item                         | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| <b>Expenditures:</b>         |                   |                        |                      |                        |                      |
| Salaries and Wages           | \$ 75,663         | \$ 75,663              | \$ 75,663            | \$ 75,663              | \$ 75,663            |
| Contractual Services         | 11,211            | 11,211                 | 11,211               | 11,211                 | 11,211               |
| Commodities                  | 1,530             | 1,530                  | 1,530                | 1,530                  | 1,530                |
| Capital Outlay               | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i> | <i>\$ 88,404</i>  | <i>\$ 88,404</i>       | <i>\$ 88,404</i>     | <i>\$ 88,404</i>       | <i>\$ 88,404</i>     |
| Aid to Local Units           | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                 | <b>\$ 88,404</b>  | <b>\$ 88,404</b>       | <b>\$ 88,404</b>     | <b>\$ 88,404</b>       | <b>\$ 88,404</b>     |
| <b>Financing:</b>            |                   |                        |                      |                        |                      |
| State General Fund           | \$ 88,404         | \$ 88,404              | \$ 88,404            | \$ 88,404              | \$ 88,404            |
| All Other Funds              | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                 | <b>\$ 88,404</b>  | <b>\$ 88,404</b>       | <b>\$ 88,404</b>     | <b>\$ 88,404</b>       | <b>\$ 88,404</b>     |
| FTE Positions                | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |

The **agency** requests \$88,404, all from the State General Fund, for the Governor's Residence program for FY 2019. The request is the same as the amount estimated in FY 2018.

The **Governor** concurs with the agency estimate for FY 2019.

**C. Office of the Lieutenant Governor**

The duties of the Lieutenant Governor are found in KSA 75-301, and the membership and duties of the State Election Board are specified in KSA 25-2203. One goal is to carry out the executive functions of the State entrusted to the Office of the Governor in an honest, efficient, and equitable manner through the following objectives: Provide leadership and direction to the Executive Branch of government. Be accessible to the people of Kansas.

| <b>OFFICE OF THE LT. GOVERNOR</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                  | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                  |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                    | \$ 161,696        | \$ 161,696             | \$ 161,696           | \$ 161,696             | \$ 161,696           |
| Contractual Services                                                                  | 24,329            | 24,329                 | 24,329               | 24,329                 | 24,329               |
| Commodities                                                                           | 163               | 163                    | 163                  | 163                    | 163                  |
| Capital Outlay                                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                          | <i>\$ 186,188</i> | <i>\$ 186,188</i>      | <i>\$ 186,188</i>    | <i>\$ 186,188</i>      | <i>\$ 186,188</i>    |
| Aid to Local Units                                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                      | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                          | <b>\$ 186,188</b> | <b>\$ 186,188</b>      | <b>\$ 186,188</b>    | <b>\$ 186,188</b>      | <b>\$ 186,188</b>    |
| <b>Financing:</b>                                                                     |                   |                        |                      |                        |                      |
| State General Fund                                                                    | \$ 186,188        | \$ 186,188             | \$ 186,188           | \$ 186,188             | \$ 186,188           |
| All Other Funds                                                                       | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                          | <b>\$ 186,188</b> | <b>\$ 186,188</b>      | <b>\$ 186,188</b>    | <b>\$ 186,188</b>      | <b>\$ 186,188</b>    |
| FTE Positions                                                                         | 2.6               | 2.6                    | 2.6                  | 2.6                    | 2.6                  |

The **agency** requests \$186,188, all from the State General Fund, for the Office of the Lieutenant Governor program for FY 2019. The request is the same as the amount estimated in FY 2018.

The **Governor** concurs with the agency estimate for FY 2019.

#### **D. Federal Grants Office**

The Governor's Grants Office manages state and federal grants provided to state agencies, local units of government, and individuals in Kansas. In FY 2018, the Grants Office plans to distribute \$2.5 million to state agencies, \$3.0 million to local units of government, and \$24.7 million to other non-state entities.

#### **State General Fund Grant Programs**

**Domestic Violence Prevention Grants.** Funds are available to support community-based nonprofit organizations whose primary purposes are to operate programs and shelters for victims of sexual and domestic violence. Program accreditation is reviewed by the Grants Office; however, programs are no longer required to be accredited by the Kansas Coalition Against Sexual and Domestic Violence.

**Child Advocacy Center Grants.** These grants' purpose is to initiate, enhance, or expand grant projects that establish comprehensive Children's Advocacy Centers (CACs). CACs are child-focused, community-oriented programs that coordinate investigation and intervention services for abused children by bringing together professionals and agencies in a comprehensive, multi-disciplinary model. Eligible applicants include nonprofit organizations and units of state and local government.

## Federal Grant Programs

**Kansas Grant to Encourage Arrest and Enforcement of Protection Orders (GTEAP).** The goal of the Kansas Grant to Encourage Arrest and Enforcement of Protection Orders (GTEAP) project is to develop policies, protocols, best practices, and training curricula for all professions within the criminal justice system so all professions can provide a consistent response to victims of domestic violence.

This uniform domestic violence training is for victim and offender services from the time of a 911 call reporting an incident through the investigation, arrest, prosecution, probation or parole, and release of an offender.

**STOP Violence Against Women Act (VAWA) Grant.** The federal Office on Violence Against Women (OVW) currently administers 24 grant programs authorized by the Violence Against Women Act (VAWA) of 1994 and subsequent legislation. These grant programs are designed to develop the nation's capacity to reduce domestic violence, dating violence, sexual assault, and stalking by strengthening services to victims and holding offenders accountable.

Kansas is a recipient of the STOP Violence Against Women Act grant program that supports law enforcement and prosecution strategies to combat violent crimes against women and to develop and enhance victim services in cases involving violent crimes against women. Law enforcement agencies receive 25.0 percent of the grant funds, prosecution receives 25.0 percent, courts receive 5.0 percent, nonprofit victims service organizations receive 30.0 percent, and 15.0 percent can be used for discretionary purposes.

**Victims of Crime Act (VOCA) Victim Assistance Grant.** The federal Victims of Crime Act (VOCA) Victim Assistance Grant program provides direct services to crime victims to respond to their emotional and physical needs; assists primary and secondary crime victims in stabilizing their lives after victimization; assists victims in understanding and participating in the criminal justice system; and provides crime victims with a measure of safety. Priority is given to sexual assault, domestic violence, child abuse, and underserved victims. The U.S. Department of Justice Office for Victims of Crime provides funding for this grant.

**Justice Assistance Grant (JAG).** The original 1968 Act established 26 purposes for which the Byrne Formula funding could be used. Those were later expanded to 29 categories, then collapsed into the current seven purpose areas: law enforcement; prosecution and courts; crime prevention and education; corrections and community corrections; drug treatment and enforcement; planning, evaluation, and technology improvement; and crime victim and witness programs.

JAG is awarded to states and territories by a formula based on population and Part I violent crimes. Approximately 60.0 percent of a state's total allocation flows to the State's criminal justice planning agency, the State Administering Agency (SAA). The SAA, in turn, passes a designated percentage (called the Variable Pass Through) to local governments and, through them, to nonprofit service providers. The remaining 40.0 percent flows directly from the Bureau of Justice Assistance (BJA) to local governments based on Part I violent crimes as reported to the Federal Bureau of Investigation (FBI).

**Residential Substance Abuse Treatment (RSAT) Initiative.** Through the Residential Substance Abuse Treatment (RSAT) initiative, the Bureau of Justice Assistance (BJA) provides financial assistance, training, program guidance, evaluation, and leadership to states and local communities interested in administering substance abuse treatment programs in its correctional facilities.

Funds are distributed based on the following formula: each state is allocated a base amount of 0.4 percent of the total funds available for the program. The remaining funds are divided based on the same ratio of each participating state's prison population to the total prison population of all states.

**National Criminal History Improvement Program (NCHIP).** The goal of the federal National Criminal History Improvement Program (NCHIP) Grant program is to improve the nation's safety and security by enhancing the quality, completeness, and accessibility of criminal history record information and by ensuring the nationwide implementation of criminal justice and noncriminal justice background check systems. NCHIP serves as an umbrella for various record improvement activities and funding streams, each of which has unique goals and objectives. The Kansas Criminal Justice Coordinating Council (KCJCC) oversees criminal justice federal funding from NCHIP.

**National Forensic Sciences Improvement Act (NFSIA).** The Paul Coverdell Forensic Science Improvement Grants program awards grants to states and units of local government to help improve the quality and timeliness of forensic science and medical examiner services. Among other things, funds may be used to eliminate a backlog in the analysis of forensic evidence and to train and employ forensic laboratory personnel, as needed, to eliminate such a backlog. State Administering Agencies (SAAs) may apply for both "base" (formula) and competitive funds. Units of local government may apply for competitive funds.

**Bulletproof Vest Partnership (BVP).** The Bulletproof Vest Partnership (BVP) is a federal program to purchase bulletproof vests. Justice Assistance Grant (JAG) funds or other federal funding sources may not be used to pay for that portion of the bulletproof vest (50.0 percent) not covered by BVP funds.

**State Access Visitation Program.** The federal State Access and Visitation Program (SAVP) provides supervised child exchange and supervised child visitation services to children and families at risk because of circumstances relating to neglect; substance abuse; emotional, physical, or sexual abuse; or domestic or family violence. The U.S. Department of Health and Human Services provides funding for this grant.

**John R. Justice Grant.** The John R. Justice (JRJ) Grant program provides student loan repayment assistance for local, state, and federal government public defenders and local and state government prosecutors who commit to serving as public defenders and prosecutors for at least three years. JRJ is administrated by the U.S. Department of Justice Bureau of Justice Assistance.



| <b>FEDERAL GRANTS OFFICE<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                             |                             |                             |                             |                             |
|----------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                       | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                       |                             |                             |                             |                             |                             |
| Salaries and Wages                                                         | \$ 714,475                  | \$ 795,738                  | \$ 795,738                  | \$ 860,370                  | \$ 860,370                  |
| Contractual Services                                                       | 164,755                     | 247,775                     | 247,775                     | 242,875                     | 242,875                     |
| Commodities                                                                | 5,408                       | 52,425                      | 52,425                      | 55,625                      | 55,625                      |
| Capital Outlay                                                             | 3,275                       | 4,500                       | 4,500                       | 4,750                       | 4,750                       |
| Debt Service                                                               | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                               | <i>\$ 887,913</i>           | <i>\$ 1,100,438</i>         | <i>\$ 1,100,438</i>         | <i>\$ 1,163,620</i>         | <i>\$ 1,163,620</i>         |
| Aid to Local Units                                                         | 1,952,036                   | 3,012,178                   | 3,012,178                   | 3,040,335                   | 3,040,335                   |
| Other Assistance                                                           | 17,461,324                  | 24,713,582                  | 24,713,582                  | 25,478,758                  | 25,295,067                  |
| <b>TOTAL</b>                                                               | <b><u>\$ 20,301,273</u></b> | <b><u>\$ 28,826,198</u></b> | <b><u>\$ 28,826,198</u></b> | <b><u>\$ 29,682,713</u></b> | <b><u>\$ 29,499,022</u></b> |
| <b>Financing:</b>                                                          |                             |                             |                             |                             |                             |
| State General Fund                                                         | \$ 4,390,989                | \$ 5,764,949                | \$ 5,764,949                | \$ 5,414,407                | \$ 5,414,407                |
| All Other Funds                                                            | 15,910,284                  | 23,061,249                  | 23,061,249                  | 24,268,306                  | 24,084,615                  |
| <b>TOTAL</b>                                                               | <b><u>\$ 20,301,273</u></b> | <b><u>\$ 28,826,198</u></b> | <b><u>\$ 28,826,198</u></b> | <b><u>\$ 29,682,713</u></b> | <b><u>\$ 29,499,022</u></b> |
| FTE Positions                                                              | 10.1                        | 11.0                        | 11.0                        | 11.0                        | 11.0                        |

The **agency** requests \$29.7 million, including \$5.4 million from the State General Fund, for the Federal Grants Office program for FY 2019. The request is \$865,515, or 3.0 percent, above the amount estimated in FY 2018. The increase is primarily attributable to increased distribution of federal grant money.

The **Governor** recommends \$29.5 million, including \$5.4 million from the State General Fund, for the Federal Grants Office program for FY 2019. The recommendation is \$183,691, or 0.6 percent, below the agency estimate. The decrease is primarily due to a reduction of Medicaid Fraud Fund transfer for expenditures in the Domestic Violence Grant Fund (\$150,343) and the Child Advocacy Centers Grant Fund (\$33,348).

### ***E. Hispanic and Latino American Affairs Commission***

The Kansas Hispanic and Latino American Affairs Commission (KHLAAC) is a seven-member body appointed by political leaders in Kansas. The Commission serves as a liaison for the Kansas Hispanic and Latino community and the Office of the Governor. The Commission addresses public policy concerns primarily in the areas related to education, health, and business. The Commission works closely with the Kansas Hispanic and Latino American Legislative Caucus as well as other state agencies in order to improve the lives of all Kansans.

Major programs include the following:

- **Interpreter and Translator Task Force.** The Commission is currently developing a handbook of best practices. The goals of the task force are to identify the process for state credentialing of qualified interpreters/translators, to find or train qualified individuals to provide quality interpretation/translators, and to implement the identified process and fund the initiative;

- **Business Outreach.** The Commission works with Hispanic- and Latino-owned businesses to assist in marketing and community outreach;
- **Impressario.** This follows sole source contracts to Hispanic- and Latino-owned businesses; and
- **Promotores de Salud.** The program provides community assistance and outreach to non-traditional health workers, predominantly family members. The Kansas Department of Health and Environment has been assisting the program for the last five years.

| <b>HISPANIC &amp; LATINO AMERICAN AFFAIRS<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                        |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                          | \$ 51,110         | \$ 52,172              | \$ 52,172            | \$ 52,893              | \$ 52,893            |
| Contractual Services                                                                        | 29,741            | 32,279                 | 32,279               | 32,279                 | 32,279               |
| Commodities                                                                                 | 1,115             | 1,600                  | 1,600                | 1,600                  | 1,600                |
| Capital Outlay                                                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                                | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                                | <i>\$ 81,966</i>  | <i>\$ 86,051</i>       | <i>\$ 86,051</i>     | <i>\$ 86,772</i>       | <i>\$ 86,772</i>     |
| Aid to Local Units                                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                            | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                                | <b>\$ 81,966</b>  | <b>\$ 86,051</b>       | <b>\$ 86,051</b>     | <b>\$ 86,772</b>       | <b>\$ 86,772</b>     |
| <b>Financing:</b>                                                                           |                   |                        |                      |                        |                      |
| State General Fund                                                                          | \$ 81,966         | \$ 86,051              | \$ 86,051            | \$ 86,772              | \$ 86,772            |
| All Other Funds                                                                             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                                | <b>\$ 81,966</b>  | <b>\$ 86,051</b>       | <b>\$ 86,051</b>     | <b>\$ 86,772</b>       | <b>\$ 86,772</b>     |
| FTE Positions                                                                               | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |

The **agency** requests \$86,772, all from the State General Fund, for the Hispanic and Latino American Affairs program for FY 2019. The request is \$721, or 0.8 percent, above the amount estimated in FY 2018, all in salaries and wages.

The **Governor** concurs with the agency estimate for FY 2019.

## ***F. African-American Affairs Commission***

The Kansas African American Affairs Commission (KAAC) is a seven-member commission created during the 1997 Session by former Governor Graves. The purpose of the KAAC is to address issues of equity for African Americans and serve as a conduit for programs, legislation, grants, research, and policy advice for state and local organizations in addressing concerns unique to the African American community in Kansas.

Major programs include the following:

- **Community Advisory Board Training Academy.** The Community Advisory Board Training Academy, in cooperation with the Kansas Law Enforcement Training Center, provides a seminar on “Fair and Impartial Policing” to provide diverse communities the information needed to work along with local agencies to develop community plans that provide guidance for promoting fair and impartial policing in the areas of policy, training, supervision/accountability, leadership, recruitment/hiring, outreach to diverse communities, and measurement. Additionally, the two-day instructional program is designed to generally familiarize participants with contemporary police training approaches and policing practices, and to facilitate an understanding of policing from a law enforcement perspective. The seminar is offered four times a year in Wichita, Topeka, Kansas City, and Olathe; and
- **Teen Civic Leadership Academy.** Assist youth in developing a familiarity with the legislative process and political involvement by leveraging the current Youth Day at the Capitol and supplement it with the Congressional Award program. The goal is to involve students in the legislative process at multiple points throughout the year rather than just one day.

| AFRICAN-AMERICAN AFFAIRS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|-----------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                  | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                  |                   |                        |                      |                        |                      |
| Salaries and Wages                                                    | \$ 86,812         | \$ 87,152              | \$ 87,152            | \$ 88,215              | \$ 88,215            |
| Contractual Services                                                  | 21,415            | 28,407                 | 28,407               | 28,407                 | 28,407               |
| Commodities                                                           | 165               | 1,600                  | 1,600                | 1,600                  | 1,600                |
| Capital Outlay                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                          | <i>\$ 108,392</i> | <i>\$ 117,159</i>      | <i>\$ 117,159</i>    | <i>\$ 118,222</i>      | <i>\$ 118,222</i>    |
| Aid to Local Units                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                      | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                          | <b>\$ 108,392</b> | <b>\$ 117,159</b>      | <b>\$ 117,159</b>    | <b>\$ 118,222</b>      | <b>\$ 118,222</b>    |
| <b>Financing:</b>                                                     |                   |                        |                      |                        |                      |
| State General Fund                                                    | \$ 108,392        | \$ 117,159             | \$ 117,159           | \$ 118,222             | \$ 118,222           |
| All Other Funds                                                       | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                          | <b>\$ 108,392</b> | <b>\$ 117,159</b>      | <b>\$ 117,159</b>    | <b>\$ 118,222</b>      | <b>\$ 118,222</b>    |
| FTE Positions                                                         | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |

The **agency** requests \$118,222, all from the State General Fund, for the African-American Affairs program for FY 2019. The request is \$1,063, or 0.9 percent, above the amount estimated in FY 2018, all in salaries and wages.

The **Governor** concurs with the agency estimate for FY 2019.

## G. Commission on Disability Concerns

The Kansas Commission on Disability Concerns (KCDC) focuses on partnerships, information, and referral at the state, regional, and local levels for persons with disabilities. The Commission provides policy recommendations to the State of Kansas on changes to laws, regulations, and programs that affect people with disabilities.

The Commission provides information to the public (communities and people) with disabilities on employment (work), school (to work or transition), home, play/community, youth issues, and disability history. KCDC also is an informational and referral resource for people who are not sure where to go for their problem or issue. Major programs include the following:

- **Kansas Employment First Oversight Commission.** The Employment First law (KSA 44-1136-38) sets as the official policy of the State of Kansas that competitive and integrated employment is the first option when serving people with disabilities, established definitions of “competitive” and “integrated” employment, and details the requirements of state agencies to conform to the law. This is a five-member commission appointed by leaders of the House and Senate and the Governor;
- **Cooperation with Independent Living Centers.** The KDCD works with independent living centers to establish disability mentoring days and provides a safe harbor for meeting with disabled job applicants. The role of the KCDC is oversight only; and
- **Disabled Rights Advocacy.** The KCDC advocates for policy changes, including service dog laws and updates to the Kansas American with Disabilities Act.

| COMMISSION ON DISABILITY CONCERNS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|--------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                           |                   |                        |                      |                        |                      |
| Salaries and Wages                                                             | \$ 83,715         | \$ 86,264              | \$ 86,264            | \$ 87,734              | \$ 87,734            |
| Contractual Services                                                           | 23,502            | 23,630                 | 23,630               | 23,630                 | 23,630               |
| Commodities                                                                    | 297               | 350                    | 350                  | 350                    | 350                  |
| Capital Outlay                                                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                   | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                                   | <b>\$ 107,514</b> | <b>\$ 110,244</b>      | <b>\$ 110,244</b>    | <b>\$ 111,714</b>      | <b>\$ 111,714</b>    |
| Aid to Local Units                                                             | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                               | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                   | <b>\$ 107,514</b> | <b>\$ 110,244</b>      | <b>\$ 110,244</b>    | <b>\$ 111,714</b>      | <b>\$ 111,714</b>    |
| <b>Financing:</b>                                                              |                   |                        |                      |                        |                      |
| State General Fund                                                             | \$ 107,348        | \$ 110,244             | \$ 110,244           | \$ 111,714             | \$ 111,714           |
| All Other Funds                                                                | 166               | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                   | <b>\$ 107,514</b> | <b>\$ 110,244</b>      | <b>\$ 110,244</b>    | <b>\$ 111,714</b>      | <b>\$ 111,714</b>    |
| FTE Positions                                                                  | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |

The **agency** requests \$111,714, all from the State General Fund, for the Commission on Disability Concerns program for FY 2019. The request is \$1,470, or 1.3 percent, above the amount estimated in FY 2018, all in salaries and wages.

The **Governor** concurs with the agency estimate for FY 2019.

## **H. Native American Affairs**

The Governor's Native American Affairs Liaison works to ensure the concerns and needs of the state's Native Americans are addressed in state policy-making decisions as well as coordinate intergovernmental communications between tribal governments and the Governor's Office, in addition to other state agencies and other Native American organizations.

| <b>NATIVE AMERICAN AFFAIRS<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                         | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                         |                   |                        |                      |                        |                      |
| Salaries and Wages                                                           | \$ 51,948         | \$ 58,237              | \$ 58,237            | \$ 59,563              | \$ 59,563            |
| Contractual Services                                                         | 14,522            | 14,980                 | 14,980               | 14,980                 | 14,980               |
| Commodities                                                                  | 69                | 120                    | 120                  | 120                    | 120                  |
| Capital Outlay                                                               | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                 | <i>\$ 66,539</i>  | <i>\$ 73,337</i>       | <i>\$ 73,337</i>     | <i>\$ 74,663</i>       | <i>\$ 74,663</i>     |
| Aid to Local Units                                                           | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                 | <b>\$ 66,539</b>  | <b>\$ 73,337</b>       | <b>\$ 73,337</b>     | <b>\$ 74,663</b>       | <b>\$ 74,663</b>     |
| <b>Financing:</b>                                                            |                   |                        |                      |                        |                      |
| State General Fund                                                           | \$ 66,539         | \$ 73,337              | \$ 73,337            | \$ 74,663              | \$ 74,663            |
| All Other Funds                                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                 | <b>\$ 66,539</b>  | <b>\$ 73,337</b>       | <b>\$ 73,337</b>     | <b>\$ 74,663</b>       | <b>\$ 74,663</b>     |
| FTE Positions                                                                | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |

The **agency** requests \$74,663, all from the State General Fund, for the Native American Affairs program for FY 2019. The request is \$1,326, or 1.8 percent, above the amount estimated in FY 2018, all in salaries and wages.

The **Governor** concurs with the agency estimate for FY 2019.

# SECRETARY OF STATE

| Expenditure             | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Operating Expenditures: |                            |                            |                            |                            |                            |
| State General Fund      | \$ 26,715                  | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds             | 4,467,809                  | 4,481,024                  | 4,481,024                  | 4,481,024                  | 4,481,024                  |
| <i>Subtotal</i>         | <i>\$ 4,494,524</i>        | <i>\$ 4,481,024</i>        | <i>\$ 4,481,024</i>        | <i>\$ 4,481,024</i>        | <i>\$ 4,481,024</i>        |
| Capital Improvements:   |                            |                            |                            |                            |                            |
| State General Fund      | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal</i>         | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                |
| <b>TOTAL</b>            | <b><u>\$ 4,494,524</u></b> | <b><u>\$ 4,481,024</u></b> | <b><u>\$ 4,481,024</u></b> | <b><u>\$ 4,481,024</u></b> | <b><u>\$ 4,481,024</u></b> |
| Percentage Change:      |                            |                            |                            |                            |                            |
| Operating Expenditures  |                            |                            |                            |                            |                            |
| State General Fund      | 0.0 %                      | (100.0) %                  | (100.0) %                  | -- %                       | -- %                       |
| All Funds               | (3.1)                      | (0.3)                      | (0.3)                      | 0.0                        | 0.0                        |
| FTE Positions           | 41.0                       | 46.0                       | 46.0                       | 46.0                       | 46.0                       |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Secretary of State is an elected official who serves as the custodian of official government documents for the State of Kansas. The Secretary administers the laws relating to business entities, elections and legislative matters, and the Uniform Commercial Code, and performs other executive duties. The *Kansas Constitution* requires the Secretary of State to countersign commissions of the Governor, file declarations of candidacies, file and index charter ordinances, and publish regulations for constitutional amendments. The Secretary of State also is responsible for the distribution of the Kansas Statutes Annotated (KSA) and its supplements, Session Laws of Kansas, Kansas Administrative Regulations (KAR), and the *Kansas Register*.

To carry out its duties, the Office of the Secretary of State is organized into the following divisions: Administrative Services, Business Services (including the Uniform Commercial Code), and Elections and Legislative Matters. In addition, the Secretary of State is charged with the implementation of the federal Help America Vote Act (HAVA) of 2002.

## MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** passed SB 275, which allowed the Secretary of State to deposit proceeds generated from the sale and shipment of Session Laws of Kansas, KARs, and the supplement volumes into the agency's Information Services Fee Fund rather than to the State General Fund. In addition, the bill allowed the Secretary of State to deposit the revenue collected from the shipments of the KSAs and supplements into the Information Services Fee Fund rather than to the State General Fund.

The **2010 Legislature** added \$1.5 million, all from federal HAVA funds, for FY 2011. This allowed counties to make improvements to election administration systems, including the purchase of voting equipment, software, and supplies. This was funding from existing balances of the federal funds and no additional state match was required to utilize these funds.

The **2010 Legislature** also added \$435,000, all from special revenue funds (various fee funds), for FY 2011 to allow the agency to expend up to \$435,000 for publication of any proposed constitutional amendments adopted by the 2009 or 2010 Legislatures.

The **2012 Legislature** added \$77,000, all from the State General Fund, for FY 2013 for publication of a constitutional amendment, HCR 5017, which concerned taxation of watercraft.

The **2013 Legislature** deleted \$230,235, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2014 and FY 2015.

The **2014 Legislature** added \$44,000, all from the State General Fund, for FY 2015 for publication of a constitutional amendment, SCR 1618, which concerned taxation of raffles.

The **2016 Legislature** added \$29,833, all from the State General Fund, for printing costs associated with the passage of HCR 5008, which requires a public vote on a proposed constitutional amendment to establish a constitutional right to hunt, fish, and trap wildlife in the state.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests revised FY 2018 operating expenditures of \$4.5 million, all from special revenue funds. The request is a decrease of \$1.1 million, or 19.9 percent, below the amount approved by the 2017 Legislature. There are no State General Fund expenditures in this request. The all funds decrease is largely attributable to decreased contractual services and capital outlay expenditures for printing, computers, and information systems consulting services in the Help America Vote Program. In FY 2016, a new statewide voter registration and election management system was procured and implemented.

The agency requests 46.0 FTE positions, the same as the approved number.

The **Governor** concurs with the agency request, which is the same as the amount approved by the 2017 Legislature.

**FY 2019 – Budget Year.** The **agency** requests revised FY 2019 operating expenditures of \$4.5 million, all from special revenue funds. The request is a decrease of \$1.1 million, or 20.0 percent, below the amount approved by the 2017 Legislature. There are no State General Fund expenditures in this request. The decrease is largely attributable to decreased contractual services and capital outlay expenditures for printing, attorneys' fees, computers, and information systems consulting services in the Help America Vote Program.

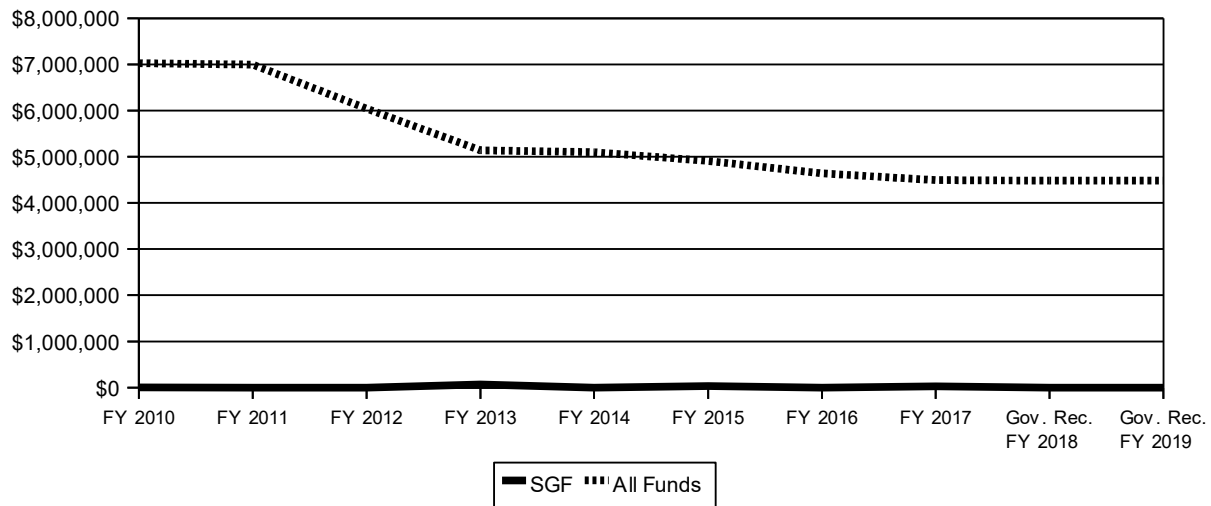
The agency requests 46.0 FTE positions, the same as the approved number.

The **Governor** concurs with the agency request, which is the same as the amount approved by the 2017 Legislature.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF      | % Change | All Funds      | % Change | FTE   |
|-----------------|----------|----------|----------------|----------|-------|
| 2010            | \$ 700   | (99.5)%  | \$ 7,027,186   | 25.5 %   | 55.0  |
| 2011            | 0        | (100.0)  | 6,996,385      | (0.4)    | 54.0  |
| 2012            | 0        | --       | 6,044,624      | (13.6)   | 51.0  |
| 2013            | 69,966   | --       | 5,139,433      | (15.0)   | 45.0  |
| 2014            | 0        | (100.0)  | 5,099,289      | (0.8)    | 44.0  |
| 2015            | 33,784   | --       | 4,908,858      | (3.7)    | 40.0  |
| 2016            | 0        | (100.0)  | 4,640,249      | (5.5)    | 40.0  |
| 2017            | 26,715   | --       | 4,494,524      | (3.1)    | 41.0  |
| 2018 Gov. Rec.  | 0        | (100.0)  | 4,481,024      | (0.3)    | 46.0  |
| 2019 Gov. Rec.  | 0        | --       | 4,481,024      | --       | 46.0  |
| Ten-Year Change |          |          |                |          |       |
| Dollars/Percent | \$ (700) | (100.0)% | \$ (2,546,162) | (36.2)%  | (9.0) |

## Summary of Operating Budget FY 2017 - FY 2019

Secretary of State

|                                        |                     | Agency Estimate     |                     |                                |                                 |                     | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |                     | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018     | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |                     |                     |                     |                                |                                 |                     |                           |                                |                                 |  |  |
| Administration                         | \$ 2,571,132        | \$ 2,606,469        | \$ 2,588,009        | \$ (18,460)                    | (0.7) %                         | \$ 2,606,469        | \$ 2,588,009              | \$ (18,460)                    | (0.7)%                          |  |  |
| Business Services                      | 1,022,968           | 949,818             | 965,896             | 16,078                         | 1.7                             | 949,818             | 965,896                   | 16,078                         | 1.7                             |  |  |
| Elections and Legislative<br>Matters   | 523,916             | 548,977             | 551,359             | 2,382                          | 0.4                             | 548,977             | 551,359                   | 2,382                          | 0.4                             |  |  |
| Help America Vote                      | 376,508             | 375,760             | 375,760             | 0                              | --                              | 375,760             | 375,760                   | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 4,494,524</b> | <b>\$ 4,481,024</b> | <b>\$ 4,481,024</b> | <b>\$ 0</b>                    | <b>-- %</b>                     | <b>\$ 4,481,024</b> | <b>\$ 4,481,024</b>       | <b>\$ 0</b>                    | <b>-- %</b>                     |  |  |
| <b>By Major Object of Expenditure:</b> |                     |                     |                     |                                |                                 |                     |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 2,910,523        | \$ 2,908,785        | \$ 2,912,961        | \$ 4,176                       | 0.1 %                           | \$ 2,908,785        | \$ 2,912,961              | \$ 4,176                       | 0.1 %                           |  |  |
| Contractual Services                   | 1,526,490           | 1,515,676           | 1,511,500           | (4,176)                        | (0.3)                           | 1,515,676           | 1,511,500                 | (4,176)                        | (0.3)                           |  |  |
| Commodities                            | 39,743              | 39,743              | 39,743              | 0                              | --                              | 39,743              | 39,743                    | 0                              | --                              |  |  |
| Capital Outlay                         | 17,768              | 16,820              | 16,820              | 0                              | --                              | 16,820              | 16,820                    | 0                              | --                              |  |  |
| Debt Service                           | 0                   | 0                   | 0                   | 0                              | --                              | 0                   | 0                         | 0                              | --                              |  |  |
| <i>Subtotal-Operations</i>             | <i>\$ 4,494,524</i> | <i>\$ 4,481,024</i> | <i>\$ 4,481,024</i> | <i>\$ 0</i>                    | <i>-- %</i>                     | <i>\$ 4,481,024</i> | <i>\$ 4,481,024</i>       | <i>\$ 0</i>                    | <i>-- %</i>                     |  |  |
| Aid to Local Units                     | 0                   | 0                   | 0                   | 0                              | --                              | 0                   | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0                   | 0                   | 0                   | 0                              | --                              | 0                   | 0                         | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 4,494,524</b> | <b>\$ 4,481,024</b> | <b>\$ 4,481,024</b> | <b>\$ 0</b>                    | <b>0.0 %</b>                    | <b>\$ 4,481,024</b> | <b>\$ 4,481,024</b>       | <b>\$ 0</b>                    | <b>-- %</b>                     |  |  |
| <b>Financing:</b>                      |                     |                     |                     |                                |                                 |                     |                           |                                |                                 |  |  |
| State General Fund                     | \$ 26,715           | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                | \$ 0                      | \$ 0                           | -- %                            |  |  |
| Fee and other Funds                    | 4,189,152           | 4,205,764           | 4,205,764           | 0                              | --                              | 4,205,764           | 4,205,764                 | 0                              | --                              |  |  |
| Federal Funds                          | 278,657             | 275,260             | 275,260             | 0                              | --                              | 275,260             | 275,260                   | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 4,494,524</b> | <b>\$ 4,481,024</b> | <b>\$ 4,481,024</b> | <b>\$ 0</b>                    | <b>-- %</b>                     | <b>\$ 4,481,024</b> | <b>\$ 4,481,024</b>       | <b>\$ 0</b>                    | <b>-- %</b>                     |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

This agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 5,592,722                          | 4,481,024                     | (1,111,698)                       | 4,481,024                   | (1,111,698)                         |
| <b>TOTAL</b>                | <b>\$ 5,592,722</b>                | <b>\$ 4,481,024</b>           | <b>\$ (1,111,698)</b>             | <b>\$ 4,481,024</b>         | <b>\$ (1,111,698)</b>               |
| FTE Positions               | 46.0                               | 46.0                          | 0.0                               | 46.0                        | 0.0                                 |

The **agency** requests revised FY 2018 operating expenditures of \$4.5 million, all from special revenue funds. The request is a decrease of \$1.1 million, or 19.9 percent, below the amount approved by the 2017 Legislature. There are no State General Fund expenditures in this request. The all funds decrease is largely attributable to decreased contractual services and capital outlay expenditures for printing, computers, and information systems consulting services in the Help America Vote Program. In FY 2016, a new statewide voter registration and election management system was procured and implemented.

The agency requests 46.0 FTE positions, the same as the approved number.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$2.9 million, all from special revenue funds, for salaries and wages. The request is a decrease of \$42,438, or 1.4 percent, below the approved amount. The decrease is attributable to a decrease in unclassified regular and temporary pay;
- **Contractual Services.** The agency requests expenditures of \$1.5 million, all from special revenue funds, for contractual services. The request is an all funds decrease of \$967,914, or 39.0 percent, below the approved amount. The decrease is largely in information systems and consulting that was used to purchase and implement a new statewide voter registration and election management system in 2016;
- **Commodities.** The agency requests expenditures of \$39,743, all from special revenue funds, for commodities. The request is a decrease of \$26,307, or 39.8 percent, below the approved amount. Commodities expenditures are generally for stationery and office supplies, gas, and data processing supplies; and

- **Capital Outlay.** The agency requests expenditures of \$16,820, all from special revenue funds, for capital outlay. The request is a decrease of \$75,039, or 81.7 percent, below the approved amount. Capital outlay expenditures are largely used for technology upgrades and computer replacements that the agency did in FY 2017 and do not need in FY 2018.

The **Governor** concurs with the agency request, which is the same as the amount approved by the 2017 Legislature.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

This agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 5,598,579                          | 4,481,024                     | (1,117,555)                       | 4,481,024                   | (1,117,555)                         |
| <b>TOTAL</b>                | <b>\$ 5,598,579</b>                | <b>\$ 4,481,024</b>           | <b>\$ (1,117,555)</b>             | <b>\$ 4,481,024</b>         | <b>\$ (1,117,555)</b>               |
| FTE Positions               | 46.0                               | 46.0                          | 0.0                               | 46.0                        | 0.0                                 |

The **agency** requests revised FY 2019 operating expenditures of \$4.5 million, all from special revenue funds. The request is a decrease of \$1.1 million, or 20.0 percent, below the amount approved by the 2017 Legislature. There are no State General Fund expenditures in this request. The decrease is largely attributable to decreased contractual services, commodities, and capital outlay expenditures for printing, computers, and information systems consulting services in the Help America Vote Program.

The agency requests 46.0 FTE positions, the same number as the approved.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$2.9 million, all from special revenue funds, for salaries and wages. The request is a decrease of \$44,119, or 1.5 percent, below the approved amount. The decrease is attributable to a decrease in unclassified regular and temporary pay;
- **Contractual Services.** The agency requests expenditures of \$1.5 million, all from special revenue funds, for contractual services. The request is a decrease of \$972,090, or 39.1 percent, below the approved amount. Contractual services expenditures are largely reduced in information systems consulting and computer software maintenance;

- **Commodities.** The agency requests expenditures of \$39,743, all from special revenue funds, for commodities. The request is a decrease of \$26,307, or 39.8 percent, below the approved amount. Commodities expenditures are generally for stationery and office supplies, gas, and data processing supplies; and
- **Capital Outlay.** The agency requests expenditures of \$16,820, all from special revenue funds, for capital outlay. The request is a decrease of \$75,039, or 81.7 percent, below the approved amount. Capital outlay expenditures are largely used for technology upgrades and computer replacements that the agency did in FY 2017 and do not need in FY 2019.

The **Governor** concurs with the agency request, which is the same as the amount approved by the 2017 Legislature.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------|--------------------------------------------|------------------------------------------|
| State General Fund    | 0.0 %                                      | 0.0 %                                    |
| Special Revenue Funds | 93.9                                       | 93.9                                     |
| Federal Funds         | 6.1                                        | 6.1                                      |
| <b>TOTAL</b>          | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Information and Copy Services Fee Fund Analysis

The Information and Copy Services Fee Fund is used to finance agency functions that provide public information when requested. Revenues to the Fund include fees charged for computer access, diskettes, tapes, certified copies, regular copies, Uniform Commercial Code (UCC) copies, listings, and microfilm. Revenue projections are based on receipt trends, the economy, law changes, fee increases/decreases, and the volume of documents filed electronically (in many cases the electronic fee is lower).

| Resource Estimate                            | Actual<br>FY 2017       | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018    | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019    |
|----------------------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
| Beginning Balance                            | \$ 1,030,632            | \$ 405,141                    | \$ 405,141              | \$ 261,053                    | \$ 261,053              |
| Revenue                                      | 2,529,141               | 2,529,141                     | 2,529,141               | 2,529,141                     | 2,529,141               |
| Transfers in                                 | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Funds Available</b>                       | <b>\$ 3,559,773</b>     | <b>\$ 2,934,282</b>           | <b>\$ 2,934,282</b>     | <b>\$ 2,790,194</b>           | <b>\$ 2,790,194</b>     |
| Less:                                        |                         |                               |                         |                               |                         |
| Expenditures                                 | 3,143,534               | 2,662,131                     | 2,662,131               | 2,592,802                     | 2,592,802               |
| Transfers Out                                | 0                       | 0                             | 0                       | 0                             | 0                       |
| Off Budget Expenditures                      | 11,098                  | 11,098                        | 11,098                  | 11,098                        | 11,098                  |
| <b>Ending Balance</b>                        | <b>\$ 405,141</b>       | <b>\$ 261,053</b>             | <b>\$ 261,053</b>       | <b>\$ 186,294</b>             | <b>\$ 186,294</b>       |
| Ending Balance as Percent of<br>Expenditures | 12.9%                   | 9.8%                          | 9.8%                    | 7.2%                          | 7.2%                    |
| Month Highest Ending<br>Balance              | October<br>\$ 1,103,907 | October<br>\$ 1,105,000       | October<br>\$ 1,105,000 | October<br>\$ 1,107,000       | October<br>\$ 1,107,000 |
| Month Lowest Ending<br>Balance               | December<br>\$ 426,976  | December<br>\$ 428,000        | December<br>\$ 428,000  | December<br>\$ 430,000        | December<br>\$ 430,000  |

## Technology Communication Fee Fund Analysis

The Technology Communication Fee Fund is used to support the continuing development of electronic government and business in the State of Kansas, including the electronic filing of forms for businesses. As specified in KSA 75-444, the Secretary of State shall charge a technology communication fee, not exceeding \$5, to cover the cost of technology systems.

| Resource Estimate                            | Actual<br>FY 2017        | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018     | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019     |
|----------------------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
| Beginning Balance                            | \$ 864,340               | \$ 1,600,011                  | \$ 1,600,011             | \$ 1,751,043                  | \$ 1,751,043             |
| Revenue                                      | 1,374,796                | 1,374,796                     | 1,374,796                | 1,374,796                     | 1,374,796                |
| Transfers in                                 | 0                        | 0                             | 0                        | 0                             | 0                        |
| <b>Funds Available</b>                       | <b>\$ 2,239,136</b>      | <b>\$ 2,974,807</b>           | <b>\$ 2,974,807</b>      | <b>\$ 3,125,839</b>           | <b>\$ 3,125,839</b>      |
| Less:                                        |                          |                               |                          |                               |                          |
| Expenditures                                 | 639,125                  | 1,223,764                     | 1,223,764                | 1,310,021                     | 1,310,021                |
| Transfers Out                                | 0                        | 0                             | 0                        | 0                             | 0                        |
| Off Budget Expenditures                      | 0                        | 0                             | 0                        | 0                             | 0                        |
| <b>Ending Balance</b>                        | <b>\$ 1,600,011</b>      | <b>\$ 1,751,043</b>           | <b>\$ 1,751,043</b>      | <b>\$ 1,815,818</b>           | <b>\$ 1,815,818</b>      |
| Ending Balance as Percent of<br>Expenditures | 250.3%                   | 143.1%                        | 143.1%                   | 138.6%                        | 138.6%                   |
| Month Highest Ending<br>Balance              | December<br>\$ 1,616,047 | December<br>\$ 1,618,000      | December<br>\$ 1,618,000 | December<br>\$ 1,620,000      | December<br>\$ 1,620,000 |
| Month Lowest Ending<br>Balance               | January<br>\$ 924,097    | January<br>\$ 925,000         | January<br>\$ 925,000    | January<br>\$ 926,000         | January<br>\$ 926,000    |

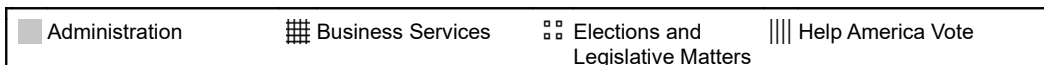
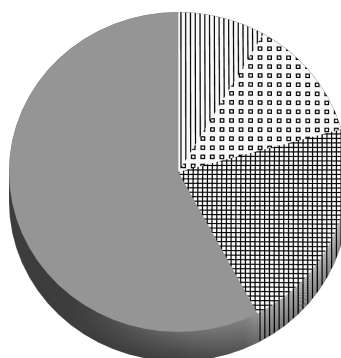


# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation

All Funds



| Program                           | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-----------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration                    | \$ 2,588,009                      | 57.8 %              | \$ 0                        | -- %                |
| Business Services                 | 965,896                           | 21.6                | 0                           | --                  |
| Elections and Legislative Matters | 551,359                           | 12.3                | 0                           | --                  |
| Help America Vote                 | 375,760                           | 8.4                 | 0                           | --                  |
| <b>TOTAL</b>                      | <b>\$ 4,481,024</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program                              | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|--------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration                       | 23.0              | 26.0                   | 26.0                 | 26.0                   | 26.0                 |
| Business Services                    | 13.0              | 15.0                   | 15.0                 | 15.0                   | 15.0                 |
| Elections and Legislative<br>Matters | 5.0               | 5.0                    | 5.0                  | 5.0                    | 5.0                  |
| Help America Vote                    | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>                         | <b>41.0</b>       | <b>46.0</b>            | <b>46.0</b>          | <b>46.0</b>            | <b>46.0</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Administration

The Administration program provides services for other divisions within the agency, including management, legal, financial, communication, human resources, and information technology. In addition, it is responsible for the preparation of office publications and forms, including the *Kansas Register* (the official state newspaper), the Session Laws of Kansas, and the KARs. In addition, the program is responsible for promoting efficiencies in the agency's imaging and electronic records systems.

| ADMINISTRATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                        | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                        |                     |                        |                      |                        |                      |
| Salaries and Wages                                          | \$ 1,653,660        | \$ 1,723,095           | \$ 1,723,095         | \$ 1,704,635           | \$ 1,704,635         |
| Contractual Services                                        | 886,369             | 852,271                | 852,271              | 852,271                | 852,271              |
| Commodities                                                 | 22,323              | 22,323                 | 22,323               | 22,323                 | 22,323               |
| Capital Outlay                                              | 8,780               | 8,780                  | 8,780                | 8,780                  | 8,780                |
| Debt Service                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                | <i>\$ 2,571,132</i> | <i>\$ 2,606,469</i>    | <i>\$ 2,606,469</i>  | <i>\$ 2,588,009</i>    | <i>\$ 2,588,009</i>  |
| Aid to Local Units                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                | <b>\$ 2,571,132</b> | <b>\$ 2,606,469</b>    | <b>\$ 2,606,469</b>  | <b>\$ 2,588,009</b>    | <b>\$ 2,588,009</b>  |
| <b>Financing:</b>                                           |                     |                        |                      |                        |                      |
| State General Fund                                          | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                             | 2,571,132           | 2,606,469              | 2,606,469            | 2,588,009              | 2,588,009            |
| <b>TOTAL</b>                                                | <b>\$ 2,571,132</b> | <b>\$ 2,606,469</b>    | <b>\$ 2,606,469</b>  | <b>\$ 2,588,009</b>    | <b>\$ 2,588,009</b>  |
| FTE Positions                                               | 23.0                | 26.0                   | 26.0                 | 26.0                   | 26.0                 |

The **agency** requests FY 2018 operating expenditures of \$2.6 million, all from special revenue funds, for the Administration function. This is a decrease of \$101,106, or 3.7 percent, below the approved amount. The decrease is largely due to a reduction in salaries and wages expenditures for unclassified regular and temporary pay and reductions in expenditures for commodities and capital outlay.

The **Governor** concurs with the agency request in FY 2018, which is the same as the amount approved by the 2017 Legislature

The **agency** requests FY 2019 operating expenditures of \$2.6 million, all from special revenue funds, for the Administration function. This is a decrease of \$115,638, or 4.3 percent, below the approved amount. The decrease is largely due to a reduction in salaries and wages expenditures for unclassified regular and temporary pay and reductions in expenditures for commodities and capital outlay.

The **Governor** concurs with the agency request for FY 2019, which is the same as the amount approved by the 2017 Legislature.

## B. Business Services

The Business Services Division administers the Kansas General Corporations Code, the Kansas Limited Liability Company Act, the Kansas Uniform Limited Partnership Act, the Kansas Uniform Commercial Code (UCC), and related laws. This division ensures customers have forms and procedures to follow in forming and maintaining business entities and in gaining easy access to business records that date to the beginning of the state. The number of annual reports processed each year by the Division exceeds 150,000. The program currently has about 356,000 UCC filings on record. In FY 1995, the Kansas UCC program became the first in the nation to accept electronic filings of UCC financing statements. The office currently receives more than 90.0 percent of its nearly 100,000 annual UCC transactions electronically.

| <b>BUSINESS SERVICES</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                         | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                         |                     |                        |                      |                        |                      |
| Salaries and Wages                                                           | \$ 916,741          | \$ 843,791             | \$ 843,791           | \$ 859,869             | \$ 859,869           |
| Contractual Services                                                         | 96,182              | 96,182                 | 96,182               | 96,182                 | 96,182               |
| Commodities                                                                  | 3,160               | 3,160                  | 3,160                | 3,160                  | 3,160                |
| Capital Outlay                                                               | 6,885               | 6,685                  | 6,685                | 6,685                  | 6,685                |
| Debt Service                                                                 | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                 | <i>\$ 1,022,968</i> | <i>\$ 949,818</i>      | <i>\$ 949,818</i>    | <i>\$ 965,896</i>      | <i>\$ 965,896</i>    |
| Aid to Local Units                                                           | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                 | <b>\$ 1,022,968</b> | <b>\$ 949,818</b>      | <b>\$ 949,818</b>    | <b>\$ 965,896</b>      | <b>\$ 965,896</b>    |
| <b>Financing:</b>                                                            |                     |                        |                      |                        |                      |
| State General Fund                                                           | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                              | 1,022,968           | 949,818                | 949,818              | 965,896                | 965,896              |
| <b>TOTAL</b>                                                                 | <b>\$ 1,022,968</b> | <b>\$ 949,818</b>      | <b>\$ 949,818</b>    | <b>\$ 965,896</b>      | <b>\$ 965,896</b>    |
| FTE Positions                                                                | 13.0                | 15.0                   | 15.0                 | 15.0                   | 15.0                 |

The **agency** requests FY 2018 operating expenditures of \$949,818, all from special revenue funds, for the Business Services function. This is a decrease of \$15,536, or 1.6 percent, below the approved amount. The decrease is largely due to a reduction in contractual services for computer services and consulting and reductions in expenditures for commodities and capital outlay.

The **Governor** concurs with the agency request in FY 2018, which is the same as the amount approved by the 2017 Legislature.

The **agency** requests FY 2019 operating expenditures of \$965,896, all from special revenue funds for the Business Services function. This is an increase of \$5,772, or 0.6 percent, above the approved amount. The increase is largely due to salary increases, partially offset by a reduction in contractual services for computer services and consulting and reductions in expenditures for commodities and capital outlay.

The **Governor** concurs with the agency request for FY 2019, which is the same as the amount approved by the 2017 Legislature.

### C. Elections and Legislative Matters

The Elections and Legislative Matters Division performs statutory functions related to elections and the Legislature, and provides the public with information on these issues. This division oversees and administers the electoral process in Kansas; promotes public participation in the electoral process; maintains files of public records; responds to inquiries and informational requests; and distributes publications, including the KSAs, Session Laws of Kansas, Senate and House journals, and the KARs. In addition, the Division registers lobbyists, issues lobbyist badges, and files lobbyist expenditure reports.

| ELECTIONS AND LEGISLATIVE MATTERS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|--------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                           |                   |                        |                      |                        |                      |
| Salaries and Wages                                                             | \$ 340,122        | \$ 341,899             | \$ 341,899           | \$ 348,457             | \$ 348,457           |
| Contractual Services                                                           | 168,179           | 191,463                | 191,463              | 187,287                | 187,287              |
| Commodities                                                                    | 14,260            | 14,260                 | 14,260               | 14,260                 | 14,260               |
| Capital Outlay                                                                 | 1,355             | 1,355                  | 1,355                | 1,355                  | 1,355                |
| Debt Service                                                                   | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                   | <i>\$ 523,916</i> | <i>\$ 548,977</i>      | <i>\$ 548,977</i>    | <i>\$ 551,359</i>      | <i>\$ 551,359</i>    |
| Aid to Local Units                                                             | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                               | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                   | <b>\$ 523,916</b> | <b>\$ 548,977</b>      | <b>\$ 548,977</b>    | <b>\$ 551,359</b>      | <b>\$ 551,359</b>    |
| <b>Financing:</b>                                                              |                   |                        |                      |                        |                      |
| State General Fund                                                             | \$ 26,715         | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                | 497,201           | 548,977                | 548,977              | 551,359                | 551,359              |
| <b>TOTAL</b>                                                                   | <b>\$ 523,916</b> | <b>\$ 548,977</b>      | <b>\$ 548,977</b>    | <b>\$ 551,359</b>      | <b>\$ 551,359</b>    |
| FTE Positions                                                                  | 5.0               | 5.0                    | 5.0                  | 5.0                    | 5.0                  |

The **agency** requests FY 2018 operating expenditures of \$548,977, all from special revenue funds, for the Elections and Legislative Matters function. This is a decrease of \$79,606, or 12.7 percent, below the approved amount. The decrease is largely due to a reduction in contractual services for computer consulting services and reductions in expenditures for commodities and capital outlay.

The **Governor** concurs with the agency request in FY 2018, which is the same as the amount approved by the 2017 Legislature.

The **agency** requests FY 2019 operating expenditures of \$551,359, all from special revenue funds, for the Elections and Legislative Matters function. This is a decrease of \$92,239, or 14.3 percent, below the approved amount. The decrease is largely due to a reduction in contractual services for computer consulting services and reductions in expenditures for commodities and capital outlay.

The **Governor** concurs with the agency request for FY 2019, which is the same as the amount approved by the 2017 Legislature.

### D. Help America Vote Act (HAVA)

The HAVA Division is charged with implementing the federal Help America Vote Act of 2002 and administers the Help America Vote Program. HAVA requires each state to develop a single, uniform, official, centralized, interactive, and computerized statewide voter registration list defined, maintained, and administered at the state level. The Division also is responsible for coordinating the state plan provided to the Federal Election Commission. The Kansas plan was developed by an advisory council. In addition, the Division is to apply for federal grants and oversee the distribution of any grants that are obtained.

| <b>HELP AMERICA VOTE ACT DIVISION</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|-------------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                      | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                      |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                        | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Contractual Services                                                                      | 375,760           | 375,760                | 375,760              | 375,760                | 375,760              |
| Commodities                                                                               | 0                 | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                                                            | 748               | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                              | <i>\$ 376,508</i> | <i>\$ 375,760</i>      | <i>\$ 375,760</i>    | <i>\$ 375,760</i>      | <i>\$ 375,760</i>    |
| Aid to Local Units                                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                              | <b>\$ 376,508</b> | <b>\$ 375,760</b>      | <b>\$ 375,760</b>    | <b>\$ 375,760</b>      | <b>\$ 375,760</b>    |
| <b>Financing:</b>                                                                         |                   |                        |                      |                        |                      |
| State General Fund                                                                        | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                           | 376,508           | 375,760                | 375,760              | 375,760                | 375,760              |
| <b>TOTAL</b>                                                                              | <b>\$ 376,508</b> | <b>\$ 375,760</b>      | <b>\$ 375,760</b>    | <b>\$ 375,760</b>      | <b>\$ 375,760</b>    |
| FTE Positions                                                                             | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests FY 2018 operating expenditures of \$375,760, all from special revenue funds, for the Help America Vote function. This is a decrease of \$880,460, or 70.1 percent, below the approved amount. The all funds decrease is largely attributable to decreased contractual services and capital outlay expenditures for printing, computers, and information systems consulting services in the Help America Vote Program. In FY 2016, a new statewide voter registration and election management system was procured and implemented.

The **Governor** concurs with the agency request in FY 2018, which is the same as the amount approved by the 2017 Legislature.

The **agency** requests FY 2019 operating expenditures of \$375,760, all from special revenue funds, for the Help America Vote function. This is a decrease of \$880,460, or 70.1 percent, below the approved amount. The all funds decrease is largely attributable to decreased contractual services and capital outlay expenditures for printing, computers, and information systems consulting services in the Help America Vote Program. In FY 2016, a new statewide voter registration and election management system was procured and implemented.

The **Governor** concurs with the agency request for FY 2019, which is the same as the amount approved by the 2017 Legislature.

| PERFORMANCE MEASURES                                                                                         |                          |                   |                      |                      |
|--------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                                      | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Improve retention schedule to reflect best practices                                                         | 10.0%                    | 90.0%             | 100.0%               | 100.0%               |
| Percentage of documents filed electronically:                                                                |                          |                   |                      |                      |
| Dissolution/Cancellation/Withdrawal                                                                          | 66.0%                    | 66.0%             | 66.0%                | 66.0%                |
| Annual reports                                                                                               | 68.0%                    | 68.0%             | 68.0%                | 68.0%                |
| Percent of Uniform Commercial Code 1 filings<br>completed online                                             | 89.0%                    | 89.0%             | 89.0%                | 89.0%                |
| Percent of statements of substantial interest forms filed<br>electronically                                  | 96.0%                    | 96.0%             | 96.0%                | 96.0%                |
| Number of agencies with forms and requirements on<br>Secretary of State website                              | 3                        | 20                | 30                   | 40                   |
| Expand Crosscheck Program to additional states                                                               | 60.0%                    | 65.0%             | 70.0%                | 75.0%                |
| Percent online election and voter information on one<br>website                                              | 10.0%                    | 50.0%             | 100.0%               | 100.0%               |
| Number of voter fraud cases charged                                                                          | 5                        | 4                 | N/A                  | N/A                  |
| Percent of polling places with at least one fully<br>accessible voting device                                | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Statewide voter registration and election management<br>database system upgrade and enhancement<br>completed | 0.0%                     | 40.0%             | 100.0%               | 100.0%               |

# ATTORNEY GENERAL

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 5,758,048         | \$ 6,386,572           | \$ 6,182,572         | \$ 6,411,625           | \$ 6,411,625         |
| Other Funds             | 15,154,258           | 17,812,984             | 17,812,984           | 17,934,208             | 17,934,208           |
| Subtotal                | \$ 20,912,306        | \$ 24,199,556          | \$ 23,995,556        | \$ 24,345,833          | \$ 24,345,833        |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| Subtotal                | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| <b>TOTAL</b>            | <b>\$ 20,912,306</b> | <b>\$ 24,199,556</b>   | <b>\$ 23,995,556</b> | <b>\$ 24,345,833</b>   | <b>\$ 24,345,833</b> |

## Percentage Change:

### Operating Expenditures

|                    |       |        |       |       |       |
|--------------------|-------|--------|-------|-------|-------|
| State General Fund | 1.7 % | 10.9 % | 7.4 % | 0.4 % | 3.7 % |
| All Funds          | (7.9) | 15.7   | 14.7  | 0.6   | 1.5   |

|               |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|
| FTE Positions | 117.1 | 154.6 | 151.6 | 154.6 | 154.6 |
|---------------|-------|-------|-------|-------|-------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Attorney General is a constitutional statewide elected official who is the chief legal officer of and advocate for the State and serves as its chief law enforcement officer. The Office is organized into 11 programs.

**Administration.** The Administration program is responsible for the accounting, budgeting, purchasing, information technology, and human resources functions for the agency.

**Solicitors Division.** The Solicitor Division is responsible for representing the State of Kansas in appeals before state and federal appellate courts.

**Fraud and Abuse Litigation Division.** The Fraud and Abuse Litigation Division is responsible for the investigation and prosecution of cases involving abuse, neglect, or exploitation of adults, as well as cases involving a financial component.

**Criminal Litigation Division.** The Criminal Litigation Division is responsible for providing legal advice, support, and aid to Kansas counties and district attorneys prosecuting those charged with violating the Kansas Criminal Code.

**Legal Opinions and Government Counsel Division.** The Legal Opinions and Government Counsel Division is responsible for researching and issuing written legal opinions requested by legislators, public agencies, and other officials and for reviewing new and amended proposed agency rules and regulations.

**Consumer Protection Division.** The Consumer Protection Division is responsible for educating consumers and businesses and providing efficient, effective, and ethical enforcement of the Kansas Consumer Protection Act, the Kansas Charitable Organizations and Solicitations Act, state and federal antitrust laws, racial or other bias-based policing laws, the Kansas False Claims Act, the Kansas Roofing Registration Act, the Kansas No Call Act, the Scrap Metal Theft Reduction Act, investigation of the criminal statutes that are tied to consumer complaints, including identity theft, and financial elder abuse.

**Civil Litigation Division.** The Civil Litigation Division is responsible for providing for the defense of the State of Kansas and its agencies and employees in civil matters contested before Kansas or federal courts and before administrative agencies.

**Crime Victims Compensation Board.** The Crime Victims Compensation Board is responsible for ensuring that monetary compensation is awarded to victims of crime for economic loss resulting from criminal conduct.

**Victim Services Division.** The Victim Services Division is responsible for creating, coordinating, and assisting in the operation of local victim witness programs throughout the state, responding to a statewide victims rights telephone hotline, and administering the Kansas Crime Victims Assistance Fund.

**Medicaid Fraud and Abuse Division.** The Medicaid Fraud and Abuse Division is responsible for receiving, investigating, and prosecuting, either civilly or criminally, all cases of suspected fraud by Medicaid providers committed against the Kansas Medicaid program.

**Inspector General Division.** The Inspector General Division is responsible for establishing a full-time program of audit, investigation, and performance review to provide increased accountability, integrity, and oversight of the state Medicaid program, the state MediKan program, and the state children's health insurance program.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **2010 Legislature** added \$350,000, including \$200,000 from the State General Fund, for grants to domestic violence prevention programs and children's advocacy centers in FY 2011.

The **2010 Legislature** added language in FY 2011 to authorize the Attorney General to issue bonds, in amounts to be determined by the Attorney General but not to exceed an aggregate total of \$19.0 million, for necessary expenditures related to interstate water litigation activities, subject to State Finance Council approval. Bond repayments first came from any proceeds received as a result of interstate water litigation activities. This was intended to offset the loss of funding from the Interstate Water Litigation Reserve account of the State General Fund, which was inadvertently lapsed.

The **2011 Legislature** added a total of \$550,000, all from special revenue funds, for domestic violence and sexual assault prevention programs for FY 2012.



The **2012 Legislature** transferred \$881,920, all from the Court Cost Fund, to the State General Fund for FY 2013 to be used for the Senior Care Act program in the budget of the Department for Aging and Disability Services.

The **2013 Legislature** deleted \$289,984, all from the State General Fund, for FY 2014 and \$290,091, all from the State General Fund, for FY 2015 to eliminate funding for the Internet Training Education for the Kansas Kids program. The program provided grants for Internet safety presentations through the Kansas Alliance of Boys and Girls Clubs.

The **2013 Legislature** added \$636,000, all from the State General Fund, and 2.0 FTE positions for FY 2014 to allow the agency to implement provisions of 2013 Senate Sub. for HB 2034 concerning human trafficking. The approved budget also included \$266,000, all from special revenue funds, and 2.0 FTE positions for FY 2014 to allow the agency to implement provisions of the Roofing Contractor Registration Act. The Legislature also added funding, all from the County Law Enforcement Equipment Fund, for FY 2014 (\$191,140) and FY 2015 (\$30,100) to allow the agency to distribute grant funding to local law enforcement agencies.

The **2014 Legislature** deleted \$200,000 for a State General Fund reappropriation from FY 2013 to FY 2014.

The **2014 Legislature** added \$555,960, all from the Court Cost Fund, in FY 2014 to offset salaries and wages expenditure reductions directed by the 2013 Legislature. The Legislature also added \$559,286 from the Concealed Weapon Licensure Fund for background checks due to increased concealed weapon permit applications in FY 2014.

The **2014 Legislature** added \$62,383, all from the Home Inspector Registration Closure Fund, for a grant to the Kansas Association of Real Estate Inspectors in FY 2014. This was the remaining balance in the Fund received as a transfer after the sunset of the agency.

The **2014 Legislature** added \$30,401 in FY 2014 and \$85,664 for FY 2015, all from the Roofer Registration Fund, and 1.0 FTE position to investigate roofing complaints.

The **2014 Legislature** added \$636,000, all from the State General Fund, to support the anti-human trafficking program for FY 2015.

The **2014 Legislature** added \$290,091, all from the State General Fund, for the Internet Training Education for Kids grant program for FY 2015.

The **2014 Legislature** added \$174,393, including \$94,393 from the State General Fund, and 2.0 FTE positions for FY 2015. This funded two additional attorney positions to implement the provisions of 2014 SB 256, which allowed the Attorney General to handle criminal appeals for the counties and 2014 SB 310, which allowed grand juries to be empaneled by citizen petition.

The **2014 Legislature** transferred \$5.0 million from the Court Cost Fund to the State General Fund for FY 2015.

The **2015 Legislature** authorized the transfer of \$1.0 million from the unencumbered balance of the Medicaid Fraud Prosecution Revolving Fund to the State General Fund in FY 2015, FY 2016, and FY 2017. Additional authorized transfers from this fund included \$150,343 to the Domestic Violence Grant Fund in the Office of the Governor for FY 2016 and FY 2017 and \$33,348 to the Child Advocacy Center Grant Fund in the Office of the Governor for FY 2016 and FY 2017.

The **2015 Legislature** added \$150,000, all from special revenue funds, in FY 2015 and \$250,000 for FY 2016 for labor litigation in the Civil Protection program.

The **2015 Legislature** added \$125,000, all from special revenue funds, for office security enhancements for FY 2016.

The **2015 Legislature** appropriated the Attorney General's Open Government Fund with a no limit expenditure authority for FY 2016 and FY 2017. HB 2256 (2015) created the Fund to allow the Office of the Attorney General to collect all civil penalties, expenses, costs, and attorney fees awarded in an action brought by the Attorney General regarding the Kansas Open Records and Meetings Acts. Expenditures from the Fund will be used to enforce the Kansas Open Records and Meetings Acts.

The **2015 Legislature** passed HB 2048, which established the Scrap Metal Theft Reduction Act. The agency now administers a database tracking scrap metal sales. Additionally, the agency collects fees, charges, and penalties charged under the Act and uses these to administer the provisions of the law.

The **2015 Legislature** added proviso language to 2015 House Sub. for SB 112 to deposit the first \$2.0 million received from Nebraska under the case of *Kansas v. Nebraska, No. 126, Original* in the Supreme Court into the Interstate Water Litigation Fund, and to deposit the remaining amount into the Republican River Water Conservation Projects–Nebraska Moneys Fund of the Kansas Water Office, in FY 2015. Clarifying language was included in the proviso requiring the Director of Accounts to transfer any funds above \$2.0 million that have already been deposited in the Interstate Water Litigation Fund to the Republican River Water Conservation Projects–Nebraska Moneys Fund of the Kansas Water Office. This proviso language also included any funds deposited for FY 2016 and FY 2017.

The **2016 Legislature** added \$50,000, all from the State General Fund, in FY 2016 for potential lawsuits resulting from the federal government's decision to transfer prisoners from the Guantanamo Bay prison to a prison in Kansas.

The **2016 Legislature** added \$147,090, all from special revenue funds, in FY 2016 and \$134,433, all from special revenue funds, for FY 2017 and 2.0 FTE positions for Child Crime Investigators.

The **2016 Legislature** appropriated the Scrap Metal Theft Reduction Fund with no limit expenditure authority in FY 2016 and FY 2017. The 2015 Legislature had passed HB 2048 creating the Scrap Metal Theft Reduction Act, which the Attorney General administers.

The **2016 Legislature** passed Senate Sub. for HB 2056 requiring the Office of the Attorney General to license and regulate bail enforcement agents. Additionally, the agency will collect fees, charges, and penalties charged under the law and use these to administer its provisions.

The **2017 Legislature** passed SB 23, which consolidates criminal prosecutions for fraud and abuse under the jurisdiction of the Attorney General. To implement provision of this law, \$400,000, all from special revenue funds, and 4.0 FTE positions was transferred from the Office of the Securities Commissioner and the Kansas Insurance Department to the Attorney General for FY 2018.

The **2017 Legislature** added \$476,110 for FY 2018 and \$464,280 for FY 2019, all from the State General Fund, to transfer the Office of the Inspector General from the Kansas Department of Health and Environment to the Attorney General.

The **2017 Legislature** passed SB 149, which authorizes the Attorney General to collect legal representation fees from state agencies and creates the State Agency Representation Fund.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$24.2 million, including \$6.4 million from the State General Fund, in FY 2018. The revised estimate is an increase of \$200,000, or 0.8 percent, above the amount approved by the 2017 Legislature. The increase is due to the agency's supplemental request for an additional prosecutor, investigator, and fiscal analyst position in the Fraud and Abuse Litigation Division.

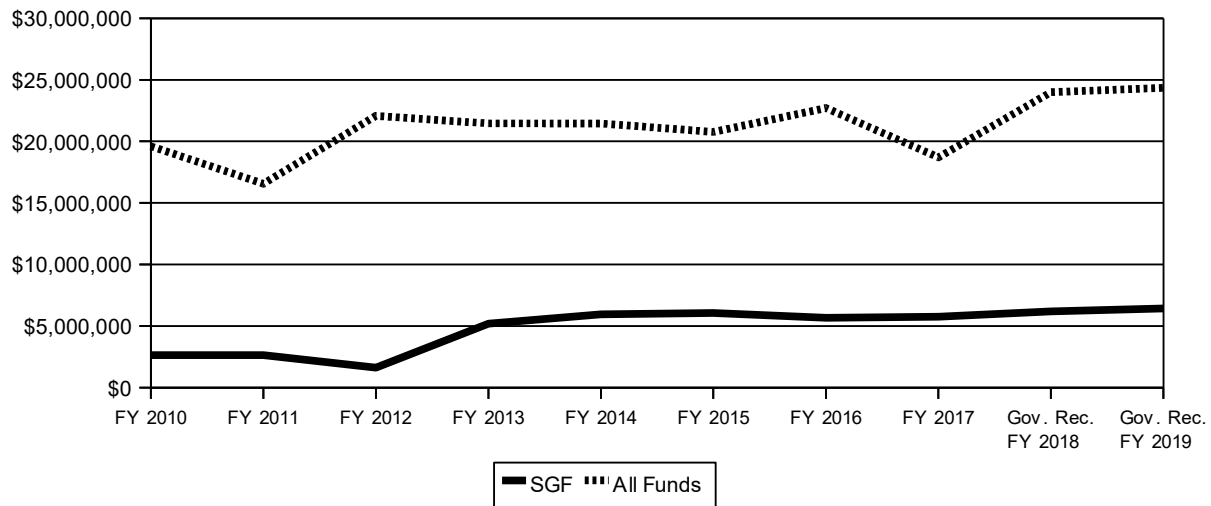
The **Governor** recommends \$24.0 million, including \$6.2 million from the State General Fund, in FY 2018. The recommendation is a decrease of \$204,000, or 0.8 percent, below the agency's revised estimate. The decrease is due to a lapsed State General Fund reappropriation (\$4,000) and the Governor's recommendation not to adopt the agency's supplemental request for a prosecutor, investigator, and fiscal analyst in the Fraud and Abuse Litigation Division (\$200,000). The Governor's recommendation includes a \$250,000 transfer from the Court Cost Fund to the State General Fund to increase expenditures for the Kansas Bureau of Investigation to build an Internet Crimes Against Children Facility in Northeast Kansas.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$24.3 million, including \$6.4 million from the State General Fund, for FY 2019. The revised estimate is an increase of \$200,000, or 0.8 percent, above the amount approved by the 2017 Legislature. The increase is due to the agency's supplemental request for an additional prosecutor, investigator, and fiscal analyst position in the Fraud and Abuse Litigation Division.

The **Governor** concurs with the agency's revised estimate for FY 2019. The Governor's recommendation also includes a \$1.6 million transfer from the Court Cost Fund to the State General Fund to increase expenditures for the Kansas Bureau of Investigation to build an Internet Crimes Against Children Facility in Northeast Kansas (\$250,000) and hire 13.0 additional Special Agent positions (\$1.3 million).

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds     | % Change | FTE   |
|---------------------------------|--------------|----------|---------------|----------|-------|
| 2010                            | \$ 2,630,987 | (44.3)%  | \$ 19,603,835 | 7.6 %    | 118.3 |
| 2011                            | 2,644,520    | 0.5      | 19,558,850    | (0.2)    | 113.3 |
| 2012                            | 1,614,246    | (39.0)   | 22,067,561    | 12.8     | 118.5 |
| 2013                            | 5,195,188    | 221.8    | 21,462,873    | (2.7)    | 128.5 |
| 2014                            | 5,953,398    | 14.6     | 21,453,777    | 0.0      | 133.0 |
| 2015                            | 6,053,857    | 1.7      | 20,764,980    | (3.2)    | 135.0 |
| 2016                            | 5,660,352    | (6.5)    | 22,707,377    | 9.4      | 127.6 |
| 2017                            | 5,758,048    | 1.7      | 20,912,306    | (7.9)    | 117.1 |
| 2018 Gov. Rec.                  | 6,182,572    | 7.4      | 23,995,556    | 14.7     | 151.6 |
| 2019 Gov. Rec.                  | 6,411,625    | 3.7      | 24,345,833    | 1.5      | 154.6 |
| Ten-Year Change Dollars/Percent | \$ 3,780,638 | 143.7 %  | \$ 4,741,998  | 24.2 %   | 36.3  |

# Summary of Operating Budget FY 2017 - FY 2019

Attorney General

|                                             |           | Agency Estimate   |                      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|---------------------------------------------|-----------|-------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                             |           | Actual<br>FY 2017 | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                          |           |                   |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                              | \$        | 961,241           | \$ 876,578           | \$ 1,113,644         | \$ 237,066                     | 27.0 %                          | \$ 876,578                | \$ 1,113,644         | \$ 237,066                     | 27.0 %                          |
| Solicitors Division                         |           | 531,982           | 1,009,106            | 1,021,581            | 12,475                         | 1.2                             | 1,009,106                 | 1,021,581            | 12,475                         | 1.2                             |
| Fraud and Abuse<br>Litigation Division      |           | 312,970           | 1,136,517            | 1,179,885            | 43,368                         | 3.8                             | 936,517                   | 1,179,885            | 243,368                        | 26.0                            |
| Crim. Litigation Division                   |           | 3,077,458         | 3,422,751            | 3,387,087            | (35,664)                       | (1.0)                           | 3,422,751                 | 3,387,087            | (35,664)                       | (1.0)                           |
| Legal Opinions and Gov.<br>Counsel Division |           | 731,384           | 882,721              | 895,746              | 13,025                         | 1.5                             | 878,721                   | 895,746              | 17,025                         | 1.9                             |
| Consumer Protection<br>Division             |           | 2,114,877         | 2,227,241            | 2,259,284            | 32,043                         | 1.4                             | 2,227,241                 | 2,259,284            | 32,043                         | 1.4                             |
| Civil Litigation Division                   |           | 5,012,377         | 5,311,550            | 4,800,146            | (511,404)                      | (9.6)                           | 5,311,550                 | 4,800,146            | (511,404)                      | (9.6)                           |
| Crime Victims<br>Compensation Board         |           | 3,536,186         | 3,797,541            | 4,155,208            | 357,667                        | 9.4                             | 3,797,541                 | 4,155,208            | 357,667                        | 9.4                             |
| Victim Services Division                    |           | 3,137,575         | 3,148,602            | 3,158,676            | 10,074                         | 0.3                             | 3,148,602                 | 3,158,676            | 10,074                         | 0.3                             |
| Medicaid Fraud and<br>Abuse Division        |           | 1,496,256         | 1,910,839            | 1,910,296            | (543)                          | 0.0                             | 1,910,839                 | 1,910,296            | (543)                          | 0.0                             |
| Inspector General<br>Division               |           | 0                 | 476,110              | 464,280              | (11,830)                       | (2.5)                           | 476,110                   | 464,280              | (11,830)                       | (2.5)                           |
| <b>TOTAL</b>                                | <b>\$</b> | <b>20,912,306</b> | <b>\$ 24,199,556</b> | <b>\$ 24,345,833</b> | <b>\$ 146,277</b>              | <b>0.6 %</b>                    | <b>\$ 23,995,556</b>      | <b>\$ 24,345,833</b> | <b>\$ 350,277</b>              | <b>1.5 %</b>                    |
| <b>By Major Object of Expenditure:</b>      |           |                   |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                          | \$        | 9,925,426         | \$ 12,719,645        | \$ 12,858,293        | \$ 138,648                     | 1.1 %                           | \$ 12,530,223             | \$ 12,858,293        | \$ 328,070                     | 2.6 %                           |
| Contractual Services                        |           | 4,609,400         | 4,849,068            | 4,749,106            | (99,962)                       | (2.1)                           | 4,838,068                 | 4,749,106            | (88,962)                       | (1.8)                           |
| Commodities                                 |           | 126,936           | 129,553              | 126,033              | (3,520)                        | (2.7)                           | 125,975                   | 126,033              | 58                             | 0.0                             |
| Capital Outlay                              |           | 275,953           | 209,130              | 420,241              | 211,111                        | 100.9                           | 209,130                   | 420,241              | 211,111                        | 100.9                           |
| Debt Service                                |           | 0                 | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <i>Subtotal-Operations</i>                  | <i>\$</i> | <i>14,937,715</i> | <i>\$ 17,907,396</i> | <i>\$ 18,153,673</i> | <i>\$ 246,277</i>              | <i>1.4 %</i>                    | <i>\$ 17,703,396</i>      | <i>\$ 18,153,673</i> | <i>\$ 450,277</i>              | <i>2.5 %</i>                    |
| Aid to Local Units                          |           | 26,800            | 75,000               | 75,000               | 0                              | --                              | 75,000                    | 75,000               | 0                              | --                              |
| Other Assistance                            |           | 5,947,791         | 6,217,160            | 6,117,160            | (100,000)                      | (1.6)                           | 6,217,160                 | 6,117,160            | (100,000)                      | (1.6)                           |
| <b>TOTAL</b>                                | <b>\$</b> | <b>20,912,306</b> | <b>\$ 24,199,556</b> | <b>\$ 24,345,833</b> | <b>\$ 146,277</b>              | <b>0.6 %</b>                    | <b>\$ 23,995,556</b>      | <b>\$ 24,345,833</b> | <b>\$ 350,277</b>              | <b>1.5 %</b>                    |
| <b>Financing:</b>                           |           |                   |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                          | \$        | 5,758,048         | \$ 6,386,572         | \$ 6,411,625         | \$ 25,053                      | 0.4 %                           | \$ 6,182,572              | \$ 6,411,625         | \$ 229,053                     | 3.7 %                           |
| All Other Funds                             |           | 15,154,258        | 17,812,984           | 17,934,208           | 121,224                        | 0.7                             | 17,812,984                | 17,934,208           | 121,224                        | 0.7                             |
| <b>TOTAL</b>                                | <b>\$</b> | <b>20,912,306</b> | <b>\$ 24,199,556</b> | <b>\$ 24,345,833</b> | <b>\$ 146,277</b>              | <b>0.6 %</b>                    | <b>\$ 23,995,556</b>      | <b>\$ 24,345,833</b> | <b>\$ 350,277</b>              | <b>1.5 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$6.2 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$10,021, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$6.2 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 6,186,572                       | \$ 6,386,572                  | \$ 200,000                        | \$ 6,182,572                | \$ (4,000)                          |
| All Other Funds             | 17,812,984                         | 17,812,984                    | 0                                 | 17,812,984                  | 0                                   |
| <b>TOTAL</b>                | <b>\$ 23,999,556</b>               | <b>\$ 24,199,556</b>          | <b>\$ 200,000</b>                 | <b>\$ 23,995,556</b>        | <b>\$ (4,000)</b>                   |
| FTE Positions               | 141.2                              | 154.6                         | 13.4                              | 151.6                       | 10.4                                |

The **agency** requests a revised estimate of \$24.2 million, including \$6.4 million from the State General Fund, in FY 2018. The revised estimate is an increase of \$200,000, or 0.8 percent, above the amount approved by the 2017 Legislature. The increase is due to the agency's supplemental request for an additional prosecutor, investigator, and fiscal analyst position in the Fraud and Abuse Litigation Division. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$12.7 million, including \$5.2 million from the State General Fund, for salary and wage expenditures in FY 2018. The revised estimate is an increase of \$422,818, or 3.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$189,422 increase from the agency's supplemental request for an additional prosecutor, investigator, and fiscal analyst position in the Fraud and Abuse Litigation Division;
- **Contractual Services.** The agency requests a revised estimate of \$4.8 million, including \$239,076 from the State General Fund, for contractual services expenditures in FY 2018. The revised estimate is a decrease of \$10,337, or 0.2

percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$30,000 decrease in computer software maintenance services in the Consumer Protection Division;

- **Commodities.** The agency requests a revised estimate of \$129,553, including \$62,903 from the State General Fund, for commodities expenditures in FY 2018. The revised estimate is an increase of \$8,344, or 6.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$10,420 increase for professional scientific supplies in the Fraud and Abuse Litigation Division and a \$10,000 increase for professional scientific supplies in the Criminal Litigation Division;
- **Capital Outlay.** The agency requests a revised estimate of \$209,130, including \$28,188 from the State General Fund, for capital outlay expenditures in FY 2018. The revised estimate is an increase of \$39,196, or 23.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$50,000 increase for professional and scientific equipment in the Medicaid Fraud and Abuse Division;
- **Aid to Local Units of Government.** The agency requests a revised estimate of \$75,000, all from special revenue funds, for aid to local units of government expenditures in FY 2018. The revised estimate is the same as the amount approved by the 2017 Legislature; and
- **Other Assistance.** The agency requests a revised estimate of \$6.2 million, including \$878,560 from the State General Fund, for other assistance expenditures in FY 2018. The revised estimate is a decrease of \$250,000, or 3.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$700,000 decrease from lower projected spending on monetary compensation for out-of-pocket medical expenses, loss of earnings or support, burial expenses, and other costs associated with the treatment of injuries sustained as a result of being a victim of a violent crime.

The **Governor** recommends \$24.0 million, including \$6.2 million from the State General Fund, in FY 2018. The recommendation is a decrease of \$204,000, or 0.8 percent, below the agency's revised estimate. The decrease is due to a lapsed State General Fund reappropriation (\$4,000) and the Governor's recommendation not to adopt the agency's supplemental request for a prosecutor, investigator, and fiscal analyst in the Fraud and Abuse Litigation Division (\$200,000). The Governor's recommendation includes a \$250,000 transfer from the Court Cost Fund to the State General Fund to increase expenditures for the Kansas Bureau of Investigation to build an Internet Crimes Against Children Facility in northeast Kansas.

## Supplemental Detail

| FY 2018 SUPPLEMENTALS                                    |                 |            |     |                           |           |     |
|----------------------------------------------------------|-----------------|------------|-----|---------------------------|-----------|-----|
| Supplementals                                            | Agency Estimate |            |     | Governor's Recommendation |           |     |
|                                                          | SGF             | All Funds  | FTE | SGF                       | All Funds | FTE |
| Fraud and Abuse<br>Litigation Division–<br>New Positions | \$ 200,000      | \$ 200,000 | 3.0 | \$ 0                      | \$ 0      | 0.0 |

The **agency** requests \$200,000, all from the State General Fund, for one supplemental request in FY 2018. This supplemental request includes:

- **Fraud and Abuse Litigation Division–New Positions.** The agency requests \$200,000, all from the State General Fund, and 3.0 FTE positions for a prosecutor, investigator, and fiscal analyst in the Fraud and Abuse Litigation Division in FY 2018.

The **Governor** does not recommend adopting the agency's supplemental request.



## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$6.2 million for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 6,211,625                       | \$ 6,411,625                  | \$ 200,000                        | \$ 6,411,625                | \$ 200,000                          |
| All Other Funds             | 17,934,208                         | 17,934,208                    | 0                                 | 17,934,208                  | 0                                   |
| <b>TOTAL</b>                | <b>\$ 24,145,833</b>               | <b>\$ 24,345,833</b>          | <b>\$ 200,000</b>                 | <b>\$ 24,345,833</b>        | <b>\$ 200,000</b>                   |
| FTE Positions               | 141.2                              | 154.6                         | 13.4                              | 154.6                       | 13.4                                |

The **agency** requests a revised estimate of \$24.3 million, including \$6.4 million from the State General Fund, for FY 2019. The revised estimate is an increase of \$200,000, or 0.8 percent, above the amount approved by the 2017 Legislature. The increase is due to the agency's supplemental request for an additional prosecutor, investigator, and fiscal analyst position in the Fraud and Abuse Litigation Division. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$12.9 million, including \$5.2 million from the State General Fund, for salary and wage expenditures for FY 2019. The revised estimate is an increase of \$393,870, or 3.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$192,942 increase from the agency's supplemental request for an additional prosecutor, investigator, and fiscal analyst position in the Fraud and Abuse Litigation Division;
- **Contractual Services.** The agency requests \$4.7 million, including \$254,963 from the State General Fund, for contractual services expenditures for FY 2019. The revised estimate is a decrease of \$12,390, or 0.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$30,000 decrease in computer software maintenance services in the Consumer Protection Division;
- **Commodities.** The agency requests \$126,033, including \$68,833 from the State General Fund, for commodities expenditures for FY 2019. The revised estimate is an increase of \$6,381, or 5.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$7,000 increase for professional scientific supplies in the Fraud and Abuse Litigation Division and a \$10,000 increase for professional scientific supplies in the Criminal Litigation Division;
- **Capital Outlay.** The agency requests \$420,241, including \$22,050 from the State General Fund, for capital outlay expenditures for FY 2019. The revised estimate is an increase of \$262,139, or 165.8 percent, above the amount approved by the

2017 Legislature. The increase is primarily due to a \$213,441 increase for microcomputer equipment in the General Services program and \$50,000 increase for professional and scientific equipment in the Medicaid Fraud and Abuse Division;

- **Aid to Local Units of Government.** The agency requests a revised estimate of \$75,000, all from special revenue funds, for aid to local units of government expenditures for FY 2019. The revised estimate is the same as the amount approved by the 2017 Legislature; and
- **Other Assistance.** The agency requests a revised estimate of \$6.1 million, including \$878,560 from the State General Fund, for other assistance expenditures for FY 2019. The revised estimate is a decrease of \$450,000, or 6.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$450,000 decrease from lower projected spending on monetary compensation for out-of-pocket medical expenses, loss of earnings or support, burial expenses, and other costs associated with the treatment of injuries sustained as a result of being a victim of a violent crime.

The **Governor** concurs with the agency's revised estimate for FY 2019. The Governor's recommendation also includes a \$1.6 million transfer from the Court Cost Fund to the State General Fund to increase expenditures for the Kansas Bureau of Investigation to build an Internet Crimes Against Children Facility in Northeast Kansas (\$250,000) and hire 13.0 additional Special Agent positions (\$1.3 million).

## Supplemental Detail

| FY 2019 SUPPLEMENTALS                                                       |                   |                   |            |                           |                   |            |
|-----------------------------------------------------------------------------|-------------------|-------------------|------------|---------------------------|-------------------|------------|
| Supplementals                                                               | Agency Estimate   |                   |            | Governor's Recommendation |                   |            |
|                                                                             | SGF               | All Funds         | FTE        | SGF                       | All Funds         | FTE        |
| Fraud and Abuse<br>Litigation Division–<br>New Positions                    | \$ 200,000        | \$ 200,000        | 3.0        | \$ 200,000                | \$ 200,000        | 3.0        |
| Medicaid Fraud<br>Prosecution Revolving<br>Fund–Discontinue<br>Transfers    | 0                 | 0                 | 0.0        | 0                         | 0                 | 0.0        |
| Medicaid Fraud<br>Prosecution Revolving<br>Fund–Additional<br>Appropriation | 0                 | 0                 | 0.0        | 0                         | 0                 | 0.0        |
| <b>TOTAL</b>                                                                | <b>\$ 200,000</b> | <b>\$ 200,000</b> | <b>3.0</b> | <b>\$ 200,000</b>         | <b>\$ 200,000</b> | <b>3.0</b> |

The **agency** requests \$200,000, all from the State General Fund, for three supplemental requests for FY 2019. These supplemental requests include:

- **Fraud and Abuse Litigation Division–New Positions.** The agency requests \$200,000, all from the State General Fund, and 3.0 FTE positions for a prosecutor, investigator, and fiscal analyst in the Fraud and Abuse Litigation Division for FY 2019;

- **Medicaid Fraud Prosecution Revolving Fund–Discontinue Transfers.** The agency requests that the yearly transfers from the Medicaid Fraud Prosecution Revolving Fund are discontinued for FY 2019 and onward. These transfers include approximately \$1.2 million to the State General Fund, \$150,343 to the Domestic Violence Grants Fund, and \$33,348 to the Child Advocacy Centers Grant Fund; and
- **Medicaid Fraud Prosecution Revolving Fund–Additional Appropriation.** The agency requests an additional appropriation of \$600,000 from the State General Fund to the Medicaid Fraud Prosecution Revolving Fund for FY 2019. The agency states this funding is necessary to meet the 25.0 percent match for federal Medicaid fraud grants.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                                  | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-------------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                              | 26.3 %                                     | 26.3 %                                   |
| Court Cost Fund                                 | 15.1                                       | 15.1                                     |
| Crime Victims<br>Compensation Fund              | 13.0                                       | 13.0                                     |
| Tort Claims Fund                                | 14.1                                       | 14.1                                     |
| Medicaid Fraud<br>Prosecution Revolving<br>Fund | 2.5                                        | 2.7                                      |
| Federal Funds                                   | 12.2                                       | 12.2                                     |
| All Other Funds                                 | 16.7                                       | 16.5                                     |
| <b>TOTAL</b>                                    | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Court Cost Fund Analysis

The Court Cost Fund recovers fees and expenses of investigators and attorneys in the Consumer Protection Division. The main source of revenue is from large, multi-state actions. As a smaller state, Kansas has little control over these cases and must generally depend on other states to take the lead. The agency deposits these receipts consistent with the related court order for use in consumer protection matters. Receipts can vary widely from year to year. The agency uses this fund to support the Consumer Protection Division and for salaries and wages that had previously been paid through State General Fund moneys.

| Resource Estimate                            | Actual<br>FY 2017        | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018     | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019     |
|----------------------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
| Beginning Balance                            | \$ 4,350,561             | \$ 10,111,797                 | \$ 10,111,797            | \$ 8,131,386                  | \$ 7,881,386             |
| Revenue                                      | 8,126,970                | 1,500,000                     | 1,500,000                | 1,000,000                     | 1,000,000                |
| Transfers in                                 | 270,000                  | 60,400                        | 60,400                   | 0                             | 0                        |
| <b>Funds Available</b>                       | <b>\$ 12,747,531</b>     | <b>\$ 11,672,197</b>          | <b>\$ 11,672,197</b>     | <b>\$ 9,131,386</b>           | <b>\$ 8,881,386</b>      |
| Less:                                        |                          |                               |                          |                               |                          |
| Expenditures                                 | 2,362,129                | 3,540,811                     | 3,540,811                | 3,683,944                     | 3,683,944                |
| Transfers Out                                | 273,605                  | 0                             | 250,000                  | 0                             | 1,750,000                |
| Off Budget Expenditures                      | 0                        | 0                             | 0                        | 0                             | 0                        |
| <b>Ending Balance</b>                        | <b>\$ 10,111,797</b>     | <b>\$ 8,131,386</b>           | <b>\$ 7,881,386</b>      | <b>\$ 5,447,442</b>           | <b>\$ 3,447,442</b>      |
| Ending Balance as Percent of<br>Expenditures | 428.1%                   | 229.6%                        | 222.6%                   | 147.9%                        | 93.6%                    |
| Month Highest Ending<br>Balance              | June<br>\$ 15,893,061    | June<br>\$ 12,780,381         | June<br>\$ 12,387,447    | June<br>\$ 8,561,933          | June<br>\$ 5,418,464     |
| Month Lowest Ending<br>Balance               | November<br>\$ 9,848,719 | November<br>\$ 7,919,832      | November<br>\$ 7,676,336 | November<br>\$ 5,305,716      | November<br>\$ 3,357,750 |

## Medicaid Fraud Prosecution Revolving Fund Analysis

The Medicaid Fraud Prosecution Revolving Fund collects awarded fees and prosecution expenses following successful prosecution in Medicaid fraud cases. For the last few years, proviso language has been added to this appropriation to allow non-restitution awards in multi-jurisdiction and federal Medicaid fraud cases to be applied to this fund, as well as contributing to the required 25.0 percent match for federal Medicaid fraud program grants. The 2015 Legislature directed the transfer of \$1.0 million each year for FY 2015 through FY 2017, and the 2017 Legislature directed the transfer of \$1.0 million each year for FY 2018 through FY 2019.

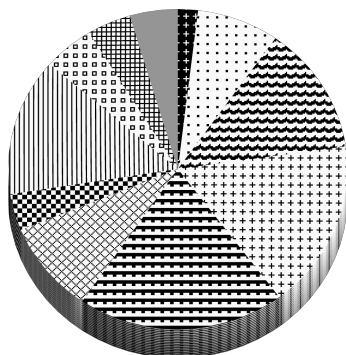
| Resource Estimate                            | Actual<br>FY 2017   | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|---------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 3,682,046        | \$ 1,854,168                  | \$ 1,854,168         | \$ 164,184                    | \$ 164,184           |
| Revenue                                      | 141,553             | 100,000                       | 100,000              | 100,000                       | 100,000              |
| Transfers in                                 | 0                   | 50,376                        | 50,376               | 651,202                       | 651,202              |
| <b>Funds Available</b>                       | <b>\$ 3,823,599</b> | <b>\$ 2,004,544</b>           | <b>\$ 2,004,544</b>  | <b>\$ 915,386</b>             | <b>\$ 915,386</b>    |
| Less:                                        |                     |                               |                      |                               |                      |
| Expenditures                                 | 785,740             | 606,293                       | 606,293              | 606,159                       | 606,159              |
| Transfers Out                                | 1,183,691           | 1,234,067                     | 1,234,067            | 51,202                        | 51,202               |
| Off Budget Expenditures                      | 0                   | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 1,854,168</b> | <b>\$ 164,184</b>             | <b>\$ 164,184</b>    | <b>\$ 258,025</b>             | <b>\$ 258,025</b>    |
| Ending Balance as Percent of<br>Expenditures | 236.0%              | 27.1%                         | 27.1%                | 42.6%                         | 42.6%                |
| Month Highest Ending<br>Balance              | July<br>\$ 547,404  | July<br>\$ 48,472             | July<br>\$ 48,472    | July<br>\$ 76,176             | July<br>\$ 76,176    |
| Month Lowest Ending<br>Balance               | June<br>\$ 182,818  | June<br>\$ 16,188             | June<br>\$ 16,188    | June<br>\$ 25,441             | June<br>\$ 25,441    |

# PROGRAM DETAIL

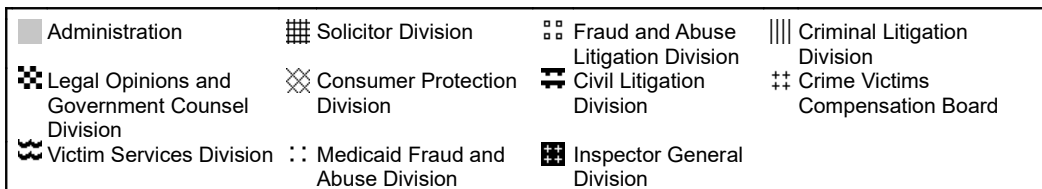
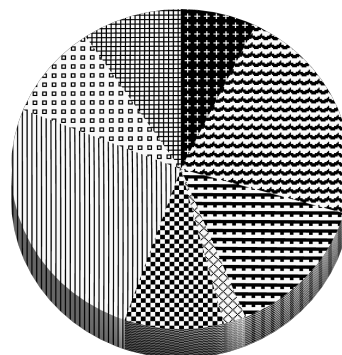
## Expenditures by Program

### Governor's FY 2019 Recommendation

All Funds



State General Fund



| Program                                        | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|------------------------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration                                 | \$ 1,113,644                      | 4.6 %               | \$ 1,000                    | 0.0 %               |
| Solicitor Division                             | 1,021,581                         | 4.2                 | 605,933                     | 9.5                 |
| Fraud and Abuse Litigation Division            | 1,179,885                         | 4.8                 | 608,262                     | 9.5                 |
| Criminal Litigation Division                   | 3,387,087                         | 13.9                | 1,646,486                   | 25.7                |
| Legal Opinions and Government Counsel Division | 895,746                           | 3.7                 | 606,230                     | 9.5                 |
| Consumer Protection Division                   | 2,259,284                         | 9.3                 | 136,346                     | 2.1                 |
| Civil Litigation Division                      | 4,800,146                         | 19.7                | 918,692                     | 14.3                |
| Crime Victims Compensation Board               | 4,155,208                         | 17.1                | 0                           | --                  |
| Victim Services Division                       | 3,158,676                         | 13.0                | 1,424,396                   | 22.2                |
| Medicaid Fraud and Abuse Division              | 1,910,296                         | 7.8                 | 0                           | --                  |
| Inspector General Division                     | 464,280                           | 1.9                 | 464,280                     | 7.2                 |
| <b>TOTAL</b>                                   | <b>\$ 24,345,833</b>              | <b>100.0 %</b>      | <b>\$ 6,411,625</b>         | <b>100.0 %</b>      |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b>    |                           |                                |                              |                                |                              |
|------------------------------------------------------|---------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| <b>Program</b>                                       | <b>Actual<br/>FY 2017</b> | <b>Agency Est.<br/>FY 2018</b> | <b>Gov. Rec.<br/>FY 2018</b> | <b>Agency Est.<br/>FY 2019</b> | <b>Gov. Rec.<br/>FY 2019</b> |
| Administration                                       | 8.8                       | 8.1                            | 8.1                          | 8.1                            | 8.1                          |
| Solicitors Division                                  | 6.4                       | 6.4                            | 6.4                          | 6.4                            | 6.4                          |
| Fraud and Abuse<br>Litigation Division               | 4.0                       | 13.0                           | 10.0                         | 13.0                           | 13.0                         |
| Criminal Litigation<br>Division                      | 22.0                      | 31.2                           | 31.2                         | 31.2                           | 31.2                         |
| Legal Opinions and<br>Government Counsel<br>Division | 7.0                       | 8.0                            | 8.0                          | 8.0                            | 8.0                          |
| Consumer Protection<br>Division                      | 22.1                      | 25.6                           | 25.6                         | 25.6                           | 25.6                         |
| Civil Litigation Division                            | 18.0                      | 24.3                           | 24.3                         | 24.3                           | 24.3                         |
| Crime Victims<br>Compensation Board                  | 5.9                       | 5.9                            | 5.9                          | 5.9                            | 5.9                          |
| Victim Services Division                             | 7.9                       | 9.7                            | 9.7                          | 9.7                            | 9.7                          |
| Medicaid Fraud and<br>Abuse Division                 | 15.0                      | 18.5                           | 18.5                         | 18.5                           | 18.5                         |
| Inspector General<br>Division                        | 0.0                       | 4.0                            | 4.0                          | 4.0                            | 4.0                          |
| <b>TOTAL</b>                                         | <b>117.1</b>              | <b>154.6</b>                   | <b>151.6</b>                 | <b>154.6</b>                   | <b>154.6</b>                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## **A. Administration**

The Administration program is responsible for the accounting, budgeting, purchasing, information technology, and human resources functions for the agency. This program is also responsible for providing timely and accurate information to the Legislature and the public on legal matters affecting the state, and to provide for the effective servicing of citizen advisory groups.



| <b>ADMINISTRATION</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                      | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                      |                   |                        |                      |                        |                      |
| Salaries and Wages                                                        | \$ 626,468        | \$ 651,998             | \$ 651,998           | \$ 663,013             | \$ 663,013           |
| Contractual Services                                                      | 278,015           | 212,880                | 212,880              | 214,490                | 214,490              |
| Commodities                                                               | 9,515             | 5,700                  | 5,700                | 5,700                  | 5,700                |
| Capital Outlay                                                            | 32,243            | 6,000                  | 6,000                | 230,441                | 230,441              |
| Debt Service                                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                              | <i>\$ 946,241</i> | <i>\$ 876,578</i>      | <i>\$ 876,578</i>    | <i>\$ 1,113,644</i>    | <i>\$ 1,113,644</i>  |
| Aid to Local Units                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                          | 15,000            | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                              | <b>\$ 961,241</b> | <b>\$ 876,578</b>      | <b>\$ 876,578</b>    | <b>\$ 1,113,644</b>    | <b>\$ 1,113,644</b>  |
| <b>Financing:</b>                                                         |                   |                        |                      |                        |                      |
| State General Fund                                                        | \$ 167,829        | \$ 1,000               | \$ 1,000             | \$ 1,000               | \$ 1,000             |
| All Other Funds                                                           | 793,412           | 875,578                | 875,578              | 1,112,644              | 1,112,644            |
| <b>TOTAL</b>                                                              | <b>\$ 961,241</b> | <b>\$ 876,578</b>      | <b>\$ 876,578</b>    | <b>\$ 1,113,644</b>    | <b>\$ 1,113,644</b>  |
| FTE Positions                                                             | 8.8               | 8.1                    | 8.1                  | 8.1                    | 8.1                  |

The **agency** requests a revised estimate of \$876,578, including \$1,000 from the State General Fund, for the Administration program in FY 2018. The revised estimate is a decrease of \$132,647, or 13.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$94,479 decrease in unclassified regular salaries and wages, a \$9,000 decrease in microcomputer equipment, and a \$10,000 decrease in information processing equipment.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$1.1 million, including \$1,000 from the State General Fund, for the Administration program for FY 2019. The revised estimate is an increase of \$80,061, or 7.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$335,508 increase in unclassified salaries and wages and a \$214,441 increase in microcomputer equipment. The increase is offset by a \$507,975 decrease in classified regular salaries and wages.

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

## **B. Solicitor Division**

The Solicitor Division is responsible for representing the State of Kansas in appeals before state and federal appellate courts. This division was created as a free-standing division within the Attorney General in FY 2017, consolidating components that were housed in the Administration program, Civil Litigation Division, and Criminal Litigation Divisions of the agency. Four programs are housed within the Solicitor Division, detailed below.

**Civil Appeals.** The Civil Appeals program represents the State of Kansas in civil appeals before state and federal courts. This program contains four subprograms.

**Criminal Appeals.** The Criminal Appeals program represents the State of Kansas in criminal direct appeals before state and federal appellate courts. This program contains seven subprograms.

**Contracted County Criminal Appeals.** The Contracted County Criminal Appeals program represents the State of Kansas in criminal direct appeals and collateral appeals before state and federal appellate courts by contracting with county and district attorneys throughout the state.

**Review of Notices of Constitutional Challenges.** The Review of Notices of Constitutional Challenges program receives and reviews notices when the validity of a Kansas law is challenged on grounds that the law violates the state constitution, federal constitution, or federal law, pursuant to KSA 2016 Supp. 75-764.

| SOLICITOR DIVISION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|-----------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                            | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                            |                   |                        |                      |                        |                      |
| Salaries and Wages                                              | \$ 341,667        | \$ 800,991             | \$ 800,991           | \$ 812,971             | \$ 812,971           |
| Contractual Services                                            | 178,506           | 200,865                | 200,865              | 201,360                | 201,360              |
| Commodities                                                     | 1,857             | 2,250                  | 2,250                | 2,250                  | 2,250                |
| Capital Outlay                                                  | 9,952             | 5,000                  | 5,000                | 5,000                  | 5,000                |
| Debt Service                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                    | <i>\$ 531,982</i> | <i>\$ 1,009,106</i>    | <i>\$ 1,009,106</i>  | <i>\$ 1,021,581</i>    | <i>\$ 1,021,581</i>  |
| Aid to Local Units                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                    | <b>\$ 531,982</b> | <b>\$ 1,009,106</b>    | <b>\$ 1,009,106</b>  | <b>\$ 1,021,581</b>    | <b>\$ 1,021,581</b>  |
| <b>Financing:</b>                                               |                   |                        |                      |                        |                      |
| State General Fund                                              | \$ 317,448        | \$ 597,129             | \$ 597,129           | \$ 605,933             | \$ 605,933           |
| All Other Funds                                                 | 214,534           | 411,977                | 411,977              | 415,648                | 415,648              |
| <b>TOTAL</b>                                                    | <b>\$ 531,982</b> | <b>\$ 1,009,106</b>    | <b>\$ 1,009,106</b>  | <b>\$ 1,021,581</b>    | <b>\$ 1,021,581</b>  |
| FTE Positions                                                   | 6.4               | 6.4                    | 6.4                  | 6.4                    | 6.4                  |

The **agency** requests a revised estimate of \$1.0 million, including \$597,129 from the State General Fund, for the Solicitor Division in FY 2018. The revised estimate is an increase of \$320,623, or 46.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$56,676 increase in unclassified regular salaries and wages, a \$58,988 increase in unclassified temporary salaries and wages, and a \$120,000 increase in assigned counsel expenditures.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$1.0 million, including \$605,933 from the State General Fund, for the Solicitor Division for FY 2019. The revised estimate is an increase of \$320,916, or 45.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$58,856 increase in unclassified regular salaries and wages, a \$56,808 increase in unclassified temporary salaries and wages, and a \$120,000 increase in assigned counsel expenditures.

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

### C. Fraud and Abuse Litigation Division

The Fraud and Abuse Litigation Division is responsible for the requirements of KSA 75-723, which allowed for the Attorney General to assist in the investigation and prosecution of cases involving abuse, neglect, or exploitation of adults, as well as cases involving a financial component. This division serves as a statewide resource for local authorities in investigating and prosecuting such cases. This division also provides for education for lawyers, law enforcement, and the general public.

The 2017 Legislature relocated existing prosecution resources from the Office of the Securities Commissioner and the Kansas Insurance Department to the Attorney General. These resources are now located within the Fraud and Abuse Litigation Division.

| FRAUD AND ABUSE LITIGATION DIVISION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|----------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                             |                   |                        |                      |                        |                      |
| Salaries and Wages                                                               | \$ 245,172        | \$ 1,026,377           | \$ 836,955           | \$ 1,043,232           | \$ 1,043,232         |
| Contractual Services                                                             | 37,962            | 67,062                 | 60,062               | 67,095                 | 67,095               |
| Commodities                                                                      | 8,676             | 12,578                 | 9,000                | 9,058                  | 9,058                |
| Capital Outlay                                                                   | 4,860             | 5,500                  | 5,500                | 35,500                 | 35,500               |
| Debt Service                                                                     | 0                 | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations                                                            | \$ 296,670        | \$ 1,111,517           | \$ 911,517           | \$ 1,154,885           | \$ 1,154,885         |
| Aid to Local Units                                                               | 16,300            | 25,000                 | 25,000               | 25,000                 | 25,000               |
| Other Assistance                                                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                     | <b>\$ 312,970</b> | <b>\$ 1,136,517</b>    | <b>\$ 936,517</b>    | <b>\$ 1,179,885</b>    | <b>\$ 1,179,885</b>  |
| <b>Financing:</b>                                                                |                   |                        |                      |                        |                      |
| State General Fund                                                               | \$ 267,666        | \$ 596,098             | \$ 396,098           | \$ 608,262             | \$ 608,262           |
| All Other Funds                                                                  | 45,304            | 540,419                | 540,419              | 571,623                | 571,623              |
| <b>TOTAL</b>                                                                     | <b>\$ 312,970</b> | <b>\$ 1,136,517</b>    | <b>\$ 936,517</b>    | <b>\$ 1,179,885</b>    | <b>\$ 1,179,885</b>  |
| FTE Positions                                                                    | 4.0               | 13.0                   | 10.0                 | 13.0                   | 13.0                 |

The **agency** requests a revised estimate of \$1.1 million, including \$596,098 from the State General Fund, for the Fraud and Abuse Litigation Division in FY 2018. The revised estimate is an increase of \$185,658, or 19.5 percent, above the amount approved by the 2017 Legislature. The increase is due to a \$200,000 increase and a 3.0 FTE position increase from the agency's supplemental request for additional prosecutor, investigator, and fiscal analyst positions.

The **Governor** recommends \$936,517, including \$396,098 from the State General Fund, for the Fraud and Abuse Litigation Division in FY 2018. The recommendation is a decrease of \$200,000, or 17.6 percent, below the agency's revised estimate. The decrease is due to the Governor's recommendation not to adopt the agency's supplemental request for an additional prosecutor, investigator, and fiscal analyst.

The **agency** requests a revised estimate of \$1.2 million, including \$608,262 from the State General Fund, for the Fraud and Abuse Litigation Division for FY 2019. The revised estimate is an increase of \$225,215, or 23.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$200,000 increase and a 3.0 FTE position increase from the agency's supplemental request for additional prosecutor, investigator, and fiscal analyst positions.

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

## D. Criminal Litigation Division

The Criminal Litigation Division is responsible for providing legal advice, support, and aid to Kansas counties and district attorneys prosecuting those charged with violating the Kansas Criminal Code. This division also sustains appellate attorneys representing the State in criminal direct appeals and collateral appeals before state and federal appellate courts. Additionally, this division provides representation for the State in civil commitment proceedings for those deemed to be sexually violent predators. This division investigates complaints of abuse of children processed in the Department for Aging and Disability Services and the Department of Corrections. Other duties of this division include establishing sharing agreements to receive revenues from federal forfeiture cases; investigating and licensing applicants for concealed carry weapons; providing licensing services and maintaining information on persons and agencies as private detectives and agencies; and maximizing the use of the Kansas Intelligence Fusion Center, which produces intelligence analysis of terrorism threats, biological threats, and cyber-warfare.

| CRIMINAL LITIGATION DIVISION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|---------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                      | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                      |                     |                        |                      |                        |                      |
| Salaries and Wages                                                        | \$ 2,213,283        | \$ 2,409,203           | \$ 2,409,203         | \$ 2,375,196           | \$ 2,375,196         |
| Contractual Services                                                      | 760,696             | 935,048                | 935,048              | 933,391                | 933,391              |
| Commodities                                                               | 51,916              | 53,000                 | 53,000               | 53,000                 | 53,000               |
| Capital Outlay                                                            | 51,563              | 25,500                 | 25,500               | 25,500                 | 25,500               |
| Debt Service                                                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                              | <i>\$ 3,077,458</i> | <i>\$ 3,422,751</i>    | <i>\$ 3,422,751</i>  | <i>\$ 3,387,087</i>    | <i>\$ 3,387,087</i>  |
| Aid to Local Units                                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                              | <b>\$ 3,077,458</b> | <b>\$ 3,422,751</b>    | <b>\$ 3,422,751</b>  | <b>\$ 3,387,087</b>    | <b>\$ 3,387,087</b>  |
| <b>Financing:</b>                                                         |                     |                        |                      |                        |                      |
| State General Fund                                                        | \$ 1,780,796        | \$ 1,721,847           | \$ 1,721,847         | \$ 1,646,486           | \$ 1,646,486         |
| All Other Funds                                                           | 1,296,662           | 1,700,904              | 1,700,904            | 1,740,601              | 1,740,601            |
| <b>TOTAL</b>                                                              | <b>\$ 3,077,458</b> | <b>\$ 3,422,751</b>    | <b>\$ 3,422,751</b>  | <b>\$ 3,387,087</b>    | <b>\$ 3,387,087</b>  |
| FTE Positions                                                             | 22.0                | 31.2                   | 31.2                 | 31.2                   | 31.2                 |

The **agency** requests a revised estimate of \$3.4 million, including \$1.7 million from the State General Fund, for the Criminal Litigation Division in FY 2018. The revised estimate is a decrease of \$137,889, or 3.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$115,027 decrease in unclassified temporary salaries and wages and a \$48,051 decrease in group health hospitalization.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$3.4 million, including \$1.6 million from the State General Fund, for the Criminal Litigation Division for FY 2019. The revised estimate is a decrease of \$209,260, or 5.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$1.4 million decrease in classified regular salaries and wages. The decrease is offset by a \$839,616 increase in unclassified regular salaries and wages and a \$396,560 increase in unclassified temporary salaries and wages.

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

## E. Legal Opinions and Government Counsel Division

The Legal Opinions and Government Counsel Division is responsible for researching and issuing written legal opinions requested by legislators, public agencies, and other officials; reviewing new and amended proposed agency rules and regulations; and reviewing bond issue and temporary note transcripts, and easements, special assessments, deeds, and leases on state property. This division also serves as general counsel to 32 state boards and commissions that have no in-house counsel. This division is also responsible for providing public education and training on the Kansas Open Meetings Act (KOMA) and the Kansas Open Records Act (KORA). In addition, this division is responsible for investigating potential violations of the Kansas Architectural Accessibility Act. This division recently assumed responsibility for the Racial or Other Bias-Based Policing duties of the Attorney General.

| LEGAL OPINIONS AND GOVERNMENT COUNSEL DIVISION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                        |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                          | \$ 620,659        | \$ 769,089             | \$ 769,089           | \$ 781,476             | \$ 781,476           |
| Contractual Services                                                                        | 107,479           | 107,132                | 103,132              | 107,770                | 107,770              |
| Commodities                                                                                 | 1,444             | 2,000                  | 2,000                | 2,000                  | 2,000                |
| Capital Outlay                                                                              | 1,802             | 4,500                  | 4,500                | 4,500                  | 4,500                |
| Debt Service                                                                                | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                                                | <b>\$ 731,384</b> | <b>\$ 882,721</b>      | <b>\$ 878,721</b>    | <b>\$ 895,746</b>      | <b>\$ 895,746</b>    |
| Aid to Local Units                                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                            | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                                | <b>\$ 731,384</b> | <b>\$ 882,721</b>      | <b>\$ 878,721</b>    | <b>\$ 895,746</b>      | <b>\$ 895,746</b>    |
| <b>Financing:</b>                                                                           |                   |                        |                      |                        |                      |
| State General Fund                                                                          | \$ 615,632        | \$ 596,406             | \$ 592,406           | \$ 606,230             | \$ 606,230           |
| All Other Funds                                                                             | 115,752           | 286,315                | 286,315              | 289,516                | 289,516              |
| <b>TOTAL</b>                                                                                | <b>\$ 731,384</b> | <b>\$ 882,721</b>      | <b>\$ 878,721</b>    | <b>\$ 895,746</b>      | <b>\$ 895,746</b>    |
| FTE Positions                                                                               | 7.0               | 8.0                    | 8.0                  | 8.0                    | 8.0                  |

The **agency** requests a revised estimate of \$882,721, including \$596,406 from the State General Fund, for the Legal Opinions and Government Counsel Division in FY 2018. The revised estimate is an increase of \$57,617, or 7.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$40,001 increase in unclassified regular salaries and wages.

The **Governor** recommends \$878,721, including \$592,406 from the State General Fund, for the Legal Opinions and Government Counsel Division in FY 2018. The recommendation is a decrease of \$4,000, or 0.5 percent, below the agency's revised estimate. The decrease is due to a lapse in reappropriated State General Funds.

The **agency** requests a revised estimate of \$895,746, including \$606,230 from the State General Fund, for the Legal Opinions and Government Counsel Division for FY 2019. The revised estimate is an increase of \$59,640, or 7.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$37,394 increase in unclassified regular salaries and wages.

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

## F. Consumer Protection Division

The Consumer Protection Division is responsible for safeguarding the citizens of Kansas by educating consumers and businesses and providing efficient, effective, and ethical enforcement of the Kansas Consumer Protection Act, the Kansas Charitable Organizations and Solicitations Act, state and federal antitrust laws, racial or other bias-based policing laws, the Kansas False Claims Act, the Kansas Roofing Registration Act, the Kansas No Call Act, investigation of the criminal statutes that are tied to consumer complaints, including identity theft, and financial elder abuse.

| <b>CONSUMER PROTECTION DIVISION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|-----------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                              | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                              |                     |                        |                      |                        |                      |
| Salaries and Wages                                                                | \$ 1,603,824        | \$ 1,772,466           | \$ 1,772,466         | \$ 1,802,858           | \$ 1,802,858         |
| Contractual Services                                                              | 445,460             | 405,275                | 405,275              | 406,926                | 406,926              |
| Commodities                                                                       | 18,185              | 20,000                 | 20,000               | 20,000                 | 20,000               |
| Capital Outlay                                                                    | 29,327              | 29,500                 | 29,500               | 29,500                 | 29,500               |
| Debt Service                                                                      | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                      | <i>\$ 2,096,796</i> | <i>\$ 2,227,241</i>    | <i>\$ 2,227,241</i>  | <i>\$ 2,259,284</i>    | <i>\$ 2,259,284</i>  |
| Aid to Local Units                                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                  | 18,081              | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                      | <b>\$ 2,114,877</b> | <b>\$ 2,227,241</b>    | <b>\$ 2,227,241</b>  | <b>\$ 2,259,284</b>    | <b>\$ 2,259,284</b>  |
| <b>Financing:</b>                                                                 |                     |                        |                      |                        |                      |
| State General Fund                                                                | \$ 159,341          | \$ 134,047             | \$ 134,047           | \$ 136,346             | \$ 136,346           |
| All Other Funds                                                                   | 1,955,536           | 2,093,194              | 2,093,194            | 2,122,938              | 2,122,938            |
| <b>TOTAL</b>                                                                      | <b>\$ 2,114,877</b> | <b>\$ 2,227,241</b>    | <b>\$ 2,227,241</b>  | <b>\$ 2,259,284</b>    | <b>\$ 2,259,284</b>  |
| FTE Positions                                                                     | 22.1                | 25.6                   | 25.6                 | 25.6                   | 25.6                 |

The **agency** requests a revised estimate of \$2.2 million, including \$134,047 from the State General Fund, for the Consumer Protection Division in FY 2018. The revised estimate is a decrease of \$181,310, or 7.5 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$43,000 decrease in unclassified regular salaries and wages, a \$43,824 decrease in group health hospitalization, and a \$30,000 decrease in computer software maintenance services.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$2.3 million, including \$136,346 from the State General Fund, for the Consumer Protection Division for FY 2019. The revised estimate is a decrease of \$176,204, or 7.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$31,549 decrease in unclassified regular salaries and wages, a \$40,199 decrease in group health hospitalization, and a \$30,000 decrease in computer software maintenance services.

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

## G. Civil Litigation Division

The Civil Litigation Division is responsible for providing for the defense of the State of Kansas and its agencies and employees in civil matters contested before Kansas or federal courts and before administrative agencies. This division is also responsible for carrying out the Attorney General's administration of the Kansas Tort Claims Fund and for providing or arranging for the defense of civil actions or proceedings against covered persons and entities. This division also acts as counsel for numerous, smaller state agencies in disciplinary and licensure matters under the Kansas Administrative Procedures Act or the Kansas Judicial Review Act. Among other duties assigned to this division are enforcement of the 1999 Tobacco Master Settlement Agreement, providing review and approval of trustee accounting for charitable trusts, providing assistance to state agencies involved in bankruptcy matters to protect against the discharge of debts owed to state government, and reviewing applications for the placement of tribal-owned land into trust with the federal government.

| CIVIL LITIGATION DIVISION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                   | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                   |                     |                        |                      |                        |                      |
| Salaries and Wages                                                     | \$ 1,918,186        | \$ 2,251,852           | \$ 2,251,852         | \$ 2,288,889           | \$ 2,288,889         |
| Contractual Services                                                   | 2,341,872           | 2,377,198              | 2,377,198            | 2,278,757              | 2,278,757            |
| Commodities                                                            | 12,810              | 9,500                  | 9,500                | 9,500                  | 9,500                |
| Capital Outlay                                                         | 76,938              | 23,000                 | 23,000               | 23,000                 | 23,000               |
| Debt Service                                                           | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                           | <i>\$ 4,349,806</i> | <i>\$ 4,661,550</i>    | <i>\$ 4,661,550</i>  | <i>\$ 4,600,146</i>    | <i>\$ 4,600,146</i>  |
| Aid to Local Units                                                     | 0                   | 50,000                 | 50,000               | 50,000                 | 50,000               |
| Other Assistance                                                       | 662,571             | 600,000                | 600,000              | 150,000                | 150,000              |
| <b>TOTAL</b>                                                           | <b>\$ 5,012,377</b> | <b>\$ 5,311,550</b>    | <b>\$ 5,311,550</b>  | <b>\$ 4,800,146</b>    | <b>\$ 4,800,146</b>  |
| <b>Financing:</b>                                                      |                     |                        |                      |                        |                      |
| State General Fund                                                     | \$ 884,151          | \$ 846,486             | \$ 846,486           | \$ 918,692             | \$ 918,692           |
| All Other Funds                                                        | 4,128,226           | 4,465,064              | 4,465,064            | 3,881,454              | 3,881,454            |
| <b>TOTAL</b>                                                           | <b>\$ 5,012,377</b> | <b>\$ 5,311,550</b>    | <b>\$ 5,311,550</b>  | <b>\$ 4,800,146</b>    | <b>\$ 4,800,146</b>  |
| FTE Positions                                                          | 18.0                | 24.3                   | 24.3                 | 24.3                   | 24.3                 |

The **agency** requests a revised estimate of \$5.3 million, including \$846,486 from the State General Fund, for the Civil Litigation Division in FY 2018. The revised estimate is an increase of \$444,879, or 9.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$450,000 increase from higher projected spending on tort claim payouts resulting from judgments and settlements.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$4.8 million, including \$918,692 from the State General Fund, for the Civil Litigation Division for FY 2019. The revised estimate is an increase of \$9,773, or 0.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$911,235 increase in unclassified regular salaries and wages and a \$435,730 increase in unclassified temporary salaries and wages. The increase is offset by a \$1.2 million decrease in classified regular salaries and wages.

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

## H. Crime Victims Compensation Board

The Crime Victims Compensation Board is responsible for ensuring that monetary compensation is awarded to victims of crime for economic loss resulting from criminal conduct and in obtaining funds to satisfy victims' claims through the pursuit of subrogation rights, restitution, and fees from offenders. As part of this responsibility, this division seeks to educate public officers and employees, health care providers, judges, attorneys, law enforcement officers, victims' advocates, and others about the board and the division.

| <b>CRIME VICTIMS COMPENSATION BOARD<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|---------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                                  | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                                  |                            |                            |                            |                            |                            |
| Salaries and Wages                                                                    | \$ 347,493                 | \$ 361,390                 | \$ 361,390                 | \$ 368,159                 | \$ 368,159                 |
| Contractual Services                                                                  | 121,634                    | 129,476                    | 129,476                    | 130,374                    | 130,374                    |
| Commodities                                                                           | 3,756                      | 3,925                      | 3,925                      | 3,925                      | 3,925                      |
| Capital Outlay                                                                        | 2,700                      | 2,750                      | 2,750                      | 2,750                      | 2,750                      |
| Debt Service                                                                          | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>Subtotal - Operations</b>                                                          | <b>\$ 475,583</b>          | <b>\$ 497,541</b>          | <b>\$ 497,541</b>          | <b>\$ 505,208</b>          | <b>\$ 505,208</b>          |
| Aid to Local Units                                                                    | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                                      | 3,060,603                  | 3,300,000                  | 3,300,000                  | 3,650,000                  | 3,650,000                  |
| <b>TOTAL</b>                                                                          | <b><u>\$ 3,536,186</u></b> | <b><u>\$ 3,797,541</u></b> | <b><u>\$ 3,797,541</u></b> | <b><u>\$ 4,155,208</u></b> | <b><u>\$ 4,155,208</u></b> |
| <b>Financing:</b>                                                                     |                            |                            |                            |                            |                            |
| State General Fund                                                                    | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                                       | 3,536,186                  | 3,797,541                  | 3,797,541                  | 4,155,208                  | 4,155,208                  |
| <b>TOTAL</b>                                                                          | <b><u>\$ 3,536,186</u></b> | <b><u>\$ 3,797,541</u></b> | <b><u>\$ 3,797,541</u></b> | <b><u>\$ 4,155,208</u></b> | <b><u>\$ 4,155,208</u></b> |
| FTE Positions                                                                         | 5.9                        | 5.9                        | 5.9                        | 5.9                        | 5.9                        |

The **agency** requests a revised estimate of \$3.8 million, all from the Crime Victims Compensation Fund, for the Crime Victims Compensation Board in FY 2018. The revised estimate is a decrease of \$674,001, or 15.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$700,000 decrease from lower projected spending on monetary compensation for out-of-pocket medical expenses, loss of earnings or support, burial expenses, and other costs associated with the treatment of injuries sustained as a result of being a victim of a violent crime.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$4.2 million, all from the Crime Victims Compensation Fund, for the Crime Victims Compensation Board for FY 2019. The revised estimate is a decrease of \$421,412, or 9.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$450,000 decrease from lower projected spending on monetary compensation for out-of-pocket medical expenses, loss of earnings or support, burial expenses, and other costs associated with the treatment of injuries sustained as a result of being a victim of a violent crime.

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



## I. Victim Services Division

The Victim Services Division is responsible for meeting the duties given to the statewide Victims Rights Coordinator, pursuant to KSA 74-7337, and assure that victims are afforded their rights per the Kansas Crime Victims Bill of Rights, pursuant to KSA 74-7333. The statutory responsibilities assigned to the Victims Rights Coordinator include creating, coordinating, and assisting in the operation of local victim-witness programs throughout the state; responding to a statewide victims rights telephone hotline; and administering the Kansas Crime Victims Assistance Fund.

| <b>VICTIM SERVICES DIVISION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|-------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                          | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                          |                     |                        |                      |                        |                      |
| Salaries and Wages                                                            | \$ 743,605          | \$ 669,308             | \$ 669,308           | \$ 680,402             | \$ 680,402           |
| Contractual Services                                                          | 165,421             | 150,184                | 150,184              | 150,664                | 150,664              |
| Commodities                                                                   | 8,605               | 5,400                  | 5,400                | 5,400                  | 5,400                |
| Capital Outlay                                                                | 17,908              | 6,550                  | 6,550                | 5,050                  | 5,050                |
| Debt Service                                                                  | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                  | <i>\$ 935,539</i>   | <i>\$ 831,442</i>      | <i>\$ 831,442</i>    | <i>\$ 841,516</i>      | <i>\$ 841,516</i>    |
| Aid to Local Units                                                            | 10,500              | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                              | 2,191,536           | 2,317,160              | 2,317,160            | 2,317,160              | 2,317,160            |
| <b>TOTAL</b>                                                                  | <b>\$ 3,137,575</b> | <b>\$ 3,148,602</b>    | <b>\$ 3,148,602</b>  | <b>\$ 3,158,676</b>    | <b>\$ 3,158,676</b>  |
| <b>Financing:</b>                                                             |                     |                        |                      |                        |                      |
| State General Fund                                                            | \$ 1,565,185        | \$ 1,417,449           | \$ 1,417,449         | \$ 1,424,396           | \$ 1,424,396         |
| All Other Funds                                                               | 1,572,390           | 1,731,153              | 1,731,153            | 1,734,280              | 1,734,280            |
| <b>TOTAL</b>                                                                  | <b>\$ 3,137,575</b> | <b>\$ 3,148,602</b>    | <b>\$ 3,148,602</b>  | <b>\$ 3,158,676</b>    | <b>\$ 3,158,676</b>  |
| FTE Positions                                                                 | 7.9                 | 9.7                    | 9.7                  | 9.7                    | 9.7                  |

The **agency** requests a revised estimate of \$3.1 million, including \$1.4 million from the State General Fund, for the Victim Services Division in FY 2018. The revised estimate is an increase of \$118,108, or 3.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$59,307 increase in unclassified regular salaries and wages and a \$48,351 increase in unclassified temporary salaries and wages.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$3.2 million, including \$1.4 million from the State General Fund, for the Victim Services Division for FY 2019. The revised estimate is an increase of \$119,948, or 3.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$17,757 increase in unclassified regular salaries and wages and a \$89,912 increase in unclassified temporary salaries and wages.

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

## J. Medicaid Fraud and Abuse Division

The Medicaid Fraud and Abuse Division is responsible for receiving, investigating, and prosecuting, either civilly or criminally, all cases of suspected fraud by Medicaid providers committed against the Kansas Medicaid program. This division is tasked with recovering state and federal tax moneys fraudulently obtained by Medicaid providers, and for returning said moneys to the appropriate state and federal agencies. In addition, this division receives, investigates, and prosecutes allegations of patient abuse, neglect, or exploitation or misappropriation of patients' private funds committed by health care providers in residential care facilities receiving Medicaid funds.

| <b>MEDICAID FRAUD AND ABUSE DIVISION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|----------------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                   | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                   |                     |                        |                      |                        |                      |
| Salaries and Wages                                                                     | \$ 1,265,069        | \$ 1,579,341           | \$ 1,579,341         | \$ 1,607,681           | \$ 1,607,681         |
| Contractual Services                                                                   | 172,355             | 228,498                | 228,498              | 229,615                | 229,615              |
| Commodities                                                                            | 10,172              | 14,000                 | 14,000               | 14,000                 | 14,000               |
| Capital Outlay                                                                         | 48,660              | 89,000                 | 89,000               | 59,000                 | 59,000               |
| Debt Service                                                                           | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                                           | <b>\$ 1,496,256</b> | <b>\$ 1,910,839</b>    | <b>\$ 1,910,839</b>  | <b>\$ 1,910,296</b>    | <b>\$ 1,910,296</b>  |
| Aid to Local Units                                                                     | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                       | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                           | <b>\$ 1,496,256</b> | <b>\$ 1,910,839</b>    | <b>\$ 1,910,839</b>  | <b>\$ 1,910,296</b>    | <b>\$ 1,910,296</b>  |
| <b>Financing:</b>                                                                      |                     |                        |                      |                        |                      |
| State General Fund                                                                     | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                        | 1,496,256           | 1,910,839              | 1,910,839            | 1,910,296              | 1,910,296            |
| <b>TOTAL</b>                                                                           | <b>\$ 1,496,256</b> | <b>\$ 1,910,839</b>    | <b>\$ 1,910,839</b>  | <b>\$ 1,910,296</b>    | <b>\$ 1,910,296</b>  |
| FTE Positions                                                                          | 15.0                | 18.5                   | 18.5                 | 18.5                   | 18.5                 |

The **agency** requests a revised estimate of \$1.9 million, all from special revenue funds, for the Medicaid Fraud and Abuse Division in FY 2018. The revised estimate is a decrease of \$167,681, or 8.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$139,310 decrease in unclassified regular salaries and wages and a \$50,000 decrease in professional fees for contractual services. The decrease is offset by a \$50,000 increase for professional and scientific equipment.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$1.9 million, all from special revenue funds, for the Medicaid Fraud and Abuse Division for FY 2019. The revised estimate is a decrease of \$173,511, or 8.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$139,694 decrease in unclassified regular salaries and wages and a \$50,000 decrease in professional fees for contractual services. The decrease is offset by a \$50,000 increase for professional and scientific equipment.

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

## K. Inspector General Division

The Inspector General Division is responsible for meeting the duties given to the Inspector General, pursuant to KSA 75-7427. Those responsibilities include establishing a full-time program of audit, investigation, and performance review to provide increased accountability, integrity, and oversight of the state Medicaid program, the state MediKan program, and the state children's health insurance program. The Division also assists in improving agency and program operations and in deterring and identifying fraud, waste, abuse, and illegal acts.

The 2017 Legislature transferred the Office of the Inspector General from the Kansas Department of Health and Environment to the Attorney General, pursuant to 2017 SB 149.

| INSPECTOR GENERAL DIVISION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|-------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                    | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                    |                   |                        |                      |                        |                      |
| Salaries and Wages                                                      | \$ 0              | \$ 427,630             | \$ 427,630           | \$ 434,416             | \$ 434,416           |
| Contractual Services                                                    | 0                 | 35,450                 | 35,450               | 28,664                 | 28,664               |
| Commodities                                                             | 0                 | 1,200                  | 1,200                | 1,200                  | 1,200                |
| Capital Outlay                                                          | 0                 | 11,830                 | 11,830               | 0                      | 0                    |
| Debt Service                                                            | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                            | <i>\$ 0</i>       | <i>\$ 476,110</i>      | <i>\$ 476,110</i>    | <i>\$ 464,280</i>      | <i>\$ 464,280</i>    |
| Aid to Local Units                                                      | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                            | <b>\$ 0</b>       | <b>\$ 476,110</b>      | <b>\$ 476,110</b>    | <b>\$ 464,280</b>      | <b>\$ 464,280</b>    |
| <b>Financing:</b>                                                       |                   |                        |                      |                        |                      |
| State General Fund                                                      | \$ 0              | \$ 476,110             | \$ 476,110           | \$ 464,280             | \$ 464,280           |
| All Other Funds                                                         | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                            | <b>\$ 0</b>       | <b>\$ 476,110</b>      | <b>\$ 476,110</b>    | <b>\$ 464,280</b>      | <b>\$ 464,280</b>    |
| FTE Positions                                                           | 0.0               | 4.0                    | 4.0                  | 4.0                    | 4.0                  |

The **agency** requests a revised estimate of \$476,110, all from the State General Fund, for the Inspector General Division in FY 2018. The revised estimate includes funding for four positions: one Inspector General, two fiscal analysts, and one legal assistant.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$464,280, all from the State General Fund, for the Inspector General Division for FY 2019. The revised estimate includes funding for four positions: one Inspector General, two fiscal analysts, and one legal assistant.

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

| PERFORMANCE MEASURES                                                                                                                      |                          |                   |                      |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                                                                   | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| <b>Administration:</b>                                                                                                                    |                          |                   |                      |                      |
| Number of formal releases of opinions, news, information, and Attorney General consumer protection advice                                 | N/A                      | 257               | 250                  | 250                  |
| Number of brochures, documents, reports, media releases, videos, and other informational materials made available on website              | N/A                      | 4,534             | 6,000                | 6,750                |
| Number of openings for which applications for employment are processed                                                                    | N/A                      | 30                | 30                   | 30                   |
| <b>Solicitors Division:</b>                                                                                                               |                          |                   |                      |                      |
| Number of new appellate cases filed                                                                                                       | N/A                      | 27                | 27                   | 30                   |
| Number of civil cases handled or assisted by the civil Assistant Solicitors Division and/or Chief Deputy                                  | N/A                      | 18                | 20                   | 20                   |
| Number of state appellate briefs completed and filed                                                                                      | N/A                      | 31                | 30                   | 30                   |
| Number of U.S. Supreme Court petitions and briefs completed                                                                               | N/A                      | 2                 | 5                    | 6                    |
| Number of federal <i>habeas corpus</i> cases answered                                                                                     | N/A                      | 15                | 20                   | 20                   |
| Number of state appellate briefs completed and filed (contracted)                                                                         | N/A                      | 50                | 110                  | 110                  |
| <b>Fraud and Abuse Litigation Division:</b>                                                                                               |                          |                   |                      |                      |
| Number of law enforcement referrals by State agencies regarding abuse, neglect, and exploitation of adults requiring review and follow-up | N/A                      | 2,937             | 3,000                | 3,000                |
| Number of substantiated cases of abuse, neglect, and exploitation of adults forwarded by state agencies                                   | N/A                      | 374               | 350                  | 350                  |
| Number of white collar criminal cases being litigated                                                                                     | N/A                      | 6                 | 4-6                  | 6+                   |
| Number of officers trained through the D.A.R.E program                                                                                    | N/A                      | 191               | 150                  | 150                  |
| <b>Criminal Litigation:</b>                                                                                                               |                          |                   |                      |                      |
| Number of criminal cases accepted from county and district attorney offices                                                               | 32                       | 42                | 32                   | 32                   |
| Number of jury trials conducted                                                                                                           | N/A                      | 11                | 15                   | 15                   |
| Number of extradition requests processed                                                                                                  | N/A                      | 109               | 130                  | 130                  |
| Number of assist other agency requests supported                                                                                          | N/A                      | 47                | 25                   | 25                   |
| Number of conceal and carry licenses issued                                                                                               | N/A                      | 5,036             | 5,060                | 5,100                |
| Number of new applications processed for detective licenses                                                                               | N/A                      | 98                | 64                   | 64                   |
| Number of Bail Enforcement Agent applications received                                                                                    | N/A                      | 22                | 30                   | 40                   |
| <b>Legal Opinions and Government Counsel:</b>                                                                                             |                          |                   |                      |                      |
| Number of written legal opinions issued                                                                                                   | 25                       | 18                | 25                   | 25                   |
| Number of regulations reviewed                                                                                                            | N/A                      | 992               | 800                  | 800                  |
| Number of agency meetings/hearings attended                                                                                               | N/A                      | 201               | 287                  | 287                  |
| Number of legal documents drafted or reviewed for contracted general counsel clients                                                      | N/A                      | 204               | 210                  | 210                  |
| Number of legal matters handled for contracted general counsel clients                                                                    | N/A                      | 1,030             | 1,030                | 1,030                |
| <b>Consumer Protection:</b>                                                                                                               |                          |                   |                      |                      |
| Number of complaints received                                                                                                             | N/A                      | 2,721             | 3,000                | 3,000                |
| Number of complaints resolved or closed                                                                                                   | N/A                      | 2,720             | 3,000                | 3,000                |
| Compliant clearance rate                                                                                                                  | N/A                      | 100%              | 100%                 | 100%                 |
| Consumer savings returned directly to consumers without litigation                                                                        | N/A                      | \$1,670,486       | \$1,000,000          | \$1,000,000          |
| Amount of penalties and fees recovered in enforcement actions                                                                             | N/A                      | \$8,088,996       | \$500,000            | \$500,000            |
| <b>Civil Litigation:</b>                                                                                                                  |                          |                   |                      |                      |
| Number of case files handled                                                                                                              | 1,500                    | 1,635             | 1,600                | 1,600                |

|                                                                                                 |     |             |             |             |
|-------------------------------------------------------------------------------------------------|-----|-------------|-------------|-------------|
| Number of new appellate cases opened                                                            | N/A | 21          | 20          | 20          |
| Number of potentially sexually violent predator cases referred to prosecutor's review committee | N/A | 536         | 600         | 600         |
| Number of sexually violent predator trials                                                      | N/A | 17          | 15          | 15          |
| Number of sexually violent predator commitments                                                 | N/A | 15          | 12          | 12          |
| Number of sexually violent predator post-commitment litigation cases opened                     | N/A | 122         | 125         | 125         |
| <b>Crime Victims Compensation Board:</b>                                                        |     |             |             |             |
| Amount of claims compensation                                                                   | N/A | \$3,060,603 | \$3,300,000 | \$3,650,000 |
| Number of payments                                                                              | N/A | 3,056       | 3,600       | 3,600       |
| Amount collected from inmates, probationers, and parolees                                       | N/A | \$920,679   | \$975,000   | \$975,000   |
| <b>Victim Services and Grants:</b>                                                              |     |             |             |             |
| Number of materials disseminated                                                                | N/A | 40,477      | 30,000      | 30,000      |
| Number of educational presentations made                                                        | N/A | 143         | 150         | 150         |
| Number of domestic violence offenders served by a certified Batterer Intervention Program       | N/A | 2,970       | 3,100*      | 3,200*      |
| Number of law enforcement officers trained on human trafficking                                 | N/A | 1,076       | 1,000       | 1,000       |
| Number of child death cases reviewed by the State Child Death Review Board                      | N/A | 394         | 400         | 400         |
| <b>Medicaid Fraud and Abuse:</b>                                                                |     |             |             |             |
| Number of Medicaid provider fraud complaints received                                           | N/A | 124         | 140         | 150         |
| Number of Medicaid provider fraud complaints opened as potential criminal matter                | N/A | 104         | 120         | 130         |
| Number of provider fraud cases investigated and filed as criminal complaints for prosecution    | N/A | 8           | 20          | 25          |
| Number of Medicaid provider fraud cases resulting in criminal prosecution                       | N/A | 11          | 18          | 20          |

\* Two programs did not report this information.

# KANSAS INSURANCE DEPARTMENT

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 25,239,117           | 30,290,300             | 30,290,300           | 31,338,915             | 31,338,915           |
| Subtotal                | \$ 25,239,117        | \$ 30,290,300          | \$ 30,290,300        | \$ 31,338,915          | \$ 31,338,915        |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 117,311              | 255,000                | 255,000              | 135,000                | 135,000              |
| Subtotal                | \$ 117,311           | \$ 255,000             | \$ 255,000           | \$ 135,000             | \$ 135,000           |
| <b>TOTAL</b>            | <b>\$ 25,356,428</b> | <b>\$ 30,545,300</b>   | <b>\$ 30,545,300</b> | <b>\$ 31,473,915</b>   | <b>\$ 31,473,915</b> |

## Percentage Change:

### Operating Expenditures

|                    |       |       |       |       |       |
|--------------------|-------|-------|-------|-------|-------|
| State General Fund | -- %  | -- %  | -- %  | -- %  | -- %  |
| All Funds          | (1.5) | 20.0  | 20.0  | 3.5   | 3.5   |
| FTE Positions      | 109.0 | 131.8 | 131.8 | 129.2 | 129.2 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The mission of the Kansas Insurance Department is to protect the insurance consumers of Kansas and serve the public interest through the supervision, control, and regulation of persons and organizations transacting the business of insurance within the state. This mission will be accomplished by working to obtain an affordable, accessible, and competitive insurance market.

The mission of the Office of the Securities Commissioner, a division of the Insurance Department, is to protect and inform Kansas investors; promote integrity, fairness, and full disclosure in financial services; and foster capital information.

The Commissioner of Insurance is an elected official who supervises all transactions relating to insurance companies in the state. The Commissioner also oversees several programs related to insurance. The agency has five programs: Insurance Company Examination; Insurance Company Regulation; Firefighters Relief Fund; Workers Compensation Fund; and Office of the Securities Commissioner. From the FY 2013 to FY 2017 budget requests, the Insurance Department has had eight programs: General Administration; Financial Surveillance; Producers Division; Property and Casualty; Firefighters Relief Fund; Workers' Compensation; Accident and Health; and Life. Prior to the FY 2013 budget submission, the agency was organized into six divisions: Firefighters Relief Fund; Insurance Company Regulation; Insurance Company Examination; Workers' Compensation; Group-Funded Workers' Compensation; and Municipal Group-Funded Pools.

Prior to FY 1993, the Insurance Department was partly funded by the State General Fund. The 1992 Legislature made the agency entirely fee-funded. Some fees that had been collected for credit to the State General Fund as well as additional assessments against insurers are now credited to the Insurance Department Service Regulation Fund.

The Office of the Kansas Securities Commissioner regulates and monitors the offering of securities and financial services within Kansas by registering securities, broker-dealers and their agents, investment advisers, loan brokers, and certain land subdivisions. Agency staff also investigate potential violations of the laws and ensure registered persons and entities comply with industry, legal, and accounting standards. The staff has the authority to investigate any investment-related activity that has occurred in Kansas, even if companies or individuals from outside of the state are involved.

The Securities Commissioner administers the Kansas Uniform Securities Act, the Uniform Land Sales Practices Act, and the Loan Brokers Act. The Securities Commissioner enforces these laws through administrative, civil, and criminal proceedings. As defined by statute, a “security” includes virtually any type of passive investment, not just stocks and bonds. Companies and individuals offering securities are subject to certain ethical and industry standards and must abide by federal and state laws and regulations.

The division provides three primary services:

- **Regulation Services.** Regulation Services includes the registration of securities offerings, broker-dealers, agents, investment advisers, loan brokers and subdivided land offerings, and continuous monitoring of registrants for compliance with the requirements of related statutes and administrative regulations;
- **Enforcement Services.** Enforcement Services involve the investigation of alleged violations of the Kansas Uniform Securities Act, the Uniform Land Sales Practice Act, and the Kansas Loan Brokers’ Act; field examinations of registrants where there is reason to suspect violations; and remedial provisions of the statutes for cases where evidence of violations exist; and
- **Education Services.** Education Services provides education and information to Kansans who are investing or raising capital. Most education services are provided through the agency’s website, and through publications, speeches, and presentations by staff and the Commissioner at small conferences for various investor groups, professional and business organizations throughout the state, and various special events. The goal of these services is to reduce the extent of investment problems, losses, and violations due to a lack of awareness and increase knowledge of securities laws and regulations. Funding for investor education comes from fines and other civil penalties plus funds designated for investor education as a condition in settlements of enforcement or compliance cases as specified under KSA §17-12a601(d)(2). The Investor Education Fund is “no limit” and is to be used at the discretion of the Securities Commissioner for the purposes of the Fund authorized under KSA §17-12a601(d)(1). The agency also provides educational services to attorneys and owners of small businesses in Kansas in order to foster capital formation.

The Office of the Kansas Securities Commissioner is a division of the Insurance Department funded entirely by industry fees, which fund the Securities Act Fee Fund, and fines and settlements, which fund the Investor Education Fund.

## MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** delayed the transfer of \$2.0 million from the State General Fund to the Workers Compensation Fund for the loan payments scheduled in FY 2009 and FY 2010 to FY 2011 and FY 2012. For FY 2009, the Legislature also transferred \$169,987 from the Kansas Savings Incentive Program Fund, \$4.3 million from the Insurance Department Service Regulation Fund, and \$2.4 million from the Workers Compensation Fund to the State General Fund. For FY 2010, the Legislature transferred \$390,899 from the Insurance Department Service Regulation Fund to the State General Fund. Also, the Legislature eliminated 5.0 unfilled FTE positions.

The **2010 Legislature** transferred \$5.0 million from the Insurance Department Service Regulation Fund to the State General Fund, leaving a balance of \$10.8 million in the account. In addition, the Legislature suspended the transfer of \$1.0 million from the State General Fund to the Workers Compensation Fund for FY 2011, leaving a balance in that account of \$586,376.

The **2010 Legislature** also passed House Sub. for SB 200, which removed the phase-in provision for the assessment of a privilege fee on any Health Maintenance Organization (HMO) operating in Kansas for five years or less. All HMOs, without regard to years of operation, are required to pay an annual fee of 1.0 percent of all premiums charged. This fee generated revenues of \$3.4 million for the State General Fund in FY 2010.

The **2013 Legislature** transferred \$15.0 million from the Insurance Department Service Regulation Fund to the State General Fund in FY 2013 and \$5.0 million in FY 2014 and FY 2015, leaving a balance in the account of \$8.4 million in FY 2013 and an agency estimated balance of \$7.5 million in FY 2014 and \$6.6 million in FY 2015.

The **2015 Legislature** transferred \$8.0 million from the Insurance Department Service Regulation Fund to the State General Fund in FY 2016 and FY 2017, leaving an agency estimated balance of \$6.7 million for FY 2016 and \$4.2 million for FY 2017.

The **2016 Legislature** transferred \$1.0 million from the Service Regulation Fund to the State General Fund for FY 2017. This transfer was in addition to the \$8.0 million transfer from the Service Regulation Fund to the State General Fund for FY 2017, approved by the 2015 Legislature.

The **2017 Legislature** approved a transfer of \$2.9 million for FY 2018 and \$2.6 million for FY 2019, all from special revenue funds, and 30.0 FTE positions to merge the Office of the Securities Commissioner with the Kansas Insurance Department, authorized by 2017 SB 23, for FY 2018 and FY 2019. The merger included a transfer to the State General Fund of \$125,000, all from the Service Regulation Fund, and \$125,000, all from the Securities Act Fee Fund, for FY 2018, and \$250,000, all from the Service Regulation Fund, and \$250,000, all from the Securities Act Fee Fund, for FY 2019, due to expected cost savings from the merger. The merger also included a transfer of \$200,000, all from the Service Regulation Fund, and \$200,000, all from the Securities Act Fee Fund, to the Fraud and Abuse Criminal Prosecution Fund of the Office of the Attorney General for consolidation of criminal prosecutions for fraud and abuse for FY 2018 and FY 2019.



## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate for operating expenditures of \$30.3 million, all from special revenue funds, in FY 2018. This is a decrease of \$350,355, or 1.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in contractual services, commodities, and salaries and wages, which is partially offset by an increase in other assistance for payment of claims paid to employers for overpayment of benefits under the Workers Compensation Act.

The agency requests revised capital improvement expenditures of \$255,000, all from the Insurance Department Rehabilitation and Repair Fund, in FY 2018. This is an increase of \$120,000, or 89.9 percent, above the amount approved by the 2017 Legislature. The Insurance Department Rehabilitation and Repair Fund expenditures are budgeted to replace the boiler (\$165,000) and to repair, replace, and paint the first floor exterior windows (\$90,000) in the Insurance Department building.

The request includes 131.8 FTE positions, which is 7.2 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the elimination of open positions and positions eliminated due to efficiencies created from the Office of the Securities Commissioner merger.

The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for operating expenditures of \$31.3 million, all from special revenue funds, for FY 2019. This is an increase of \$127,660, or 0.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in other assistance for payment of claims paid to employers for overpayment of benefits under the Workers Compensation Act and a reduction in shrinkage, which is partially offset by a decrease in contractual services and commodities.

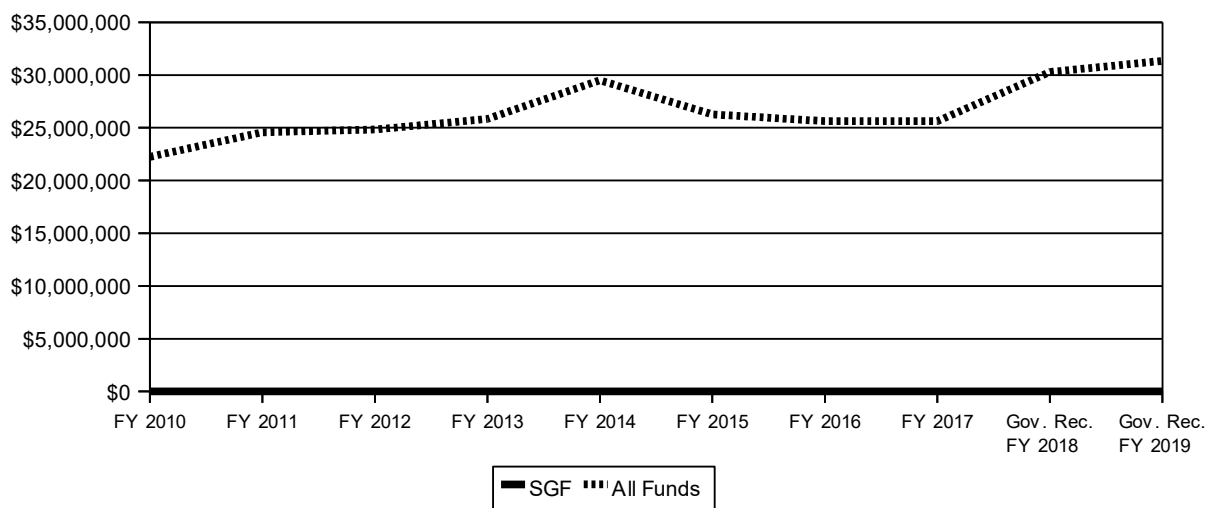
The agency requests revised capital improvement expenditures of \$135,000, all from the Insurance Department Rehabilitation and Repair Fund, for FY 2019. This is unchanged from the amount approved by the 2017 Legislature. The Insurance Department Rehabilitation and Repair Fund expenditures are budgeted to replace the first floor carpet (\$100,000) and to repair, replace, and paint the basement exterior windows (\$35,000) in the Insurance Department building. The increase is primarily attributable to an increase in other assistance for payment of claims, which is partially offset by contractual services, salaries and wages, and commodities.

The request includes 129.2 FTE positions, which is 9.8 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the elimination of open positions and positions eliminated due to efficiencies created from the Office of the Securities Commissioner merger.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds     | % Change | FTE    |
|---------------------------------|------|----------|---------------|----------|--------|
| 2010                            | \$ 0 | -- %     | \$ 22,242,278 | (7.3)%   | 142.0  |
| 2011                            | 0    | --       | 24,567,936    | 10.5     | 127.0  |
| 2012                            | 0    | --       | 24,834,805    | 1.1      | 126.0  |
| 2013                            | 0    | --       | 25,837,213    | 4.0      | 126.0  |
| 2014                            | 0    | --       | 29,498,735    | 14.2     | 126.0  |
| 2015                            | 0    | --       | 26,267,089    | (11.0)   | 126.0  |
| 2016                            | 0    | --       | 25,627,280    | (2.4)    | 109.0  |
| 2017                            | 0    | --       | 25,239,117    | (1.5)    | 109.0  |
| 2018 Gov. Rec.                  | 0    | --       | 30,290,300    | 20.0     | 131.8  |
| 2019 Gov. Rec.                  | 0    | --       | 31,338,915    | 3.5      | 129.2  |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 9,096,637  | 40.9 %   | (12.8) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        |                      | Agency Estimate      |                      |                                |                                 |                      | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|----------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018      | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Insurance Company Examination          | \$ 827,697           | \$ 907,710           | \$ 940,027           | \$ 32,317                      | 3.6 %                           | \$ 907,710           | \$ 940,027                | \$ 32,317                      | 3.6 %                           |  |  |
| Insurance Company Regulation           | 7,251,526            | 7,676,681            | 7,988,096            | 311,415                        | 4.1                             | 7,676,681            | 7,988,096                 | 311,415                        | 4.1                             |  |  |
| Firefighters Relief                    | 13,790,327           | 14,134,340           | 14,137,049           | 2,709                          | 0.0                             | 14,134,340           | 14,137,049                | 2,709                          | 0.0                             |  |  |
| Workers Compensation                   | 3,369,567            | 4,573,201            | 5,230,525            | 657,324                        | 14.4                            | 4,573,201            | 5,230,525                 | 657,324                        | 14.4                            |  |  |
| Office of the Securities Commissioner  | 0                    | 2,998,368            | 3,043,218            | 44,850                         | 1.5                             | 2,998,368            | 3,043,218                 | 44,850                         | 1.5                             |  |  |
| <b>TOTAL</b>                           | <b>\$ 25,239,117</b> | <b>\$ 30,290,300</b> | <b>\$ 31,338,915</b> | <b>\$ 1,048,615</b>            | <b>3.5 %</b>                    | <b>\$ 30,290,300</b> | <b>\$ 31,338,915</b>      | <b>\$ 1,048,615</b>            | <b>3.5 %</b>                    |  |  |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 7,337,824         | \$ 9,790,298         | \$ 10,127,344        | \$ 337,046                     | 3.4 %                           | \$ 9,790,298         | \$ 10,127,344             | \$ 337,046                     | 3.4 %                           |  |  |
| Contractual Services                   | 1,900,123            | 3,090,753            | 3,175,780            | 85,027                         | 2.8                             | 3,090,753            | 3,175,780                 | 85,027                         | 2.8                             |  |  |
| Commodities                            | 210,482              | 270,526              | 271,577              | 1,051                          | 0.4                             | 270,526              | 271,577                   | 1,051                          | 0.4                             |  |  |
| Capital Outlay                         | 107,287              | 27,723               | 53,214               | 25,491                         | 91.9                            | 27,723               | 53,214                    | 25,491                         | 91.9                            |  |  |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                    | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 9,555,716         | \$ 13,179,300        | \$ 13,627,915        | \$ 448,615                     | 3.4 %                           | \$ 13,179,300        | \$ 13,627,915             | \$ 448,615                     | 3.4 %                           |  |  |
| Aid to Local Units                     | 13,404,539           | 14,025,000           | 14,025,000           | 0                              | 0.0                             | 14,025,000           | 14,025,000                | 0                              | 0.0                             |  |  |
| Other Assistance                       | 2,278,862            | 3,086,000            | 3,686,000            | 600,000                        | 19.4                            | 3,086,000            | 3,686,000                 | 600,000                        | 19.4                            |  |  |
| <b>TOTAL</b>                           | <b>\$ 25,239,117</b> | <b>\$ 30,290,300</b> | <b>\$ 31,338,915</b> | <b>\$ 1,048,615</b>            | <b>3.5 %</b>                    | <b>\$ 30,290,300</b> | <b>\$ 31,338,915</b>      | <b>\$ 1,048,615</b>            | <b>3.5 %</b>                    |  |  |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                 | \$ 0                      | \$ 0                           | -- %                            |  |  |
| All Other Funds                        | 25,239,117           | 30,290,300           | 31,338,915           | 1,048,615                      | 3.5                             | 30,290,300           | 31,338,915                | 1,048,615                      | 3.5                             |  |  |
| <b>TOTAL</b>                           | <b>\$ 25,239,117</b> | <b>\$ 30,290,300</b> | <b>\$ 31,338,915</b> | <b>\$ 1,048,615</b>            | <b>3.5 %</b>                    | <b>\$ 30,290,300</b> | <b>\$ 31,338,915</b>      | <b>\$ 1,048,615</b>            | <b>3.5 %</b>                    |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 30,775,655                         | 30,545,300                    | (230,355)                         | 30,545,300                  | (230,355)                           |
| <b>TOTAL</b>                | <b>\$ 30,775,655</b>               | <b>\$ 30,545,300</b>          | <b>\$ (230,355)</b>               | <b>\$ 30,545,300</b>        | <b>\$ (230,355)</b>                 |
| FTE Positions               | 139.0                              | 131.8                         | (7.2)                             | 131.8                       | (7.2)                               |

The **agency** requests a revised estimate for operating expenditures of \$30.3 million, all from special revenue funds, in FY 2018. This is a decrease of \$350,355, or 1.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in contractual services, commodities, and salaries and wages, which is partially offset by an increase in other assistance for payment of claims paid to employers for overpayment of benefits under the Workers Compensation Act.

The agency requests revised capital improvement expenditures of \$255,000, all from the Insurance Department Rehabilitation and Repair Fund, in FY 2018. This is an increase of \$120,000, or 88.9 percent, above the amount approved by the 2017 Legislature. The Insurance Department Rehabilitation and Repair Fund expenditures are budgeted to replace the boiler (\$165,000) and to repair, replace, and paint the first floor exterior windows (\$90,000) in the Insurance Department building.

The request includes 131.8 FTE positions, which is 7.2 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the elimination of open positions and positions eliminated due to efficiencies created from the Office of the Securities Commissioner merger.

The operational expenditures request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$9.8 million, all from special revenue funds, for salaries and wages in FY 2018. This is a decrease of \$95,117, or 1.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to reductions in unclassified regular salaries and wages (\$542,032), reduced employer contributions to health insurance (\$55,081), KPERS (\$51,158), and Medicare (\$55,081), which are partially offset by a reduction in shrinkage (\$650,000);

- **Contractual Services.** The agency requests \$3.1 million, all from special revenue funds, for contractual services in FY 2018. This is a decrease of \$564,942, or 15.5 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in fees (\$366,841), reduced attorney fees to defend claims against the Workers Compensation Fund (\$250,000), reduced payments to hospitals and nursing homes providing services to claimants (\$200,000), and reduced rent (\$180,648), which are partially offset by increases in building space rental fees (\$110,161) and computer database and programming services (\$260,176);
- **Commodities.** The agency requests \$270,526, all from special revenue funds, for commodities in FY 2018. This is a decrease of \$107,481, or 28.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in professional supplies (\$72,443) as well as drugs and pharmaceuticals claim payments (\$20,000);
- **Capital Outlay.** The agency requests \$27,723, all from special revenue funds, for capital outlay in FY 2018. This is a decrease of \$13,815, or 33.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in computer and office equipment;
- **Aid to Local Units of Government.** The agency requests \$14.0 million, all from special revenue funds, for aid to local units of government in FY 2018. This is an increase of \$25,000, or 0.2 percent, above the amount approved by the 2017 Legislature. The increase is attributable to a grant for EverFi, Inc., for its financial literacy program; and
- **Other Assistance.** The agency requests \$3.1 million, all from special revenue funds, for other assistance in FY 2018. This is an increase of \$406,000, or 15.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in claims (\$700,000) paid to employers for overpayment of benefits under the Workers Compensation Act, partially offset by a decrease in workers' compensation claims (\$300,000).

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 31,346,255                         | 31,473,915                    | 127,660                           | 31,473,915                  | 127,660                             |
| <b>TOTAL</b>                | <b>\$ 31,346,255</b>               | <b>\$ 31,473,915</b>          | <b>\$ 127,660</b>                 | <b>\$ 31,473,915</b>        | <b>\$ 127,660</b>                   |
| FTE Positions               | 139.0                              | 129.2                         | (9.8)                             | 129.2                       | (9.8)                               |

The **agency** requests a revised estimate for operating expenditures of \$31.3 million, all from special revenue funds, for FY 2019. This is an increase of \$127,660 or 0.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in other assistance for payment of claims paid to employers for overpayment of benefits under the Workers Compensation Act and a reduction in shrinkage, which is partially offset by a decrease in contractual services and commodities.

The agency requests revised capital improvement expenditures of \$135,000, all from the Insurance Department Rehabilitation and Repair Fund, for FY 2019, which is unchanged from the amount approved by the 2017 Legislature. The Insurance Department Rehabilitation and Repair Fund expenditures are budgeted to replace the first floor carpet (\$100,000) and to repair, replace, and paint the basement exterior windows (\$35,000) in the Insurance Department building.

The request includes 129.2 FTE positions, which is 9.8 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the elimination of open positions and positions eliminated due to efficiencies created from the Office of the Securities Commissioner merger.

The operational expenditures request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$10.1 million, all from special revenue funds, for salaries and wages for FY 2019. This is an increase of \$189,598, or 1.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to a reduction in shrinkage (\$900,000), which is partially offset by a decrease in unclassified regular salaries and wages (\$211,141), employer contributions to health insurance (\$64,633), KPERS (\$271,992), and Social Security (\$132,621);
- **Contractual Services.** The agency requests \$3.2 million, all from special revenue funds, for contractual services for FY 2019. This is a decrease of \$717,346, or 18.4 percent, below the amount approved by the 2017 Legislature.

The decrease is primarily attributable to a decrease in fees (\$314,956), attorney fees to defend claims against the Workers Compensation Fund (\$400,000), payments to hospitals and nursing homes providing services to claimants (\$300,000), and rent (\$180,799), which is partially offset by an increase in building space rental fees (\$110,161), and computer database and programming services (\$159,846);

- **Commodities.** The agency requests \$271,577, all from special revenue funds, for commodities for FY 2019. This is a decrease of \$188,299, or 40.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in professional supplies (\$142,442) as well as drugs and pharmaceuticals claim payments (\$30,000);
- **Capital Outlay.** The agency requests \$53,214, all from special revenue funds, for capital outlay for FY 2019. This is an increase of \$12,707, or 31.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to computer and office equipment;
- **Aid to Local Units of Government.** The agency requests \$14.0 million, all from special revenue funds, for aid to local units of government for FY 2019. This is an increase of \$25,000, or 0.2 percent, above the amount approved by the 2017 Legislature. The increase is attributable a grant for EverFi, Inc., for its financial literacy program; and
- **Other Assistance.** The agency requests \$3.7 million, all from special revenue funds, for other assistance for FY 2019. This is an increase of \$806,000, or 28.0 percent, above the amount approved by the 2017 Legislature. The increase is attributable to an increase in claims (\$1.1 million) paid to employers for overpayment of benefits under the Workers Compensation Act, partially offset by a decrease in workers compensation claims (\$300,000).

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,000, and FY 2019 longevity payments total \$1,000.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source            | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------|--------------------------------------------|------------------------------------------|
| State General Fund        | 0.0 %                                      | 0.0 %                                    |
| Insurance Company         |                                            |                                          |
| Examination Fund          | 3.0                                        | 3.0                                      |
| Insurance Company         |                                            |                                          |
| Service Regulation Fund   | 25.4                                       | 25.4                                     |
| State Firefighters Relief |                                            |                                          |
| Fund                      | 45.1                                       | 45.1                                     |
| Workers Compensation      |                                            |                                          |
| Fund                      | 16.7                                       | 16.7                                     |
| Securities Act Fee Fund   | 9.3                                        | 9.3                                      |
| Investor Education and    |                                            |                                          |
| Protection Fund           | 0.4                                        | 0.4                                      |
| All other Funds           | 0.1                                        | 0.1                                      |
| <b>TOTAL</b>              | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Insurance Company Examination Fund Analysis

The Insurance Company Examination Fee Fund receives its revenue from collections generated during the course of audits and investigations of foreign (non-Kansas) and domestic insurance companies.

| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|------------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 54,779              | \$ 5,418                      | \$ 5,418              | \$ 5,500                      | \$ 5,500              |
| Revenue                                      | 415,205                | 907,792                       | 907,792               | 940,027                       | 940,027               |
| Transfers in                                 | 0                      | 0                             | 0                     | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 469,984</b>      | <b>\$ 913,210</b>             | <b>\$ 913,210</b>     | <b>\$ 945,527</b>             | <b>\$ 945,527</b>     |
| Less:                                        |                        |                               |                       |                               |                       |
| Expenditures                                 | 464,566                | 907,710                       | 907,710               | 940,027                       | 940,027               |
| Transfers Out                                | 0                      | 0                             | 0                     | 0                             | 0                     |
| Off Budget Expenditures                      | 0                      | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 5,418</b>        | <b>\$ 5,500</b>               | <b>\$ 5,500</b>       | <b>\$ 5,500</b>               | <b>\$ 5,500</b>       |
| Ending Balance as Percent of<br>Expenditures | 1.2%                   | 0.6%                          | 0.6%                  | 0.6%                          | 0.6%                  |
| Month Highest Ending<br>Balance              | September<br>\$ 46,403 | September<br>\$ 4,590         | September<br>\$ 4,590 | September<br>\$ 4,659         | September<br>\$ 4,659 |
| Month Lowest Ending<br>Balance               | June<br>\$ 5,416       | June<br>\$ 536                | June<br>\$ 536        | June<br>\$ 544                | June<br>\$ 544        |

## Insurance Department Service Regulation Fund Analysis

KSA 40-112 established the Insurance Department Service Regulation Fund for the purpose of maintaining the operations of the Kansas Insurance Department. The Fund consists

of fees charged by the Department, 1.0 percent of premium taxes received from insurance companies pursuant to KSA 40-252, and an annual assessment imposed as deemed necessary by the Commissioner of Insurance to fund the operations of the Department.

| Resource Estimate                            | Actual<br>FY 2017       | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018    | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019    |
|----------------------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
| Beginning Balance                            | \$ 8,868,350            | \$ 8,984,228                  | \$ 8,984,228            | \$ 9,577,700                  | \$ 9,577,700            |
| Revenue                                      | 16,755,053              | 16,860,000                    | 16,860,000              | 16,960,000                    | 16,960,000              |
| Transfers in                                 | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Funds Available</b>                       | <b>\$ 25,623,403</b>    | <b>\$ 25,844,228</b>          | <b>\$ 25,844,228</b>    | <b>\$ 26,537,700</b>          | <b>\$ 26,537,700</b>    |
| Less:                                        |                         |                               |                         |                               |                         |
| Expenditures                                 | 7,545,158               | 7,660,670                     | 7,660,670               | 7,971,759                     | 7,971,759               |
| Transfers Out                                | 9,094,017               | 8,605,858                     | 8,605,858               | 8,585,000                     | 8,585,000               |
| Off Budget Expenditures                      | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Ending Balance</b>                        | <b>\$ 8,984,228</b>     | <b>\$ 9,577,700</b>           | <b>\$ 9,577,700</b>     | <b>\$ 9,980,941</b>           | <b>\$ 9,980,941</b>     |
| Ending Balance as Percent of<br>Expenditures | 119.1%                  | 125.0%                        | 125.0%                  | 125.2%                        | 125.2%                  |
| Month Highest Ending<br>Balance              | March<br>\$ 11,445,639  | March<br>\$ 11,814,553        | March<br>\$ 11,814,553  | March<br>\$ 12,307,920        | March<br>\$ 12,307,920  |
| Month Lowest Ending<br>Balance               | October<br>\$ 2,971,306 | October<br>\$ 3,716,942       | October<br>\$ 3,716,942 | October<br>\$ 4,141,258       | October<br>\$ 4,141,258 |

## Workers Compensation Fund Analysis

KSA 566(b)(1) authorizes the Commissioner of Insurance to impose an assessment upon all insurance carriers, the proceeds of which shall be credited to the Workers Compensation Fee Fund to pay claims, attorney fees, and costs, which may be required to be paid from such a fund during the current fiscal year. Other sources of revenue include fines, penalties, and reimbursements.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 10,608,255         | \$ 10,675,666                 | \$ 10,675,666         | \$ 11,667,465                 | \$ 11,667,465         |
| Revenue                                      | 3,436,978             | 3,210,000                     | 3,210,000             | 3,210,000                     | 3,210,000             |
| Transfers in                                 | 0                     | 6,564,201                     | 6,564,201             | 4,823,255                     | 4,823,255             |
| <b>Funds Available</b>                       | <b>\$ 14,045,233</b>  | <b>\$ 20,449,867</b>          | <b>\$ 20,449,867</b>  | <b>\$ 19,700,720</b>          | <b>\$ 19,700,720</b>  |
| Less:                                        |                       |                               |                       |                               |                       |
| Expenditures                                 | 3,369,567             | 4,573,201                     | 4,573,201             | 5,230,525                     | 5,230,525             |
| Transfers Out                                | 0                     | 4,209,201                     | 4,209,201             | 4,823,255                     | 4,823,255             |
| Off Budget Expenditures                      | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 10,675,666</b>  | <b>\$ 11,667,465</b>          | <b>\$ 11,667,465</b>  | <b>\$ 9,646,940</b>           | <b>\$ 9,646,940</b>   |
| Ending Balance as Percent of<br>Expenditures | 316.8%                | 255.1%                        | 255.1%                | 184.4%                        | 184.4%                |
| Month Highest Ending<br>Balance              | June<br>\$ 10,675,666 | July<br>\$ 12,955,025         | July<br>\$ 12,955,025 | July<br>\$ 11,503,285         | July<br>\$ 11,503,285 |
| Month Lowest Ending<br>Balance               | April<br>\$ 8,247,206 | April<br>\$ 9,744,496         | April<br>\$ 9,744,496 | April<br>\$ 7,801,189         | April<br>\$ 7,801,189 |

## State Firefighters Relief Fund Analysis

KSA 40-1703 requires every insurance company that writes fire and lightning insurance to pay 2.0 percent of the total amount of annual premiums written in Kansas to the Kansas Insurance Department. Funds collected are distributed to various cities, townships, and counties in Kansas, less amounts retained by the Insurance Department for expenses connected to administration of the Firefighters Relief Fund.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 1,683,810         | \$ 1,254,070                  | \$ 1,254,070         | \$ 1,119,730                  | \$ 1,119,730         |
| Revenue                                      | 13,360,587           | 14,000,000                    | 14,000,000           | 14,000,000                    | 14,000,000           |
| Transfers in                                 | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 15,044,397</b> | <b>\$ 15,254,070</b>          | <b>\$ 15,254,070</b> | <b>\$ 15,119,730</b>          | <b>\$ 15,119,730</b> |
| Less:                                        |                      |                               |                      |                               |                      |
| Expenditures                                 | 13,790,327           | 14,134,340                    | 14,134,340           | 14,137,049                    | 14,137,049           |
| Transfers Out                                | 0                    | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 1,254,070</b>  | <b>\$ 1,119,730</b>           | <b>\$ 1,119,730</b>  | <b>\$ 982,681</b>             | <b>\$ 982,681</b>    |
| Ending Balance as Percent of<br>Expenditures | 9.1%                 | 7.9%                          | 7.9%                 | 7.0%                          | 7.0%                 |
| Month Highest Ending<br>Balance              | July<br>\$ 1,671,167 | July<br>\$ 1,244,654          | July<br>\$ 1,244,654 | July<br>\$ 1,111,323          | July<br>\$ 1,111,323 |
| Month Lowest Ending<br>Balance               | May<br>\$ 1,232,514  | May<br>\$ 917,953             | May<br>\$ 917,953    | May<br>\$ 819,619             | May<br>\$ 819,619    |

## Securities Act Fee Fund Analysis

The Securities Act Fee Fund is financed by fees received from agents of broker-dealers, investment advisers, investment companies (mutual fund issuers), and other issuers of securities offering investment capital in Kansas. The authority for the Commissioner of Insurance to set rates are specified in KSA §17-12a205, 17-12a302, 17-12a305, and 17-12a410. Most current rates specified in regulations are below the statutory maximum rates.

KSA §17-12a-601 provides that 90.0 percent of fees received by the Commissioner of Insurance are credited to the Securities Act Fee Fund, and 10.0 percent of receipts are credited to the State General Fund, up to a maximum of \$100,000. Furthermore, on the last day of the fiscal year, the Director of Accounts will transfer all unencumbered funds in excess of \$50,000 into the State General Fund for reimbursement for services provided to the agency by the Department of Administration.

| Resource Estimate                            | Actual<br>FY 2017   | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018         | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019         |
|----------------------------------------------|---------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Beginning Balance                            | \$ --               | \$ 0                          | \$ 0                         | \$ 50,000                     | \$ 50,000                    |
| Revenue                                      | --                  | 16,658,833                    | 16,658,833                   | 17,168,590                    | 17,168,590                   |
| Transfers in                                 | --                  | 77,388                        | 77,388                       | 0                             | 0                            |
| <i>Funds Available</i>                       | <u>\$ --</u>        | <u>\$ 16,736,221</u>          | <u>\$ 16,736,221</u>         | <u>\$ 17,218,590</u>          | <u>\$ 17,218,590</u>         |
| Less:                                        |                     |                               |                              |                               |                              |
| Expenditures                                 | --                  | 2,879,523                     | 2,879,523                    | 2,924,049                     | 2,924,049                    |
| Transfers Out                                |                     | 13,806,698                    | 13,806,698                   | 14,244,541                    | 14,244,541                   |
| Off Budget Expenditures                      | --                  | 0                             | 0                            | 0                             | 0                            |
| <b>Ending Balance</b>                        | <u><u>\$ --</u></u> | <u><u>\$ 50,000</u></u>       | <u><u>\$ 50,000</u></u>      | <u><u>\$ 50,000</u></u>       | <u><u>\$ 50,000</u></u>      |
| Ending Balance as Percent of<br>Expenditures | --                  | 1.7%                          | 1.7%                         | 1.7%                          | 1.7%                         |
| Month Highest Ending<br>Balance              | <u>\$ --</u>        | <u>May<br/>\$ 12,709,195</u>  | <u>May<br/>\$ 12,709,195</u> | <u>May<br/>\$ 12,992,871</u>  | <u>May<br/>\$ 12,992,871</u> |
| Month Lowest Ending<br>Balance               | \$ --               | July<br>\$ 17,730             | July<br>\$ 17,730            | July<br>\$ 0                  | July<br>\$ 0                 |

## Investor Education and Protection Fund Analysis

The Investor Education and Protection Fund is financed by civil penalties received from settlements of enforcement cases. KSA §17-12a601 provides that 80.0 percent of civil penalties received by the Commissioner of Insurance are credited to the Investor Education Fee Fund, and 20.0 percent of receipts are credited to the State General Fund, up to a maximum of \$200,000. There is no requirement to transfer funds from the Investor Education Fund, which is similar to that of the Securities Act Fee Fund.

The agency requests budget estimates for the Investor Education and Protection Fund be analyzed separately and not be combined with the Securities Act Fee Fund. The agency states this is necessary because of the differences in funding and purpose, and especially because the Investor Education and Protection Fund is a no limit fund, which is not subject to appropriation or spending limits. The agency states expenditures from the Investor Education and Protection Fund tend to fluctuate based on the available funding from fines and settlements, and if combined with the Securities Act Fee Fund, analysis can be misleading and spending trends distorted.

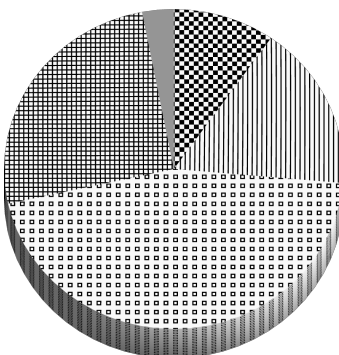
| Resource Estimate                            | Actual<br>FY 2017 | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|-------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ --             | \$ 0                          | \$ 0                 | \$ 163,413                    | \$ 163,413           |
| Revenue                                      | --                | 45,000                        | 45,000               | 45,000                        | 45,000               |
| Transfers in                                 | --                | 237,258                       | 237,258              | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ --</b>      | <b>\$ 282,258</b>             | <b>\$ 282,258</b>    | <b>\$ 208,413</b>             | <b>\$ 208,413</b>    |
| Less:                                        |                   |                               |                      |                               |                      |
| Expenditures                                 | --                | 118,845                       | 118,845              | 119,169                       | 119,169              |
| Transfers Out                                | --                | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | --                | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ --</b>      | <b>\$ 163,413</b>             | <b>\$ 163,413</b>    | <b>\$ 89,244</b>              | <b>\$ 89,244</b>     |
| Ending Balance as Percent of<br>Expenditures | --                | 137.5%                        | 137.5%               | 74.9%                         | 74.9%                |
| Month Highest Ending Balance                 | \$ --             | July<br>208,431               | July<br>208,431      | July<br>134,499               | July<br>134,499      |
| Month Lowest Ending<br>Balance               | \$ --             | June<br>163,413               | June<br>163,413      | June<br>89,244                | June<br>89,244       |

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation

All Funds



| Program                               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|---------------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Insurance Company Examination         | \$ 940,027                        | 3.0 %               | \$ 0                        | -- %                |
| Insurance Company Regulation          | 7,988,096                         | 25.5                | 0                           | --                  |
| Firefighters Relief                   | 14,137,049                        | 45.1                | 0                           | --                  |
| Workers Compensation                  | 5,230,525                         | 16.7                | 0                           | --                  |
| Office of the Securities Commissioner | 3,043,218                         | 9.7                 | 0                           | --                  |
| <b>TOTAL</b>                          | <b>\$ 31,338,915</b>              | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Insurance Company Examination                     | 8.0               | 8.0                    | 8.0                  | 8.0                    | 8.0                  |
| Insurance Company Regulation                      | 96.1              | 92.9                   | 92.9                 | 92.9                   | 92.9                 |
| Firefighters Relief                               | 2.5               | 2.0                    | 2.0                  | 2.0                    | 2.0                  |
| Workers Compensation                              | 2.5               | 2.5                    | 2.5                  | 2.5                    | 2.5                  |
| Office of the Securities Commissioner             | 0.0               | 26.5                   | 26.5                 | 23.9                   | 23.9                 |
| <b>TOTAL</b>                                      | <b>109.0</b>      | <b>131.8</b>           | <b>131.8</b>         | <b>129.2</b>           | <b>129.2</b>         |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### **A. Insurance Company Examination**

The Insurance Company Examination program detects, through on-site financial examinations, those companies that are experiencing financial difficulty and those companies that are operating in violation of any Kansas insurance law or regulation. Also, this program performs in-house examinations of all insurance company annual financial statements and securities deposits held under the custody of the Insurance Department.

Prior to FY 2018, the title of this program was Financial Surveillance.

| <b>INSURANCE COMPANY EXAMINATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                               | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                               |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                 | \$ 784,259        | \$ 867,110             | \$ 867,110           | \$ 898,427             | \$ 898,427           |
| Contractual Services                                                               | 43,322            | 40,500                 | 40,500               | 41,500                 | 41,500               |
| Commodities                                                                        | 116               | 100                    | 100                  | 100                    | 100                  |
| Capital Outlay                                                                     | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                       | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                       | <i>\$ 827,697</i> | <i>\$ 907,710</i>      | <i>\$ 907,710</i>    | <i>\$ 940,027</i>      | <i>\$ 940,027</i>    |
| Aid to Local Units                                                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                   | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                       | <b>\$ 827,697</b> | <b>\$ 907,710</b>      | <b>\$ 907,710</b>    | <b>\$ 940,027</b>      | <b>\$ 940,027</b>    |
| <b>Financing:</b>                                                                  |                   |                        |                      |                        |                      |
| State General Fund                                                                 | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                    | 827,697           | 907,710                | 940,710              | 940,027                | 940,027              |
| <b>TOTAL</b>                                                                       | <b>\$ 827,697</b> | <b>\$ 907,710</b>      | <b>\$ 940,710</b>    | <b>\$ 940,027</b>      | <b>\$ 940,027</b>    |
| FTE Positions                                                                      | 8.0               | 8.0                    | 8.0                  | 8.0                    | 8.0                  |

The **agency** requests a revised estimate of \$907,710, all from special revenue funds, for the Insurance Company Examination program in FY 2018. The request is an increase of \$25,966, or 2.9 percent, above the amount approved by the 2017 Legislature. The agency requests 8.0 FTE positions, which is unchanged from the number approved by the 2017 Legislature. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$867,110 for salaries and wages in FY 2018. This is an increase of \$16,466, or 1.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$13,681) and employer contributions to KPERS (\$1,876) and Medicare (\$1,044);
- **Contractual Services.** The agency requests \$40,500 for contractual services in FY 2018. This is an increase of \$9,500, or 30.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in meals and lodging (\$5,000), job-related training and conference registration (\$2,500), and transportation fare (\$2,000); and
- **Commodities.** The agency requests \$100 for commodities in FY 2018. This is unchanged from the amount approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Insurance Company Examination program in FY 2018.

The **agency** requests a revised estimate of \$940,027, all from special revenue funds, for the Insurance Company Examination program for FY 2019. The request is an increase of \$37,067, or 4.1 percent, above the amount approved by the 2017 Legislature. The agency requests 8.0 FTE positions, which is unchanged from the number approved by the 2017 Legislature. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$898,427 for salaries and wages for FY 2019. This is an increase of \$26,567, or 3.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified salaries and wages (\$55,390) and employer contributions to health insurance (\$2,298) and Medicare (\$1,889), which is partially offset by a decrease in employer contributions to KPERS (\$18,185) and Social Security (\$11,678);
- **Contractual Services.** The agency requests \$41,500 for contractual services for FY 2019. This is an increase of \$10,500, or 33.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in meals and lodging (\$5,000), job-related training and conference registration (\$3,000), and transportation fare (\$2,500); and
- **Commodities.** The agency requests \$100 for commodities for FY 2019. This is unchanged from the amount approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Insurance Company Examination program for FY 2019.



## B. Insurance Company Regulation

The Insurance Company Regulation program detects insurance companies, which are in or have the potential to be in hazardous financial condition; protects Kansas insurance consumers from insurance fraud; better informs and assists Kansas insurance consumers; educates consumers about insurance products they are purchasing and communicates consumer information, regulatory developments, and other news to the public; provides advice and counsel to the Commissioner of Insurance and various divisions of the Insurance Department, defends the Department in forums, and supervises the adoption of rules and regulations; ensures all individuals selling, soliciting, and negotiating insurance contracts in Kansas are knowledgeable, competent, and properly licensed and certified; monitors and regulates matters relating to the writing of health, life and property, and casualty insurance in Kansas by ensuring that policy forms comply with applicable laws and regulations; and ensures the proper and timely analysis and collection of applicable taxes and fees due from companies.

Beginning in FY 2018, the agency merged the General Administration, Licensing and Market Regulation, Property and Casualty, and Health and Life programs into the Insurance Company Regulation program.

| INSURANCE COMPANY REGULATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|---------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                      | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                      |                     |                        |                      |                        |                      |
| Salaries and Wages                                                        | \$ 6,234,980        | \$ 6,281,731           | \$ 6,281,731         | \$ 6,517,571           | \$ 6,517,571         |
| Contractual Services                                                      | 1,133,396           | 1,314,600              | 1,314,600            | 1,374,175              | 1,374,175            |
| Commodities                                                               | 32,919              | 37,350                 | 37,350               | 38,350                 | 38,350               |
| Capital Outlay                                                            | 107,287             | 18,000                 | 18,000               | 33,000                 | 33,000               |
| Debt Service                                                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                              | <b>\$ 7,508,582</b> | <b>\$ 7,651,681</b>    | <b>\$ 7,651,681</b>  | <b>\$ 7,963,096</b>    | <b>\$ 7,963,096</b>  |
| Aid to Local Units                                                        | (257,056)           | 25,000                 | 25,000               | 25,000                 | 25,000               |
| Other Assistance                                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                              | <b>\$ 7,251,526</b> | <b>\$ 7,676,681</b>    | <b>\$ 7,676,681</b>  | <b>\$ 7,988,096</b>    | <b>\$ 7,988,096</b>  |
| <b>Financing:</b>                                                         |                     |                        |                      |                        |                      |
| State General Fund                                                        | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                           | 7,251,526           | 7,676,681              | 7,676,681            | 7,988,096              | 7,988,096            |
| <b>TOTAL</b>                                                              | <b>\$ 7,251,526</b> | <b>\$ 7,676,681</b>    | <b>\$ 7,676,681</b>  | <b>\$ 7,988,096</b>    | <b>\$ 7,988,096</b>  |
| FTE Positions                                                             | 96.1                | 92.9                   | 92.9                 | 92.9                   | 92.9                 |

The **agency** requests a revised estimate of \$7.7 million, all from special revenue funds, for the Insurance Company Regulation program in FY 2018. The request is an increase of \$72,364, or 1.0 percent, above the amount approved by the 2017 Legislature. The agency requests 92.9 FTE positions, which is a decrease of 3.2 FTE positions below the number approved by the 2017 Legislature. The FTE decrease is attributable to attrition, discontinuing the Deputy Insurance Commissioner position, and a partial cross-appointment for one Director to supervise both the Insurance Department and Office of Securities Commissioner criminal investigations. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.3 million for salaries and wages in FY 2018. This is an increase of \$95,519, or 1.5 percent, above the amount

approved by the 2017 Legislature. The increase is primarily attributable to a reduction in shrinkage (\$350,000), which is partially offset by a decrease in unclassified regular salaries and wages (\$183,432), employer contributions to health insurance (\$39,757), and KPERS (\$22,248);

- **Contractual Services.** The agency requests \$1.3 million for contractual services in FY 2018. This is a decrease of \$35,605, or 2.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for general fees (\$94,000), accountant and auditors (\$24,000), meals and lodging (\$16,000), and computer software rentals (\$15,000), which is partially offset by an increase in database access fees (\$57,000) and computer programming expenditures (\$45,800);
- **Commodities.** The agency requests \$37,350 for commodities in FY 2018. This is a decrease of \$12,050, or 24.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a reduction in expenditures for building and grounds materials (\$10,000), data processing supplies (\$4,500), and professional supplies (\$2,500), which is partially offset by an increase in general supplies and materials (\$5,500);
- **Capital Outlay.** The agency requests \$18,000 for capital outlay in FY 2018. This is a decrease of \$500, or 2.7 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to a reduction in computer equipment expenditures; and
- **Aid to Local Units of Government.** The agency requests \$25,000 for aid to local units of government in FY 2018. This is an increase of \$25,000 above the amount approved by the 2017 Legislature. The amount budgeted for this expenditure is for a grant for EverFi, Inc., for its financial literacy program.

The **Governor** concurs with the agency's revised estimate for the Insurance Company Regulation program in FY 2018.

The **agency** requests a revised estimate of \$8.0 million, all from special revenue funds, for the Insurance Company Regulation program for FY 2019. The request is an increase of \$305,011, or 4.0 percent, above the amount approved by the 2017 Legislature. The agency requests 92.9 FTE positions, which is a decrease of 3.2 FTE positions below the number approved by the 2017 Legislature. The FTE decrease is attributable to attrition, discontinuing the Deputy Insurance Commissioner position, and a partial cross-appointment for one Director to supervise both the Insurance Department and Office of Securities Commissioner criminal investigations. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.5 million for salaries and wages for FY 2019. This is an increase of \$306,046, or 4.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to a reduction in shrinkage (\$900,000) and an increase in unclassified temporary salaries and wages (\$84,740), which is partially by a decrease in employer contributions to KPERS (\$271,992), unclassified regular salaries and wages (\$211,141), and health insurance (\$64,633);

- **Contractual Services.** The agency requests \$1.4 million for contractual services for FY 2019. This is a decrease of \$32,985, or 2.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a reduction in fees (\$272,059), attorney fees to defend claims against the Workers Compensation Fund (\$400,000), payments to hospitals and nursing homes providing services to claimants (\$300,000), and rent (\$180,799), which is partially by an increase in building space rental fees (\$110,161), computer programming expenditures (\$87,268), database access fees (\$70,397), expert witness fees (\$75,000), and fees for physicians and medical associations (\$50,000);
- **Commodities.** The agency requests \$38,350 for commodities for FY 2019. This is a decrease of \$12,550, or 24.7 percent, below the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for buildings and grounds materials (\$10,500), data processing supplies (\$5,000), and professional supplies (\$2,500), which is partially by an increase in general supplies and materials (\$5,500);
- **Capital Outlay.** The agency requests \$33,000 for capital outlay for FY 2019. This is an increase of \$19,500, or 144.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for information processing equipment (\$20,000), which is offset by a decrease in office equipment and furniture (\$500); and
- **Aid to Local Units of Government.** The agency requests \$25,000 for aid to local units of government for FY 2019. This is an increase of \$25,000 above the amount approved by the 2017 Legislature. The amount budgeted for this expenditure is for a grant for EverFi, Inc., for its financial literacy program.

The **Governor** concurs with the agency's revised estimate for the Insurance Company Regulation program for FY 2019.

### ***C. Firefighters Relief***

The Firefighters Relief Division administers the Firefighters Relief Act as it applies to all insurance companies, corporations, firms, or associations transacting business of fire insurance in the state. KSA 40-1703 requires every insurance company that writes fire and lightning insurance to pay 2.0 percent of the total amount of annual premiums written in Kansas to the Insurance Department. The amounts collected are credited to the Firefighters Relief Fund and distributed to cities, townships, fire districts, and county firefighters relief associations.

| <b>FIREFIGHTERS RELIEF</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                             |                             |                             |                             |                             |
|--------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                           | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                           |                             |                             |                             |                             |                             |
| Salaries and Wages                                                             | \$ 128,081                  | \$ 132,123                  | \$ 132,123                  | \$ 135,999                  | \$ 135,999                  |
| Contractual Services                                                           | 485                         | 1,900                       | 1,900                       | 950                         | 950                         |
| Commodities                                                                    | 166                         | 317                         | 317                         | 100                         | 100                         |
| Capital Outlay                                                                 | 0                           | 0                           | 0                           | 0                           | 0                           |
| Debt Service                                                                   | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                                   | <i>\$ 128,732</i>           | <i>\$ 134,340</i>           | <i>\$ 134,340</i>           | <i>\$ 137,049</i>           | <i>\$ 137,049</i>           |
| Aid to Local Units                                                             | 13,661,595                  | 14,000,000                  | 14,000,000                  | 14,000,000                  | 14,000,000                  |
| Other Assistance                                                               | 0                           | 0                           | 0                           | 0                           | 0                           |
| <b>TOTAL</b>                                                                   | <b><u>\$ 13,790,327</u></b> | <b><u>\$ 14,134,340</u></b> | <b><u>\$ 14,134,340</u></b> | <b><u>\$ 14,137,049</u></b> | <b><u>\$ 14,137,049</u></b> |
| <b>Financing:</b>                                                              |                             |                             |                             |                             |                             |
| State General Fund                                                             | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| All Other Funds                                                                | 13,790,327                  | 14,134,340                  | 14,134,340                  | 14,137,049                  | 14,137,049                  |
| <b>TOTAL</b>                                                                   | <b><u>\$ 13,790,327</u></b> | <b><u>\$ 14,134,340</u></b> | <b><u>\$ 14,134,340</u></b> | <b><u>\$ 14,137,049</u></b> | <b><u>\$ 14,137,049</u></b> |
| FTE Positions                                                                  | 2.5                         | 2.0                         | 2.0                         | 2.0                         | 2.0                         |

The **agency** requests a revised estimate of \$14.1 million, all from special revenue funds, for the Firefighters Relief Fund Division in FY 2018. The request is an increase of \$103, or less than 0.1 percent, above the amount approved by the 2017 Legislature. The agency requests 2.0 FTE positions, which is a decrease of a 0.5 FTE position below the number approved by the 2017 Legislature. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$132,123 for salaries and wages in FY 2018. This is a decrease of \$364, or 0.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in unclassified regular salaries and wages (\$303);
- **Contractual Services.** The agency requests \$1,900 for contractual services in FY 2018. This is an increase of \$250, or 15.2 percent, above the amount approved by the 2017 Legislature. The increase is attributable to in-state travel expenditures;
- **Commodities.** The agency requests \$317 for commodities in FY 2018. This is an increase of \$217, or 217.0 percent, above the amount approved by the 2017 Legislature. The increase is attributable to an increase in gasoline expenditures; and
- **Aid to Local Units of Government.** The agency requests \$14.0 million for aid to local units of government in FY 2018. This is unchanged from the amount approved by the 2017 Legislature. These funds are distributed to firefighters relief associations, based on recent actual amounts received and passed through, in accordance with the Firefighters Relief Act.

The **Governor** concurs with the agency's revised estimate for the Firefighters Relief Fund program in FY 2018.

The **agency** requests a revised estimate of \$14.1 million, all from special revenue funds, for the Firefighters Relief Fund Division for FY 2019. The request is a decrease of \$1, or less than 0.1 percent, below the amount approved by the 2017 Legislature. The agency requests 2.0 FTE positions, which is a decrease of a 0.5 FTE position below the number approved by the 2017 Legislature. The FTE decrease is attributable to the elimination of open positions. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$135,999 for salaries and wages for FY 2019. This is an increase of \$699, or 0.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to a increase in unclassified regular salaries and wages (\$13,426), which is partially offset by employer contributions to KPERS (\$11,854) and Social Security (\$1,816);
- **Contractual Services.** The agency requests \$950 for contractual services for FY 2019. This is a decrease of \$700, or 42.4 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to a reduction in vehicle mileage (\$400) and meals and lodging expenditures (\$300);
- **Commodities.** The agency requests \$100 for commodities for FY 2019. This is unchanged from the amount approved by the 2017 Legislature; and
- **Aid to Local Units of Government.** The agency requests \$14.0 million for aid to local units of government for FY 2019. This is unchanged from the amount approved by the 2017 Legislature. These funds are distributed to firefighters relief associations, based on recent actual amounts received and passed through, in accordance with the Firefighters Relief Act.

The **Governor** concurs with the agency's revised estimate for the Firefighters Relief Fund program for FY 2019.

#### ***D. Workers Compensation***

The Workers Compensation Division works to encourage the employment of persons disabled as a result of specific impairments by relieving employers, wholly or partially, of workers' compensation liability resulting from compensable industrial accidents suffered by these employees and to pay claims of injured workers employed by employers who are insolvent, bankrupt, or cannot be located.

| <b>WORKERS COMPENSATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|---------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                      | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                      |                            |                            |                            |                            |                            |
| Salaries and Wages                                                        | \$ 190,504                 | \$ 195,901                 | \$ 195,901                 | \$ 203,225                 | \$ 203,225                 |
| Contractual Services                                                      | 722,920                    | 1,157,200                  | 1,157,200                  | 1,207,200                  | 1,207,200                  |
| Commodities                                                               | 177,281                    | 220,100                    | 220,100                    | 220,100                    | 220,100                    |
| Capital Outlay                                                            | 0                          | 0                          | 0                          | 0                          | 0                          |
| Debt Service                                                              | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                              | <i>\$ 1,090,705</i>        | <i>\$ 1,573,201</i>        | <i>\$ 1,573,201</i>        | <i>\$ 1,630,525</i>        | <i>\$ 1,630,525</i>        |
| Aid to Local Units                                                        | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                          | 2,278,862                  | 3,000,000                  | 3,000,000                  | 3,600,000                  | 3,600,000                  |
| <b>TOTAL</b>                                                              | <b><u>\$ 3,369,567</u></b> | <b><u>\$ 4,573,201</u></b> | <b><u>\$ 4,573,201</u></b> | <b><u>\$ 5,230,525</u></b> | <b><u>\$ 5,230,525</u></b> |
| <b>Financing:</b>                                                         |                            |                            |                            |                            |                            |
| State General Fund                                                        | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                           | 3,369,567                  | 4,573,201                  | 4,573,201                  | 5,230,525                  | 5,230,525                  |
| <b>TOTAL</b>                                                              | <b><u>\$ 3,369,567</u></b> | <b><u>\$ 4,573,201</u></b> | <b><u>\$ 4,573,201</u></b> | <b><u>\$ 5,230,525</u></b> | <b><u>\$ 5,230,525</u></b> |
| FTE Positions                                                             | 2.5                        | 2.5                        | 2.5                        | 2.5                        | 2.5                        |

The **agency** requests a revised estimate of \$4.6 million, all from special revenue funds, for the Workers Compensation Fund Division in FY 2018. The request is a decrease of \$130,717, or 2.8 percent, below the amount approved by the 2017 Legislature. The agency requests 2.5 FTE positions, which is unchanged from the number approved by the 2017 Legislature. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$195,901 for salaries and wages in FY 2018. This is an increase of \$5,483, or 2.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for unclassified regular salaries and wages (\$4,543), employer contributions to KPERS (\$608), and Medicare (\$349);
- **Contractual Services.** The agency requests \$1.2 million for contractual services in FY 2018. This is a decrease of \$446,200, or 27.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in attorney fees to defend claims against the Workers Compensation Fund (\$250,000) and payments to hospitals and nursing homes providing services to claimants (\$200,000);
- **Commodities.** The agency requests \$220,100 for commodities in FY 2018. This is a decrease of \$90,000, or 29.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in professional supplies (\$70,000) as well as drugs and pharmaceuticals claim payments (\$20,000); and
- **Other Assistance.** The agency requests \$3.0 million for other assistance in FY 2018. This is an increase of \$400,000, or 15.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in claims (\$700,000) paid to employers for overpayment of benefits

under the Workers Compensation Act, partially offset by a decrease in workers' compensation claims (\$300,000)

The **Governor** concurs with the agency's revised estimate for the Workers Compensation Fund program in FY 2018.

The **agency** requests a revised estimate of \$5.2 million, all from special revenue funds, for the Workers Compensation Fund Division for FY 2019. The request is a decrease of \$57,575, or 1.1 percent, below the amount approved by the 2017 Legislature. The agency requests 2.5 FTE positions, which is unchanged from the number approved by the 2017 Legislature. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$203,225 for salaries and wages for FY 2019. This is an increase of \$8,625, or 4.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in employer contributions to health insurance (\$21,774), which is partially offset by a decrease in employer contributions to KPERS (\$6,660), Social Security (\$2,821), and a reduction in unclassified salaries and wages (\$2,563);
- **Contractual Services.** The agency requests \$1.2 million for contractual services for FY 2019. This is a decrease of \$696,200, or 36.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in attorney fees to defend claims against the Workers Compensation Fund (\$400,000) and payments to hospitals and nursing homes providing services to claimants (\$300,000);
- **Commodities.** The agency requests \$220,100 for commodities for FY 2019. This is a decrease of \$170,000, or 43.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in professional supplies (\$140,000) as well as drugs and pharmaceuticals claim payments (\$30,000); and
- **Other Assistance.** The agency requests \$3.6 million for other assistance for FY 2019. This is an increase of \$800,000, or 28.6 percent, above the amount approved by the 2017 Legislature. The increase is attributable to an increase in claims (\$1.1 million) paid to employers for overpayment of benefits under the Workers Compensation Act, partially offset by a decrease in workers compensation claims (\$300,000).

The **Governor** concurs with the agency's revised estimate for the Workers Compensation Fund program for FY 2019.

## ***E. Office of the Securities Commissioner***

The Office of the Securities Commissioner is a division that regulates and monitors the offering of securities and financial services within Kansas by registering securities, broker-dealers, and their agents; investment advisers; loan brokers; and certain land subdivisions. Agency staff also investigate potential violations of the laws and ensure registered persons and entities comply with industry, legal, and accounting standards. The staff has the authority to

investigate any investment-related activity that has occurred in Kansas, even if companies or individuals from outside of the state are involved.

The Office of the Securities Commissioner administers the Kansas Uniform Securities Act, the Uniform Land Sales Practices Act, and the Loan Brokers Act. The Securities Commissioner enforces these laws through administrative, civil, and criminal proceedings. As defined by statute, a “security” includes virtually any type of passive investment, not just stocks and bonds. Companies and individuals offering securities are subject to certain ethical and industry standards and must abide by federal and state laws and regulations. The Office of the Securities Commissioner provides three primary services: regulation, enforcement, and education.

The Office of the Securities Commissioner is funded entirely by industry fees, which fund the Securities Act Fee Fund, and fines and settlements, which fund the Investor Education Fund.

Prior to FY 2018, the Office of the Securities Commissioner was an independent agency.

| OFFICE OF THE SECURITIES COMMISSIONER<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                               | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                               |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                 | \$ 0              | \$ 2,313,433           | \$ 2,313,433         | \$ 2,372,122           | \$ 2,372,122         |
| Contractual Services                                                               | 0                 | 576,553                | 576,553              | 551,955                | 551,955              |
| Commodities                                                                        | 0                 | 12,659                 | 12,659               | 12,927                 | 12,927               |
| Capital Outlay                                                                     | 0                 | 9,723                  | 9,723                | 20,214                 | 20,214               |
| Debt Service                                                                       | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                                       | <b>\$ 0</b>       | <b>\$ 2,912,368</b>    | <b>\$ 2,912,368</b>  | <b>\$ 2,957,218</b>    | <b>\$ 2,957,218</b>  |
| Aid to Local Units                                                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                   | 0                 | 86,000                 | 86,000               | 86,000                 | 86,000               |
| <b>TOTAL</b>                                                                       | <b>\$ 0</b>       | <b>\$ 2,998,368</b>    | <b>\$ 2,998,368</b>  | <b>\$ 3,043,218</b>    | <b>\$ 3,043,218</b>  |
| <b>Financing:</b>                                                                  |                   |                        |                      |                        |                      |
| State General Fund                                                                 | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                    | 0                 | 2,998,368              | 2,998,368            | 3,043,218              | 3,043,218            |
| <b>TOTAL</b>                                                                       | <b>\$ 0</b>       | <b>\$ 2,998,368</b>    | <b>\$ 2,998,368</b>  | <b>\$ 3,043,218</b>    | <b>\$ 3,043,218</b>  |
| FTE Positions                                                                      | 0                 | 26.5                   | 26.5                 | 23.9                   | 23.9                 |

The **agency** requests a revised estimate of \$3.0 million, all from special revenue funds, for the Office of the Securities Commissioner in FY 2018. The request is a decrease of \$263,873, or 8.1 percent, below the amount approved by the 2017 Legislature. The agency requests 26.5 FTE positions, which is a decrease of 3.5 FTE positions below the number approved by the 2017 Legislature. The FTE decrease is attributable to the elimination of positions from the closure of the Prairie Village office. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.3 million for salaries and wages in FY 2018. This is a decrease of \$158,023, or 6.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in unclassified regular salaries and wages (\$376,521), employer contributions to KPERS (\$31,402), and Medicare (\$28,704), which is partially offset by a reduction in shrinkage (\$300,000);



- **Contractual Services.** The agency requests \$576,553 for contractual services in FY 2018. This is a decrease of \$92,887, or 13.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in building space rental, rents, and various fees;
- **Commodities.** The agency requests \$12,659 for commodities in FY 2018. This is a decrease of \$5,648, or 30.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in office and data supplies, vehicle supplies and parts, and clothing;
- **Capital Outlay.** The agency requests \$9,723 for capital outlay in FY 2018. This is a decrease of \$13,315, or 57.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to computer equipment expenditures;
- **Other Assistance.** The agency requests \$86,000 for other assistance in FY 2018. This is an increase of \$6,000, or 7.5 percent, above the amount approved by the 2017 Legislature. Expenditures under this category are for grants for non-profit organizations for financial literacy and investor education, the EverFi program for high schools, and the “@WORK” program for adults. The increase is attributable to scholarships provided to high school seniors who participate in financial literacy programs.

The **Governor** concurs with the agency’s revised estimate for the Office of the Securities Commissioner in FY 2018.

The **agency** requests a revised estimate of \$3.0 million, all from special revenue funds, for the Office of the Securities Commissioner for FY 2019. The request is a decrease of \$102,644, or 3.3 percent, below the amount approved by the 2017 Legislature. The agency requests 23.9 FTE positions, which is a decrease of 6.1 FTE positions below the number approved by the 2017 Legislature. The FTE decrease is due to the elimination of positions due to the closing of the Prairie Village office and other expected elimination of positions due to efficiencies created by the merger of the Office of the Securities Commissioner with the Insurance Department. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.4 million for salaries and wages for FY 2019. This is a decrease of \$98,141, or 4.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in unclassified regular salaries and wages (\$346,199), and employer contributions to KPERS (\$54,062) and health insurance (\$64,499), which is partially offset by a reduction in shrinkage (\$400,000);
- **Contractual Services.** The agency requests \$551,955 for contractual services for FY 2019. This is an increase of \$2,039, or 0.4 percent, above the amount approved by the 2017 Legislature.
- **Commodities.** The agency requests \$12,927 for commodities for FY 2019. This is a decrease of \$5,749, or 30.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in office and data supplies (\$11,059) and vehicle supplies and parts (\$3,316);

- **Capital Outlay.** The agency requests \$20,214 for capital outlay for FY 2019. This is a decrease of \$6,793, or 25.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to computer equipment expenditures; and
- **Other Assistance.** The agency requests \$86,000 for other assistance for FY 2019. This is an increase of \$6,000, or 7.5 percent, above the amount approved by the 2017 Legislature. Expenditures under this category are for grants for non-profit organizations for financial literacy and investor education, the EverFi program for high schools, and the “@WORK” program for adults. The increase is attributable to scholarships provided to high school seniors who participate in financial literacy programs.

The **Governor** concurs with the agency’s revised estimate for the Office of the Securities Commissioner for FY 2019.

## CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS                                 |                        |                      |                        |                      |
|------------------------------------------------------|------------------------|----------------------|------------------------|----------------------|
| Project                                              | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Repair/Replace/Paint First<br>Floor Exterior Windows | \$ 90,000              | \$ 90,000            | \$ 0                   | \$ 0                 |
| Replace Boiler                                       | 165,000                | 165,000              | 0                      | 0                    |
| Replace First Floor Carpet                           | 0                      | 0                    | 100,000                | 100,000              |
| Repair/Replace/Paint<br>Basement Exterior<br>Windows | 0                      | 0                    | 35,000                 | 35,000               |
| <b>TOTAL</b>                                         | <b>\$ 255,000</b>      | <b>\$ 255,000</b>    | <b>\$ 135,000</b>      | <b>\$ 135,000</b>    |
| <b>Financing:</b>                                    |                        |                      |                        |                      |
| State General Fund                                   | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                      | 255,000                | 255,000              | 135,000                | 135,000              |
| <b>TOTAL</b>                                         | <b>\$ 255,000</b>      | <b>\$ 255,000</b>    | <b>\$ 135,000</b>      | <b>\$ 135,000</b>    |

**FY 2018 – Current Year.** The agency requests a revised estimate for capital improvement expenditures of \$255,000, all from Insurance Department Rehabilitation and Repair Fund, in FY 2018. This is an increase of \$120,000, or 88.9 percent, above the amount approved by the 2017 Legislature. The Insurance Department Rehabilitation and Repair Fund expenditures are budgeted to replace the boiler (\$165,000) and to repair, replace, and paint the first floor exterior windows (\$90,000) in the Insurance Department building.

The **Governor** concurs with the agency's revised estimate for capital improvements in FY 2018.

**FY 2019 – Budget Year.** The agency requests a revised estimate for capital improvement expenditures of \$135,000, all from Insurance Department Rehabilitation and Repair Fund, for FY 2019. This is unchanged from the amount approved by the 2017 Legislature. The Insurance Department Rehabilitation and Repair Fund expenditures are budgeted to replace the first floor carpet (\$100,000) and to repair, replace, and paint the basement exterior windows (\$35,000) in the Insurance Department building.

The **Governor** concurs with the agency's revised estimate for capital improvements for FY 2019.

| PERFORMANCE MEASURES                                                                |                          |                   |                      |                      |
|-------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                             | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| <b>Firefighters Relief:</b>                                                         |                          |                   |                      |                      |
| Number of applications for merger of associations received                          | 2                        | 3                 | 2                    | 2                    |
| Number of associations' financial statements received                               | 564                      | 556               | 560                  | 562                  |
| Percent of associations' financial statements reviewed                              | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| <b>Insurance Company Regulation:</b>                                                |                          |                   |                      |                      |
| Number of companies authorized to write health and HMO insurance policies in Kansas | 958                      | 958               | 960                  | 965                  |
| Number of licenses issued                                                           | 24,500                   | 22,562            | 23,500               | 23,500               |
| Number of fraud investigations submitted for criminal disposition                   | N/A                      | 4                 | 8                    | 12                   |
| <b>Insurance Company Examination:</b>                                               |                          |                   |                      |                      |
| Number of domestic insurance company examinations performed                         | 9                        | 16                | 10                   | 10                   |
| Number of domestic company annual statements examined                               | 65                       | 61                | 62                   | 62                   |
| <b>Workers Compensation:</b>                                                        |                          |                   |                      |                      |
| Number of active cases                                                              | 3,960                    | 3,960             | 3,970                | 3,970                |
| Number of cases opened                                                              | 125                      | 125               | 130                  | 130                  |
| Number of cases closed                                                              | 115                      | 115               | 120                  | 120                  |
| <b>Securities Regulation:</b>                                                       |                          |                   |                      |                      |
| Amount of securities offerings registered (in billions)                             | N/A                      | N/A               | \$85.0               | \$85.0               |
| Number of broker-dealers and investment adviser firms registered                    | N/A                      | N/A               | 2,935                | 2,954                |
| Number of new compliance and enforcement cases opened                               | N/A                      | N/A               | 75                   | 87                   |

# OFFICE OF THE STATE TREASURER

| Expenditure             | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating Expenditures: |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 25,167,726                  | 28,399,726                  | 28,374,726                  | 28,449,968                  | 28,374,968                  |
| <i>Subtotal</i>         | <i>\$ 25,167,726</i>        | <i>\$ 28,399,726</i>        | <i>\$ 28,374,726</i>        | <i>\$ 28,449,968</i>        | <i>\$ 28,374,968</i>        |
| Capital Improvements:   |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal</i>         | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 |
| <b>TOTAL</b>            | <b><u>\$ 25,167,726</u></b> | <b><u>\$ 28,399,726</u></b> | <b><u>\$ 28,374,726</u></b> | <b><u>\$ 28,449,968</u></b> | <b><u>\$ 28,374,968</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |        |      |      |      |      |
|--------------------|--------|------|------|------|------|
| State General Fund | -- %   | -- % | -- % | -- % | -- % |
| All Funds          | (12.1) | 12.8 | 12.7 | 0.2  | 0.0  |
| FTE Positions      | 39.5   | 39.5 | 39.5 | 39.5 | 39.5 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Office of the State Treasurer is the designated fiscal agent for the State of Kansas and is responsible for the timely receipt and deposit of all receipts and revenues into the state treasury. The State Treasurer administers several deposit loan programs and manages the Kansas Postsecondary Education Program (Learning Quest). The State Treasurer is the paying agent for state and municipal bonds and also is tasked with the disposition of unclaimed property. The State Treasurer is an *ex officio* member of the Kansas Public Employees Retirement System (KPERS) Board of Trustees.

The State Treasurer is one of six state officials elected every four years and also serves as a member of the Pooled Money Investment Board (PMIB), which invests state funds to provide optimum levels of safety, liquidity, and yield.

## MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** passed HB 2795, which increased the contribution limit to the Kansas Postsecondary Education Program (Learning Quest) from \$2,000 to \$3,000 per person.

Local aid payments from the Local *Ad Valorem* Tax Reduction Fund (LAVTRF) and the City and County Revenue Sharing Fund (CCRSF) were not funded for FY 2005.

The **2005 Legislature** approved funding for the State Treasurer from fees charged to other state agencies, which forms a portion of the agency's non-reportable budget. LAVTRF and CCRSF payments were not funded for FY 2006.

The **2006 Legislature** approved \$50,000 from the State General Fund in FY 2007 for marketing and advertising the Kansas Investments Developing Scholars (KIDS) matching grant program, which is aimed at low-income individuals who can receive a one-to-one match (up to \$600 per year) for their contributions to Learning Quest.

Additionally, the **2006 Legislature** approved \$1.6 million in special revenue funding to continue the funding mechanism of cash management and voucher processing fees to fund the State Treasurer for FY 2007.

The **2007 Legislature** approved \$50,000 from the State General Fund in FY 2008 to continue marketing and advertising the KIDS matching grant program in FY 2008.

Additionally, the **2007 Legislature** discontinued off-budget funding of the Administration and Cash Management programs and added language to provide \$1,337,376 of incoming unclaimed property receipts to fund these programs in FY 2008. These receipts normally would have been deposited into the State General Fund.

The **2008 Legislature** approved House Sub. for SB 387, which authorized the creation of the State Housing Loan Deposit Program to provide incentives for housing construction development loans. The program provides up to \$60.0 million in allowable loans, authorizes the Pooled Money Investment Board to make loans to eligible lending institutions at specified rates, and requires half of the allowable loans be made available to developer borrowers building houses in certain counties.

The **2009 Legislature** passed SB 225, which extended the KIDS matching grant program indefinitely, limited the number of program participants to 1,200, and set the maximum matching amount for each participant at \$600 per calendar year.

The **2009 Legislature** also passed HB 2331, which established a minimum interest rate on investments of 0.5 percent while maintaining a rate 2.0 percentage points below the market.

Additionally, the **2009 Legislature** passed House Sub. for SB 23, which approved the State General Fund transfers to the tax sliders: the Business Machinery and Equipment Tax Reduction Fund and the Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund. The transfers were reduced by 6.5 percent and divided into two payments occurring on March 2, 2009, and June 1, 2009. The combined tax slider payments were estimated at \$25.0 million on each date. The Legislature adopted the Governor's Budget Amendment No. 2, which suspended the June 1, 2009, payment, keeping \$25.0 million in the State General Fund. No tax slider payments were authorized for FY 2010, FY 2011, or FY 2012.

The **2010 Legislature** passed SB 382, which amended the Kansas Housing Loan Deposit Program requirements to expand the definition of "house" to include multi-family dwellings; to expand the definition of "eligible developer borrower" to include not only new construction but also rehabilitation of existing homes; to change the limit on the value of the eligible housing from a sale at or below 350.0 percent of the Kansas median household for the

previous year to a sale or appraisal at or below the average purchase price safe harbor as established by the State Treasurer; to delete the limit of the one outstanding housing loan per borrower and instead specify that no more than \$2.0 million in total loans can be outstanding at any one time to a developer borrower; and to move the ending date for the loan requirement to designated cities forward from July 1, 2011, to December 31, 2010. Loans made under the program will be made available statewide starting January 1, 2011.

In addition, the **2010 Legislature** passed SB 415, which allowed taxing subdivisions that have the power to issue general obligation bonds to include pools of mortgage funds guaranteed by the Government National Mortgage Association (GNMA), commonly referred to as Ginnie Maes. The bill also allowed municipalities that issue revenue bonds to extend the time limitation specified for the maximum stated rate of interest on fixed- or variable-rate bonds issued by a municipality or taxing subdivision from June 30, 2010, to June 30, 2012. Under existing law, the specified maximum stated interest rate is to be determined on the day the bonds are sold and shall not exceed the daily yield for the ten-year treasury bonds published by *The Bond Buyer* in New York City, New York, plus a certain interest percentage. Specifically, the bill increases the interest percentages from 5.0 percent to 6.0 percent if the interest on the bonds is excluded from gross income for federal tax purposes or from 6.0 percent to 7.0 percent if interest is included.

The **2010 Legislature** also passed the following legislation:

- **SB 415.** This legislation allowed the investment in general obligation bonds by any Kansas municipality. This investment is subject to the provision in law that first requires a municipality to offer its idle funds to eligible financial institutions. Eligible institutions are those given the ability to offer to match the PMIB-published investment rate;
- **SB 451.** This legislation allowed municipalities the option of accepting the good faith deposit for a municipal bond in the form of cash, including cash deposited *via* electronic fund transfer. Previously, the good faith deposit could be made only in the form of a certified or cashier's check or surety bond;
- **SB 463.** This legislation added Norton County to those counties authorized to have a bonded indebtedness limit of 30.0 percent of the assessed value of all tangible taxable property. Previous law limited all counties to a 3.0 percent bonded indebtedness level, except Franklin and Wyandotte counties for which the limit was 30.0 percent; and
- **House Sub. for SB 312.** This legislation authorized counties paying large property tax refunds relative to a single property whose value exceeds 5.0 percent of the total countywide tax base to request a loan from the PMIB to assist in the payment of such refunds. The loans would bear interest, could not exceed an aggregate of \$50.0 million statewide, and must be repaid within four years. Participating counties were required to make equal annual tax levies sufficient to pay the loans within the four-year period. The bill also amended the statute providing a cap relative to the total amount of Pooled Money Investment Board (PMIB) investments available for legislative mandate. The limitation was changed from the lesser of 10.0 percent or \$140.0 million of state moneys invested to the greater of 10.0 percent or \$140.0 million of state moneys invested.

The **2013 Legislature** reduced the estimated transfer by \$305,000 from the State General Fund to the Kansas Postsecondary Education Savings Trust Fund for FY 2014 and FY 2015. The Legislature also reduced estimated payments from the Unclaimed Property Fund for FY 2013 and FY 2014 by \$780,000 and \$1.5 million, respectively.

The **2014 Legislature** added \$370,000 in expenditure authority for the Kansas Postsecondary Education Savings Trust Fund for FY 2015. The trust fund is funded by a demand transfer from the State General Fund.

The **2015 Legislature** created the Achieving a Better Life Experience (ABLE) savings program with HB 2215. This program is based on a new federal statute that allows individuals with a disability, before the age of 26, to save in accounts they own with tax-deferred growth and tax-free withdrawal of earnings used for qualified expenses related to their disability. Accounts are limited to \$14,000 in contributions per year and must be owned by the individual with a disability or their parent, guardian, or custodian. The State Treasurer's Office estimates the eligible population for the program will be less than 100,000 individuals based on U.S. Census data for individuals with a disability and their age.

The **2016 Legislature** directed the agency to report the Pooled Money Investment Board budget separately from the State Treasurer's Office budget.

The **2017 Legislature** suspended payments from the Tax Increment Financing Revenue Replacement Fund for FY 2018 and FY 2019.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests \$28.4 million, all from special revenue funds, which is an increase of \$2.8 million, or 11.0 percent, above the FY 2018 approved budget. The increase is attributable to \$4.0 million in increased estimated unclaimed property trust fund claims. This increase is partially offset by a decrease of \$1.0 million from the suspension of Tax Increment Financing Revenue Replacement Fund payments and \$176,941, or 4.2 percent, in other operating expense reductions. The revised request funds 39.5 FTE positions.

The **Governor** recommends \$28.4 million, all from special revenue funds. The recommendation is a decrease of \$25,000, or 0.1 percent, from the Postsecondary Education Savings Program Trust Fund, below the agency's revised estimate in FY 2018. This decrease is attributable to a reduction in estimated expenditures for the KIDS Matching Grant.

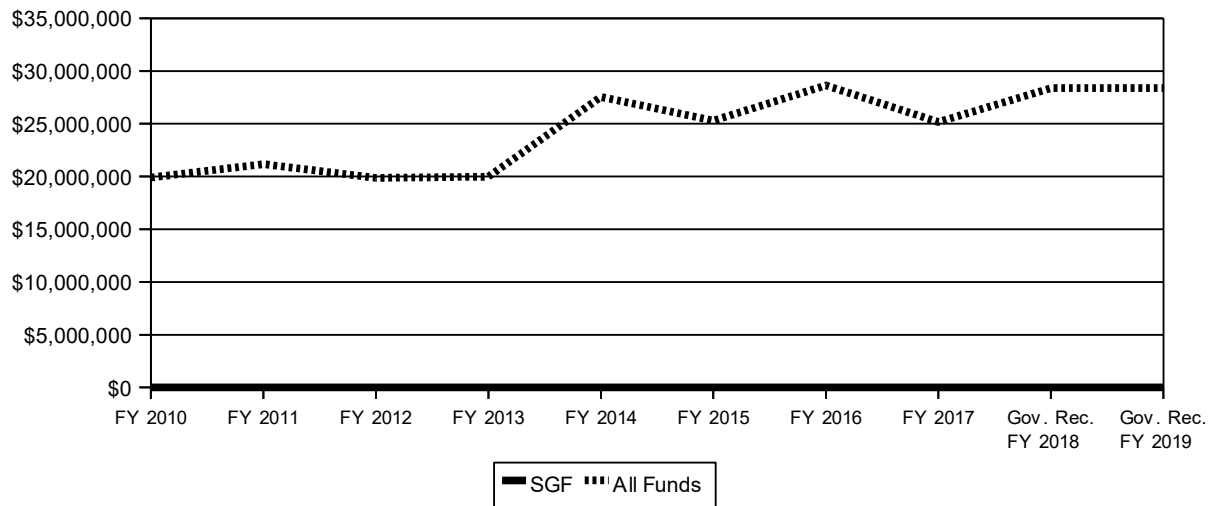
**FY 2019 – Budget Year.** The **agency** requests \$28.4 million, all from special revenue funds, which is an increase of \$2.8 million, or 10.8 percent, above the FY 2019 approved budget. The increase is attributable to \$4.0 million in increased estimated unclaimed property trust fund claims. This increase is partially offset by a decrease of \$1.0 million from the suspension of Tax Increment Financing Revenue Replacement Fund payments and \$236,208, or 5.6 percent, in other operating expense reductions. The revised request funds 39.5 FTE positions.

The **Governor** recommends \$28.4 million, all from special revenue funds. The recommendation is a decrease of \$75,000, or 0.3 percent, from the Postsecondary Education Savings Program Fund, below the agency's revised estimate for FY 2019. This decrease is attributable to a reduction in estimated expenditures for the KIDS Matching Grant.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds     | % Change | FTE    |
|-----------------|------|----------|---------------|----------|--------|
| 2010            | \$ 0 | -- %     | \$ 19,905,213 | (51.8)%  | 53.5   |
| 2011            | 0    | --       | 21,171,537    | 6.4      | 52.5   |
| 2012            | 0    | --       | 19,865,615    | (6.2)    | 46.5   |
| 2013            | 0    | --       | 19,984,132    | 0.6      | 43.0   |
| 2014            | 0    | --       | 27,542,787    | 37.8     | 44.5   |
| 2015            | 0    | --       | 25,301,658    | (8.1)    | 45.5   |
| 2016            | 0    | --       | 28,633,344    | 13.2     | 39.5   |
| 2017            | 0    | --       | 25,167,726    | (12.1)   | 39.5   |
| 2018 Gov. Rec.  | 0    | --       | 28,374,726    | 12.7     | 39.5   |
| 2019 Gov. Rec.  | 0    | --       | 28,374,968    | 0.0      | 39.5   |
| Ten-Year Change |      |          |               |          |        |
| Dollars/Percent | \$ 0 | -- %     | \$ 8,469,755  | 42.6 %   | (14.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                         | \$ 25,167,726        | \$ 673,513           | \$ 682,860           | \$ 9,347                       | 1.4 %                           | \$ 673,513                | \$ 682,860           | \$ 9,347                       | 1.4 %                           |
| Bond Services                          | 0                    | 692,427              | 699,070              | 6,643                          | 1.0                             | 692,427                   | 699,070              | 6,643                          | 1.0                             |
| Education Assistance                   | 0                    | 741,244              | 793,162              | 51,918                         | 7.0                             | 716,244                   | 718,162              | 1,918                          | 0.3                             |
| ABLE Savings                           | 0                    | 48,914               | 48,833               | (81)                           | (0.2)                           | 48,914                    | 48,833               | (81)                           | (0.2)                           |
| Unclaimed Property                     | 0                    | 25,234,625           | 25,228,059           | (6,566)                        | (0.0)                           | 25,234,625                | 25,228,059           | (6,566)                        | (0.0)                           |
| Cash Management                        | 0                    | 1,009,003            | 997,984              | (11,019)                       | (1.1)                           | 1,009,003                 | 997,984              | (11,019)                       | (1.1)                           |
| <b>TOTAL</b>                           | <b>\$ 25,167,726</b> | <b>\$ 28,399,726</b> | <b>\$ 28,449,968</b> | <b>\$ 50,242</b>               | <b>0.2 %</b>                    | <b>\$ 28,374,726</b>      | <b>\$ 28,374,968</b> | <b>\$ 242</b>                  | <b>0.0 %</b>                    |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 2,273,316         | \$ 2,448,718         | \$ 2,497,918         | \$ 49,200                      | 2.0 %                           | \$ 2,448,718              | \$ 2,497,918         | \$ 49,200                      | 2.0 %                           |
| Contractual Services                   | 1,324,914            | 1,460,276            | 1,417,695            | (42,581)                       | (2.9)                           | 1,460,276                 | 1,417,695            | (42,581)                       | (2.9)                           |
| Commodities                            | 26,460               | 32,997               | 33,200               | 203                            | 0.6                             | 32,997                    | 33,200               | 203                            | 0.6                             |
| Capital Outlay                         | 56,683               | 57,735               | 51,155               | (6,580)                        | (11.4)                          | 57,735                    | 51,155               | (6,580)                        | (11.4)                          |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Subtotal-Operations                    | \$ 3,681,373         | \$ 3,999,726         | \$ 3,999,968         | \$ 242                         | 0.0 %                           | \$ 3,999,726              | \$ 3,999,968         | \$ 242                         | 0.0 %                           |
| Aid to Local Units                     | 913,029              | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Other Assistance                       | 20,573,324           | 24,400,000           | 24,450,000           | 50,000                         | 0.2                             | 24,375,000                | 24,375,000           | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 25,167,726</b> | <b>\$ 28,399,726</b> | <b>\$ 28,449,968</b> | <b>\$ 50,242</b>               | <b>0.2 %</b>                    | <b>\$ 28,374,726</b>      | <b>\$ 28,374,968</b> | <b>\$ 242</b>                  | <b>0.0 %</b>                    |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                      | \$ 0                 | \$ 0                           | -- %                            |
| Trust Funds                            | 21,486,353           | 24,400,000           | 24,450,000           | 50,000                         | 0.2                             | 24,375,000                | 24,375,000           | 0                              | --                              |
| All Other Funds                        | 3,681,373            | 3,999,726            | 3,999,968            | 242                            | 0.0                             | 3,999,726                 | 3,999,968            | 242                            | 0.0                             |
| <b>TOTAL</b>                           | <b>\$ 25,167,726</b> | <b>\$ 28,399,726</b> | <b>\$ 28,449,968</b> | <b>\$ 50,242</b>               | <b>0.2 %</b>                    | <b>\$ 28,374,726</b>      | <b>\$ 28,374,968</b> | <b>\$ 242</b>                  | <b>0.0 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 25,596,667                         | 28,399,726                    | 2,803,059                         | 28,374,726                  | 2,778,059                           |
| <b>TOTAL</b>                | <b>\$ 25,596,667</b>               | <b>\$ 28,399,726</b>          | <b>\$ 2,803,059</b>               | <b>\$ 28,374,726</b>        | <b>\$ 2,778,059</b>                 |
| FTE Positions               | 39.5                               | 39.5                          | (0.0)                             | 39.5                        | 0.0                                 |

The **agency** requests \$28.4 million, all from special revenue funds, which is an increase of \$2.8 million, or 11.0 percent, above the FY 2018 approved budget. The increase is attributable to \$4.0 million in increased estimated unclaimed property trust fund claims. This increase is partially offset by a decrease of \$1.0 million from the suspension of Tax Increment Financing Revenue Replacement Fund payments and \$176,941, or 4.2 percent, in other operating expense reductions. The revised request funds 39.5 FTE positions. The revised request includes the following objects of expenditure:

- **Salaries and Wages.** The agency requests \$2.4 million for salaries and wages, a decrease of \$41,286, or 1.7 percent, below the FY 2018 approved budget. The salaries and wages decrease was primarily in the Bond Services program, which funded 1.0 FTE fewer staff and moved 0.5 FTE position funding to the Financial Education program. The Assistant Director position of the Bond Services program remains vacant. The reconstituted Financial Education Program Director position has been filled as a 0.5 FTE position;
- **Contractual Services.** The agency requests \$1.5 million for contractual services, a decrease of \$137,077, or 8.6 percent, below the FY 2018 approved budget. The decrease is attributable to a new consultant contract for the Learning Request Program (\$80,000) and reduced travel expenditures. The agency does have a slight increase in information technology expenditures for the current year due to relocation of the agency servers to the seventh floor of Landon. This co-locates the servers with the Office of Information Technology Services;
- **Commodities and Capital Outlay.** Commodities and capital outlay have not experienced substantial changes from the approved expenditure levels. There is less than \$1,500 of net change in the two objects of expenditure;

- **Aid to Local Units of Government.** The agency made no request for expenditures from the Tax Increment Financing Revenue Replacement Fund, which is a decrease of \$1.0 million, all from special revenue funds. The funding for this fund is provided by a demand transfer from the State General Fund. The 2017 Legislature suspended payments from the Fund for two years as the 20-year limit on redevelopment districts set in statute has been reached; and
- **Other Assistance.** The agency estimates an increase of \$4.0 million in unclaimed property claims. The agency is up \$1.2 million through October 2017 over FY 2017 for paid property claims. Unclaimed Property is deposited in the State General Fund so increased claims payments reduce State General Fund revenue. However, increased claim payments tend to correlate with increased revenue from this source. Payments from the Kansas Post-Secondary Education Savings Trust Fund (KIDS Matching Grant) are anticipated to decrease by \$20,000 from \$420,000, or 4.8 percent, from the FY 2018 approved amount. The decrease is based on filings for the program to date. The statutory cap on payments is \$720,000, so payments remain well below the statutory limit. The KIDS matching grant payments included here are funded by demand transfers from the State General Fund.

The **Governor** recommends \$28.4 million, all from special revenue funds. The recommendation is a decrease of \$25,000, or 0.1 percent, all from the Postsecondary Education Savings Program Fund, below the agency's revised estimate in FY 2018. This decrease is attributable to a reduction in estimated expenditures for the KIDS Matching Grant, changing the total to \$375,000 in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 25,677,176                         | 28,449,968                    | 2,772,792                         | 28,374,968                  | 2,697,792                           |
| <b>TOTAL</b>                | <b>\$ 25,677,176</b>               | <b>\$ 28,449,968</b>          | <b>\$ 2,772,792</b>               | <b>\$ 28,374,968</b>        | <b>\$ 2,697,792</b>                 |
| FTE Positions               | 39.5                               | 39.5                          | (0.0)                             | 39.5                        | (0.0)                               |

The **agency** requests \$28.4 million, all from special revenue funds, which is an increase of \$2.8 million, or 10.8 percent, above the FY 2019 approved budget. The increase is attributable to \$4.0 million in increased estimated unclaimed property trust fund claims. This increase is partially offset by a decrease of \$1.0 million from the suspension of Tax Increment Financing Revenue Replacement Fund payments and \$236,208, or 5.6 percent, in other operating expense reductions. The revised request funds 39.5 FTE positions. The revised request includes the following objects of expenditure:

- **Salaries and Wages.** The agency requests \$2.5 million for salaries and wages, which is a decrease of \$31,989, or 1.3 percent, below the FY 2019 approved budget. The salaries and wages decrease was primarily in the Bond Services program, which funded 1.0 FTE fewer staff and moved 0.5 FTE funding to the Financial Education program. The Assistant Director position of the Bond Services program remains vacant. The reconstituted Financial Education Program Director position has been filled as a 0.5 FTE position;
- **Contractual Services.** The agency requests \$1.4 million for contractual services, which is a decrease of \$210,264, or 12.9 percent, below the FY 2019 approved budget. The decrease is attributable to a new consultant contract for the KIDS Program (\$80,000) and reduced travel expenditures. The agency does have a decrease in information technology expenditures for FY 2019 due to relocation of the agency servers to the seventh floor of Landon. This co-locates the servers with the Office of Information Technology Services;
- **Commodities.** Commodities have not experienced substantial changes from the approved expenditure levels;
- **Capital Outlay.** The agency requests \$51,155 for capital outlay, which is an increase of \$7,345, or 16.8 percent, above the FY 2019 approved budget. The 2017 Legislature previously approved \$16,200 in FY 2018 for the replacement of seven workstations with desktop scanners for electronic storage of data (\$11,000) and other information technology expenditures. The original approved budget reduced FY 2019 capital outlay expenditures subsequent to this request. The revised budget request maintains the FY 2018 spending level;
- **Aid to Local Units of Government.** The agency made no request for expenditures from the Tax Increment Financing Revenue Replacement Fund, which is a decrease of \$1.0 million, all from special revenue funds. The funding for this fund is provided by a demand transfer from the State General Fund. The 2017 Legislature suspended payments from the Fund for two years as the 20-year limit on redevelopment districts set in statute has been reached; and
- **Other Assistance.** The agency estimates an increase of \$4.0 million in unclaimed property claims. The agency is up \$1.2 million through October 2017 over FY 2017 for paid property claims. Unclaimed Property is deposited in the State General Fund so increased claims payments reduce State General Fund revenue. However, increased claim payments tend to correlate with increased revenue from this source. Payments from the Kansas Post-Secondary Education Savings Trust Fund (KIDS Matching Grant) are anticipated to decrease by \$20,000 from \$420,000, or 4.8 percent, below the FY 2018 approved amount. The decrease is based on filings for the program to date. The statutory cap on payments is \$720,000, so payments remain well below the statutory limit. The KIDS matching grant payments included here are funded by demand transfers from the State General Fund.

The **Governor** recommends \$28.4 million, all from special revenue funds. The recommendation is a decrease of \$75,000, or 16.7 percent, from the Postsecondary Education Savings Program Fund, below the agency's revised estimate for FY 2019. This decrease is attributable to a reduction in estimated expenditures for the KIDS Matching Grant, changing the total to \$375,000 for FY 2019.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,000, including \$0 from the State General Fund, and FY 2019 longevity payments total \$1,000, including \$0 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|------------------------------------|--------------------------------------------|------------------------------------------|
| Bond Services Fund                 | 2.4 %                                      | 2.5 %                                    |
| Postsecondary Education<br>Fund    | 1.2                                        | 1.2                                      |
| ABLE Savings Expense<br>Fund       | 0.2                                        | 0.2                                      |
| Unclaimed Property<br>Expense Fund | 4.4                                        | 4.3                                      |
| State Treasurer Operating<br>Fund  | 5.9                                        | 5.9                                      |
| Trust Funds                        | 85.9                                       | 85.9                                     |
| <b>TOTAL</b>                       | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

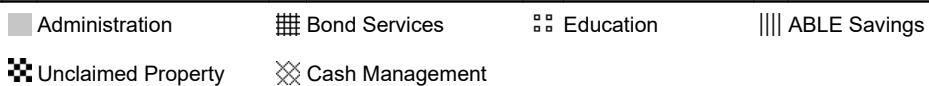
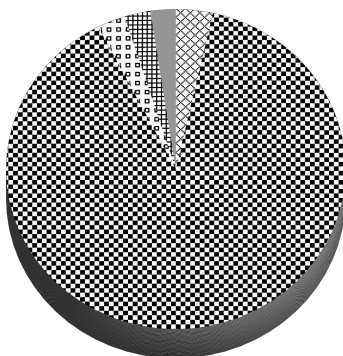
**Note:** Details may not add to totals due to rounding.

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation

All Funds



| Program            | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|--------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration     | \$ 673,513                        | 2.4 %               | \$ 682,860                  | 2.4 %               |
| Bond Services      | 692,427                           | 2.4                 | 699,070                     | 2.5                 |
| Education          | 716,244                           | 2.5                 | 718,162                     | 2.5                 |
| ABLE Savings       | 48,914                            | 0.2                 | 48,833                      | 0.2                 |
| Unclaimed Property | 25,234,625                        | 88.9                | 25,228,059                  | 88.9                |
| Cash Management    | 1,009,003                         | 3.6                 | 997,984                     | 3.5                 |
| <b>TOTAL</b>       | <b>\$ 28,374,726</b>              | <b>100.0 %</b>      | <b>\$ 28,374,968</b>        | <b>100.0 %</b>      |



| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Administration                                    | 39.5              | 5.9                    | 5.9                  | 5.9                    | 5.9                  |
| Bond Services                                     | 0.0               | 8.4                    | 8.4                  | 8.4                    | 8.4                  |
| Education                                         | 0.0               | 2.6                    | 2.6                  | 2.6                    | 2.6                  |
| ABLE Savings                                      | 0.0               | 0.3                    | 0.3                  | 0.3                    | 0.3                  |
| Unclaimed Property                                | 0.0               | 14.3                   | 14.3                 | 14.3                   | 14.3                 |
| Cash Management                                   | 0.0               | 8.0                    | 8.0                  | 8.0                    | 8.0                  |
| <b>TOTAL</b>                                      | <b>39.5</b>       | <b>39.5</b>            | <b>39.5</b>          | <b>39.5</b>            | <b>39.5</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### **A. State Treasurer Program and Subprogram Expenditures**

In FY 2018, in compliance with Performance Based Budgeting requirements, the agency broke out the various functional program and subprogram categories. The modification resulted in the loss of FY 2017 actual and FY 2018 and FY 2019 approved level data at the program and subprogram level.

| <b>PROGRAM AND SUBPROGRAM EXPENDITURES<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|------------------------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                     | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                     |                      |                        |                      |                        |                      |
| Administration                                                                           |                      |                        |                      |                        |                      |
| <i>Administration</i>                                                                    | \$ 25,167,726        | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| <i>Information Technology</i>                                                            | 0                    | 300,495                | 300,495              | 313,334                | 313,334              |
| <i>Administrative Services</i>                                                           | 0                    | 373,018                | 373,018              | 369,526                | 369,526              |
| Bond Services                                                                            | 0                    | 692,427                | 692,427              | 699,070                | 699,070              |
| Education                                                                                |                      |                        |                      |                        |                      |
| <i>Learning Quest</i>                                                                    | 0                    | 294,342                | 294,342              | 296,494                | 296,494              |
| <i>KIDS</i>                                                                              | 0                    | 400,000                | 375,000              | 450,000                | 375,000              |
| <i>Financial Literacy</i>                                                                | 0                    | 46,902                 | 46,902               | 46,668                 | 46,668               |
| ABLE Savings                                                                             | 0                    | 48,914                 | 48,914               | 48,833                 | 48,833               |
| Unclaimed Property                                                                       | 0                    | 25,234,625             | 25,234,625           | 25,228,059             | 25,228,059           |
| Cash Management                                                                          | 0                    | 1,009,003              | 1,009,003            | 997,984                | 997,984              |
| <b>TOTAL</b>                                                                             | <b>\$ 25,167,726</b> | <b>\$ 28,399,726</b>   | <b>\$ 28,374,726</b> | <b>\$ 28,449,968</b>   | <b>\$ 28,374,968</b> |
| <b>Financing:</b>                                                                        |                      |                        |                      |                        |                      |
| State General Fund                                                                       | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                          | 25,167,726           | 28,399,726             | 28,374,726           | 28,449,968             | 28,374,968           |
| <b>TOTAL</b>                                                                             | <b>\$ 25,167,726</b> | <b>\$ 28,399,726</b>   | <b>\$ 28,374,726</b> | <b>\$ 28,449,968</b>   | <b>\$ 28,374,968</b> |
| FTE Positions                                                                            | 39.5                 | 39.5                   | 39.5                 | 39.5                   | 39.5                 |

## Administration Program

The Administration Program is comprised of two subprograms: Administrative Services and the Information Technology Division. Administrative Services is responsible for the overall determination of agency priorities and policies, planning and regulation of operational activities, proper allocation of available resources, and performance of ongoing internal review of operations and procedures. Functions performed or delegated by Administrative Services for the benefit of the agency include information technology; human resources; public relations and marketing; budgeting and forecasting; and administrative and fiscal support services including purchasing, travel and expense, accounts payable, and communications and correspondence.

**General Services Subprogram.** Administrative services is responsible for all administrative functions with the exception of information technology and those expenditures dedicated to another specific function of the Treasurer. For FY 2018, the agency requests \$373,018, all from the State Treasurer Operating Fund, to support 3.1 FTE positions. For FY 2019, the agency requests \$369,526, all from the State Treasurer Operating Fund. This is a reduction of \$3,492, or 0.9 percent, below the FY 2018 agency request. The decrease is attributable to reduced travel (\$6,000) and other contractual services (\$3,000) due to a reduction in planned travel expenditures. These decreases were partially offset by an increase of \$5,508, predominantly in employer contributions for retirement and group health and hospitalization.

**Information and Technology Services Sub-Program.** The Information Technology (IT) subprogram is responsible for managing information resources and providing IT support for all areas in the Treasurer's Office. The responsibility of IT encompasses computer hardware and software acquisition, installation, training, and maintenance. The network LANs are maintained by IT personnel. Additionally, the IT staff develops, designs, codes, implements, and maintains an extensive library of custom computer programs for the Treasurer's Office. The staff designed multiple interactive websites, which have streamlined processes for other state agencies, including the Kansas Debt Recovery System (KDRS) and Kansas Treasury Offset Program (KTOP) for the Department of Administration and Kansas Municipal Investment Pool (KMIP) for the Pooled Money Investment Board.

For FY 2018, the IT services subprogram requests \$300,945, all from special revenue funds, to support 2.8 FTE positions. For FY 2019, the IT services program requests \$313,334, all from special revenue funds, which is an increase of \$12,839, or 4.3 percent, above the FY 2018 request. The increase is attributable to \$4,026 in salaries and wages for employer contributions for retirement and health insurance, \$2,000 in furniture and equipment, and \$6,813 in contractual services for fees and repairs.

## Municipal Bond Program

The Municipal Bond Services Program is responsible for the registration of all municipal bonds issued in the state. In addition, this program provides registrar and paying agent services for the majority of local bond issues as well as state issues. When the State Treasurer is named the fiscal agent for registered form bonds, a fee is charged to the issuing municipality for the services provided. Effective in FY 2002, the program is financed entirely from bond service fees. Total fees collected and credited to the bond services fee fund in FY 2017 were approximately \$673,818. The subprogram contains 8.4 FTE positions. The assistance director position for this program remains vacant.

In 2005 and 2006, the agency was selected to service the bond issues for the Department of Commerce/Goodyear Tire & Rubber Company and Department of Commerce/Spirit Aerosystems Inc. projects, both of which were authorized by 2004 Session Laws. In 2010, the agency was selected to service Department of Commerce/Learjet, Inc., and Department of Commerce/Siemens Energy projects also authorized by 2004 Sessions Laws. In 2009 and 2010, the agency was selected as Paying Agent by numerous municipalities that issued Build America Bonds, which were authorized by the American Recovery and Reinvestment Act of 2009.

## **Cash Management Program**

The Cash Management Program is responsible for several functions, including distributing aid to local units of government and processing the receipt and disbursement of state moneys. In addition, the State Treasurer distributes the amounts due to local units of government from the Special City and County Highway Fund and the County Equalization and Adjustment Fund, which are included in the Department of Transportation budget. The aid to local units of government funds include the following items.

**Local Ad Valorem Tax Reduction Fund (LAVTRF).** By statute, these payments are a demand transfer from the State General Fund. The distribution of local *ad valorem* aid is made on January 15 and July 15 to county governments under the statute. The amount distributed equals 3.63 percent of the total sales and compensating use taxes credited to the State General Fund in the prior calendar year based upon a formula allocating 65.0 percent to the counties by population and 35.0 percent by property valuation. The Legislature has previously placed limitations on the distribution amounts. The Governor and the Legislature eliminated the second-half distribution in FY 2003, and there was not a distribution through FY 2018. The 2017 Legislature further suspended the transfers through 2020.

**County and City Revenue Sharing Funds (CCRSF).** The State Treasurer's Office distributes payments to local units of government under the law providing for county and city revenue sharing. The payments are demand transfers from the State General Fund. Under the current statute, county and city revenue sharing is distributed on July 15 and December 10 in an amount equal to 2.823 percent of the total credited to the State General Fund in the prior calendar year from sales and compensating use taxes. The formula allocates 65.0 percent among the counties by population and 35.0 percent by equalized assessed tangible property valuation. Each county receives 50.0 percent of its entitlement and the remaining 50.0 percent is distributed to its cities on the basis of population.

Receipts were \$34,876,349 for FY 2002 and \$16,740,646 for FY 2003. The Governor and the Legislature eliminated the second-half distribution in FY 2003. No distributions have been made since FY 2003. The 2013 Legislature, in SB 171, Sec. 275, states no money shall be transferred from the State General Fund to the County and City Revenue Sharing Fund during FY 2013, FY 2014, FY 2015, and FY 2016. The 2015 Legislature, in House Sub. for SB 112, stated no money will be transferred for FY 2016, FY 2017, and FY 2018. The 2017 Legislature suspended the transfer for FY 2018, FY 2019, and FY 2020.

**Tax Increment Financing Revenue Replacement Fund.** Created by the 1997 Legislature, this program provides that the State Treasurer is to pay certain local units of government for lost tax revenues due to legislative changes to school finance property taxation. Cities that have established a redevelopment district prior to July 1, 1996, are entitled to receive from the State the revenues that otherwise would have been collected from the redevelopment district but for legislative changes in the school district finance formula. The State Treasurer, prior to April 15 of each year, shall pay each city its certified amount. Currently, 6 cities and 22 redevelopment districts receive payments. These payments are financed by a transfer from the State General Fund.

The Legislature suspended the Tax Increment Financing Revenue Replacement Fund starting in FY 2018 and for FY 2019 *via* proviso in the Appropriations Bill. KSA 12-1772 states that any projects in a redevelopment district should be completed within 20 years of the filing of the redevelopment plan. Twenty-one years have elapsed since the creation of the program.

| <b>TAX INCREMENT REVENUE REPLACEMENT FUND</b> |                 |
|-----------------------------------------------|-----------------|
| <u>Fiscal Year</u>                            | <u>Receipts</u> |
| FY 2009                                       | \$ 1,259,070    |
| FY 2010                                       | 1,194,477       |
| FY 2011                                       | 752,745         |
| FY 2012                                       | 915,169         |
| FY 2013                                       | 861,567         |
| FY 2014                                       | 1,014,286       |
| FY 2015                                       | 866,537         |
| FY 2016                                       | 991,827         |
| FY 2017                                       | 913,029         |

## Unclaimed Property

The Unclaimed Property program seeks to return various forms of unclaimed property to the rightful owners or heirs. The Disposition of Unclaimed Property Act (KSA 58-3901, *et seq.*) authorizes the State Treasurer to take possession of specified types of abandoned personal property and become the custodian in perpetuity while reserving the right of the original owner and other persons to claim the property.

After a period of five years of dormancy, abandonment may be declared by the State Treasurer for certain types of personal property, including bank deposits; funds paid toward the purchase of shared in financial organizations; certified checks, drafts, or money orders; contents of safe deposit boxes removed for nonpayment of rent; unclaimed funds held by insurance companies under life insurance policies; utility deposits; stocks and dividends; and miscellaneous intangible property held by one party for another. Those required to report unclaimed property may aggregate amounts under \$100.

When property qualifies, the State Treasurer publishes a notice on the Treasurer's website where the property was reported abandoned in an effort to locate the owner of the property. Owners also may locate assets held by the State Treasurer *via* the agency's website. If the property is not claimed, the State Treasurer is authorized to dispose of the property, with receipts of the sale of the property credited to the State General Fund, with two exceptions. The exceptions are balances in the Unclaimed Property Claims Fund, which is used for the payment of claims, and balances in the Unclaimed Property Expense Fund, which is used to finance the operations of the Unclaimed Property program.

By statute, unclaimed property is deposited in the State General Fund. Payments from the Unclaimed Property Claims Fund are funded by transfers from the State General Fund. As of June 30, 2016, the total amount of unclaimed property held in trust within the State General Fund was \$343.0 million. In FY 2017, the value of unclaimed property receipts to the State General Fund was \$42.3 million.

## **Education Programs**

The Postsecondary Education Savings subprogram (Learning Quest Education Savings Program, Learning Quest Advisor, and Schwab 529 College Savings Plan) was created by the 1999 Legislature to provide an opportunity for individuals and organizations to save for postsecondary education expenses under a qualified tuition savings plan (529). Following a negotiated bid process through the Division of Purchases, the State Treasurer's Office contracted with American Century Investments as the program manager in December 1999 and renewed the contract in December 2006. The program became operational on July 1, 2000. Effective in FY 2002, the program is financed entirely by service fees. The program celebrated its 17<sup>th</sup> anniversary on July 1, 2017, with 216,091 accounts and \$5.76 billion in assets. Kansas residents own 66,320 of these accounts. Currently, 63,833 account owners fund their accounts utilizing an Automatic Investment Plan (AIP).

The Kansas Investments Development Scholars (KIDS) matching grant subprogram was created as a three-year pilot program in FY 2006 and is part of the Learning Quest program. The KIDS matching grant program is designed to encourage low-income families to establish postsecondary savings accounts by providing state matches (up to \$600 per participant) for contributions to such accounts.

The Financial Literacy subprogram position has been unfilled since 2015. The current Treasurer has appointed the Director of the Financial Education Program to research and develop a new strategy for financial education by working with a sub-contractor through Healthquest. The agency requests expenditures \$46,902 in FY 2018 and \$46,668 for FY 2019 for 0.5 FTE positions.

The **agency** requests expenditures from the Kansas Postsecondary Education Savings Trust Fund of \$400,000 in FY 2018 and \$450,000 for FY 2019. These expenditures are funded by demand transfers from the State General Fund.

The **Governor** recommends reducing the KIDS Matching Grant estimates by \$25,000 in FY 2018 and \$75,000 for FY 2019. The Governor recommends \$375,000 for the Postsecondary Education Savings Trust Fund in FY 2018 and for FY 2019.

## **ABLE Savings Program**

The 2015 Legislature created the Achieving a Better Life Experience savings program with HB 2215. This program is based on a new federal statute, which allows individuals diagnosed with a disability before the age of 26 to save in accounts that they own with tax-deferred growth and tax-free withdraw of earnings used for qualified expenses related to their disability under section 529A of the Internal Revenue Code. Assets in the accounts are also not counted for Supplemental Security Income and Medicaid asset tests.

Accounts are limited to \$14,000 in contributions per year and must be owned by the individual with a disability or their parent, guardian, or custodian. After legislation was passed in Kansas, Congress amended the federal legislation to allow individuals with a disability to open an account in a plan administered by any state rather than just their state of residence in the Protecting Americans from Tax Hikes Act of 2015.

The **agency** requests a transfer of \$50,000 from the Postsecondary Education Savings Program Expense Fund to the ABLE Savings Expense Fund for FY 2019 to cover the cost of establishing and marketing the program.

The **Governor** concurs with the agency's request for the ABLE Savings Program.

| PERFORMANCE MEASURES                                      |                          |                   |                      |                      |
|-----------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                   | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| <b>Administration:</b>                                    |                          |                   |                      |                      |
| Number of page views                                      | N/A                      | 10,789            | 15,000               | 18,000               |
| Percent of new visitors to page                           | N/A                      | 88.0%             | 75.0%                | 75.0%                |
| <b>Bonds:</b>                                             |                          |                   |                      |                      |
| Number of registration numbers issued (bond projects)     | N/A                      | 281               | 280                  | 280                  |
| Percent of new municipal bonds with state as paying agent | N/A                      | 91.0%             | 90.0%                | 90.0%                |
| <b>Education Savings:</b>                                 |                          |                   |                      |                      |
| Number of active accounts program wide                    | 215,689                  | 216,091           | 226,895              | 238,240              |
| Number of active Kansas accounts                          | N/A                      | 66,320            | 68,309               | 70,359               |
| New money deposited program wide (in millions)            | \$572.0                  | \$620.0           | \$663.0              | \$710.0              |
| New Kansas money deposited (in millions)                  | N/A                      | \$101.0           | \$106.0              | \$111.0              |
| <b>Unclaimed Property:</b>                                |                          |                   |                      |                      |
| Number of requests for information packets sent           | N/A                      | 90,000            | 90,000               | 90,000               |
| Number of claims paid                                     | 98,500                   | 98,069            | 98,500               | 98,500               |
| <b>Cash Management:</b>                                   |                          |                   |                      |                      |
| Percent of dollars received electronically                | 92.0%                    | 90.9%             | 92.0%                | 92.0%                |
| Percent of funds paid electronically                      | 93.0%                    | 93.3%             | 95.0%                | 95.0%                |

# POOLED MONEY INVESTMENT BOARD

| Expenditure             | Actual<br>FY 2017        | Agency Est.<br>FY 2018   | Gov. Rec.<br>FY 2018     | Agency Est.<br>FY 2019   | Gov. Rec.<br>FY 2019     |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Operating Expenditures: |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 647,009                  | 679,280                  | 679,280                  | 696,256                  | 696,256                  |
| <i>Subtotal</i>         | <i>\$ 647,009</i>        | <i>\$ 679,280</i>        | <i>\$ 679,280</i>        | <i>\$ 696,256</i>        | <i>\$ 696,256</i>        |
| Capital Improvements:   |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 0                        | 0                        | 0                        | 0                        | 0                        |
| <i>Subtotal</i>         | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              |
| <b>TOTAL</b>            | <b><u>\$ 647,009</u></b> | <b><u>\$ 679,280</u></b> | <b><u>\$ 679,280</u></b> | <b><u>\$ 696,256</u></b> | <b><u>\$ 696,256</u></b> |

## Percentage Change:

|                        |      |      |      |      |      |
|------------------------|------|------|------|------|------|
| Operating Expenditures |      |      |      |      |      |
| State General Fund     | -- % | -- % | -- % | -- % | -- % |
| All Funds              | 4.0  | 5.0  | 5.0  | 2.5  | 2.5  |
| FTE Positions          | 5.0  | 5.0  | 5.0  | 5.0  | 5.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Pooled Money Investment Board (PMIB) and its authority are established under the State Moneys Law, KSA 75-4201 *et seq.* The PMIB manages the investable state money available from the State General Fund and the hundreds of other individual state agency funds received by the State Treasurer's Office. PMIB also provides investment management services for individual state agencies with statutorily authorized investment authority. The agencies are referred to as "special funds," and include the Kansas Department of Transportation (KDOT) and the Health Care Stabilization Fund (HCSF). In addition, PMIB administers the Kansas Municipal Investment Pool (MIP), a state program providing local municipal entities with an investment alternative for their idle funds. For investment and cash flow management purposes, MIP moneys are combined with investable state moneys to create the Pooled Money Investment Portfolio (PMIP). Under state statutes, investments are allowed in Kansas bank CDs (no more than 15.0 percent of the portfolio per investment policy), U.S. Treasury securities, U.S. governmental agency securities, high grade commercial paper, high grade corporate bonds, and overnight repurchase agreements.

## MAJOR ISSUES FROM PRIOR YEARS

The **1992 Legislature** passed SB 480, which expanded investment authority was to include investments in U.S. government securities.

The **1996 Legislature** passed SB 476, which allowed PMIB to purchase high grade commercial paper.

The **2008 Legislature** passed SB 472, which expanded PMIB's investment authority to include high grade corporate bonds.

The **2016 Legislature** directed the PMIB budget to be reported separately from the State Treasurer budget.

The **2017 Legislature** transferred the funding in the Treasurer's Unclaimed Property Fund into the Pooled Money Investment Portfolio. The Legislature then directed the PMIB to transfer adequate funding from this source to the State General Fund to guarantee a \$50 million ending balance in FY 2017 and the remainder for FY 2018 to be paid back in six yearly increments starting for FY 2019. The total transfer was approximately \$327.0 million.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests \$679,280, all from special revenue funds, which is the same as the FY 2018 approved budget. The request increases expenditures for salaries by \$23,403, or 5.1 percent. The increase is offset by reduced expenditures from contractual services by \$21,965, or 10.7 percent, and reduced expenditures from commodities by \$1,438, or 17.8 percent, from the FY 2018 approved amounts. The salaries adjustment is attributable to salary adjustments for the executive director and staff approved at the May 2017 PMIP Board Meeting. The reduction in contractual services is due to discontinuing the Standard and Poor Rating for the PMIP. The Board, after consulting various PMIP investors, determined the rating did not impact agency and municipality decisions to invest in the PMIP. The decrease in commodities is due to reduced stationery and office supplies through increasing utilization of e-documents.

The **Governor** concurs with the FY 2018 revised agency estimate.

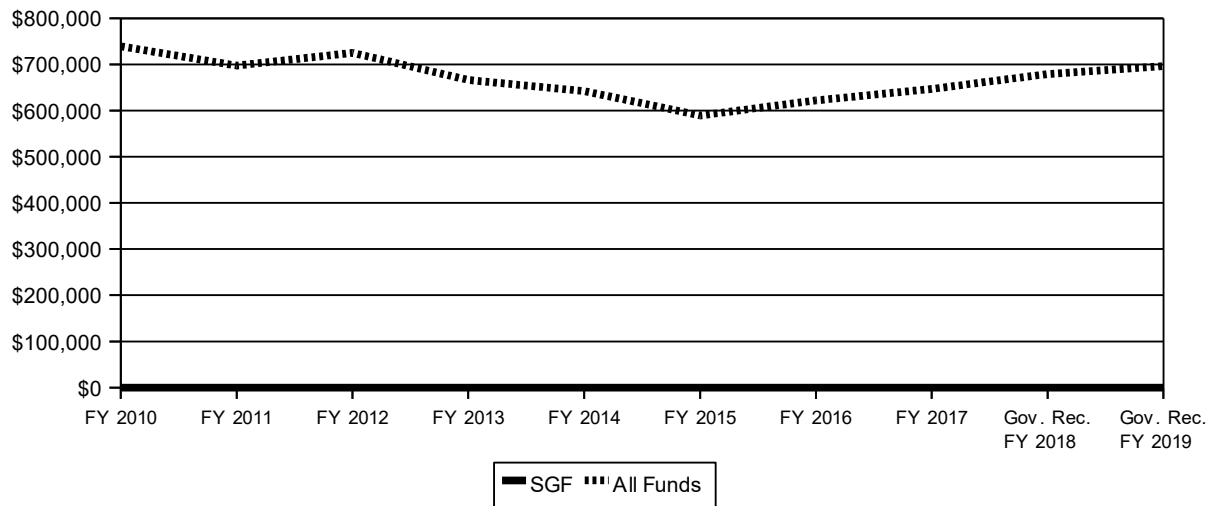
**FY 2019 – Budget Year.** The **agency** requests \$696,256, all from special revenue funds, which is the same as the FY 2019 approved budget. The request increases expenditures for salaries by \$26,199, or 5.7 percent. The increase is offset by reduced expenditures from contractual services by \$23,987, or 11.0 percent, and reduced expenditures from commodities by \$2,212, or 27.4 percent, from the FY 2019 approved amounts. The salaries adjustment is attributable to salary adjustments for the executive director and staff approved at the May 2017 PMIP Board Meeting. The reduction in contractual services is due to discontinuing the Standard and Poor Rating for the PMIP. The Board, after consulting various PMIP investors, determined that the rating did not impact agency and municipality decisions to invest in the PMIP. The decrease in commodities is due to reduced stationery and office supplies through increasing utilization of e-documents.

The **Governor** concurs with the FY 2019 revised agency estimate.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds   | % Change | FTE   |
|-----------------|------|----------|-------------|----------|-------|
| 2010            | \$ 0 | -- %     | \$ 739,284  | (4.1)%   | 6.0   |
| 2011            | 0    | --       | 697,529     | (5.6)    | 6.0   |
| 2012            | 0    | --       | 725,018     | 3.9      | 6.0   |
| 2013            | 0    | --       | 666,244     | (8.1)    | 5.0   |
| 2014            | 0    | --       | 642,155     | (3.6)    | 5.0   |
| 2015            | 0    | --       | 589,459     | (8.2)    | 5.0   |
| 2016            | 0    | --       | 622,146     | 5.5      | 5.0   |
| 2017            | 0    | --       | 647,009     | 4.0      | 5.0   |
| 2018 Gov. Rec.  | 0    | --       | 679,280     | 5.0      | 5.0   |
| 2019 Gov. Rec.  | 0    | --       | 696,256     | 2.5      | 5.0   |
| Ten-Year Change |      |          |             |          |       |
| Dollars/Percent | \$ 0 | -- %     | \$ (43,028) | (5.8)%   | (1.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017 | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|----------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                        |                   | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                         | \$ 647,009        | \$ 679,280          | \$ 696,256          | \$ 16,976                      | 2.5 %                           | \$ 679,280                | \$ 696,256        | \$ 16,976                      | 2.5 %                           |
| <b>By Major Object of Expenditure:</b> |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                     | \$ 459,508        | \$ 479,735          | \$ 489,002          | \$ 9,267                       | 1.9 %                           | \$ 479,735                | \$ 489,002        | \$ 9,267                       | 1.9 %                           |
| Contractual Services                   | 176,508           | 182,438             | 193,421             | 10,983                         | 6.0                             | 182,438                   | 193,421           | 10,983                         | 6.0                             |
| Commodities                            | 4,845             | 6,642               | 5,868               | (774)                          | (11.7)                          | 6,642                     | 5,868             | (774)                          | (11.7)                          |
| Capital Outlay                         | 6,148             | 10,465              | 7,965               | (2,500)                        | (23.9)                          | 10,465                    | 7,965             | (2,500)                        | (23.9)                          |
| Debt Service                           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$ 647,009</i> | <i>\$ 679,280</i>   | <i>\$ 696,256</i>   | <i>\$ 16,976</i>               | <i>2.5 %</i>                    | <i>\$ 679,280</i>         | <i>\$ 696,256</i> | <i>\$ 16,976</i>               | <i>2.5 %</i>                    |
| Aid to Local Units                     | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                       | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 647,009</b> | <b>\$ 679,280</b>   | <b>\$ 696,256</b>   | <b>\$ 16,976</b>               | <b>2.5 %</b>                    | <b>\$ 679,280</b>         | <b>\$ 696,256</b> | <b>\$ 16,976</b>               | <b>2.5 %</b>                    |
| <b>Financing:</b>                      |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                     | \$ 0              | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |
| PMIP Fee Fund                          | 647,009           | 679,280             | 696,256             | 16,976                         | 2.5                             | 679,280                   | 696,256           | 16,976                         | 2.5                             |
| <b>TOTAL</b>                           | <b>\$ 647,009</b> | <b>\$ 679,280</b>   | <b>\$ 696,256</b>   | <b>\$ 16,976</b>               | <b>2.5 %</b>                    | <b>\$ 679,280</b>         | <b>\$ 696,256</b> | <b>\$ 16,976</b>               | <b>2.5 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 679,280                            | 679,280                       | 0                                 | 679,280                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 679,280</b>                  | <b>\$ 679,280</b>             | <b>\$ 0</b>                       | <b>\$ 679,280</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 5.0                                | 5.0                           | 0.0                               | 5.0                         | 0.0                                 |

The **agency** requests \$679,280, all from the Pooled Money Investment Portfolio Fee Fund, which is the same as the FY 2018 approved budget. The request increases expenditures for salaries by \$23,403, or 5.1 percent. The increase is offset by decreased expenditures from contractual services by \$21,965, or 10.7 percent, and commodities by \$1,438, or 17.8 percent, from the FY 2018 approved amounts. The salaries adjustment is attributable to salary adjustments for the executive director and staff approved at the May 2017 PMIP Board Meeting. The decrease in contractual services is due to discontinuing the Standard and Poor Rating for the PMIP. The Board, after consulting various PMIP investors, determined that the rating did not impact agency and municipality decisions to invest in the PMIP. The decrease in commodities is due to reduced stationery and office supplies through increasing utilization of e-documents.

The **Governor** concurs with the FY 2018 revised agency estimate.

## B. FY 2019 – Budget Year

### Adjustments to Approved Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 696,256                            | 696,256                       | 0                                 | 696,256                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 696,256</b>                  | <b>\$ 696,256</b>             | <b>\$ 0</b>                       | <b>\$ 696,256</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 5.0                                | 5.0                           | 0.0                               | 5.0                         | 0.0                                 |

The **agency** requests \$696,256, all from the Pooled Money Investment Portfolio Fee Fund, the same as the FY 2019 approved budget. The request increases expenditures for salaries by \$26,199, or 5.7 percent. The increase is offset by decreased expenditures from contractual services by \$23,987, or 11.0 percent, and commodities by \$2,212, or 27.4 percent, from the FY 2019 approved amounts. The salaries adjustment is attributable to salary adjustments for the executive director and staff approved at the May 2017 PMIP Board Meeting. The decrease in contractual services is due to discontinuing the Standard and Poor Rating for the PMIP. The Board, after consulting various PMIP investors, determined that the rating did not impact agency and municipality decisions to invest in the PMIP. The decrease in commodities is due to reduced stationery and office supplies through increasing utilization of e-documents.

The **Governor** concurs with the FY 2019 revised agency estimate.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$960, including \$0 from the State General Fund, and FY 2019 longevity payments total \$1,000, including \$0 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Pooled Money Investment Portfolio Fee Fund Analysis

PMIB is a completely fee-funded state agency. Administrative fees are charged for portfolio management services (specific portfolios are listed below). Fees are based on the average balance of the portfolios. Pursuant to KSA 75-4235, fees not necessary for reimbursement of administrative expenses are transferred monthly to the State General Fund.

| Resource Estimate                            | Actual<br>FY 2017   | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|---------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 394,085          | \$ 369,951                    | \$ 369,951           | \$ 369,951                    | \$ 369,951           |
| Revenue                                      | 3,172,875           | 2,720,000                     | 2,720,000            | 2,720,000                     | 2,720,000            |
| Transfers in                                 | 0                   | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 3,566,960</b> | <b>\$ 3,089,951</b>           | <b>\$ 3,089,951</b>  | <b>\$ 3,089,951</b>           | <b>\$ 3,089,951</b>  |
| Less:                                        |                     |                               |                      |                               |                      |
| Expenditures                                 | 647,009             | 679,280                       | 679,280              | 696,256                       | 696,256              |
| Transfers Out                                | 2,550,000           | 2,040,720                     | 2,040,720            | 2,023,744                     | 2,023,744            |
| Off Budget Expenditures                      | 0                   | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 369,951</b>   | <b>\$ 369,951</b>             | <b>\$ 369,951</b>    | <b>\$ 369,951</b>             | <b>\$ 369,951</b>    |
| Ending Balance as Percent of<br>Expenditures | 57.2%               | 54.5%                         | 54.5%                | 53.1%                         | 53.1%                |

| POOLED MONEY INVESTMENT PORTFOLIO CASH FLOW ANALYSIS<br>(AS OF NOVEMBER 30, 2017, NUMBERS IN THOUSANDS) |                    |                   |                    |                      |                     |                     |                      |                      |
|---------------------------------------------------------------------------------------------------------|--------------------|-------------------|--------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|                                                                                                         | 2017-2018          |                   |                    |                      | 2018-2019           |                     |                      |                      |
|                                                                                                         | Dec-Feb<br>1-3 Mo. | Mar-May<br>4-6 Mo | June-Aug<br>7-9 Mo | Sept-Nov<br>10-12 Mo | Dec-Feb<br>13-15 Mo | Mar-May<br>16-18 Mo | June-Aug<br>19-21 Mo | Sept-Nov<br>22-24 Mo |
| Cash In                                                                                                 |                    |                   |                    |                      |                     |                     |                      |                      |
| Maturities                                                                                              | 2,444,061          | 0                 | 0                  | 0                    | 0                   | 0                   | 0                    | 0                    |
| Revenue**                                                                                               | 6,450,400          | 5,771,600         | 7,146,700          | 6,389,400            | 6,450,400           | 5,771,600           | 7,146,700            | 4,790,000            |
| Total                                                                                                   | 8,894,461          | 5,771,600         | 7,146,700          | 6,389,400            | 6,450,400           | 5,771,600           | 7,146,700            | 4,790,000            |
| Cash Out                                                                                                |                    |                   |                    |                      |                     |                     |                      |                      |
| MIP                                                                                                     | 821,722            | 67,773            | 13,954             | 23,434               | 0                   | 336                 | 0                    | 0                    |
| Expenditures                                                                                            | 6,061,198          | 5,658,200         | 6,576,600          | 7,439,500            | 6,001,198           | 5,658,200           | 6,516,600            | 5,420,200            |
| Total                                                                                                   | 6,882,921          | 5,725,973         | 6,590,554          | 7,462,934            | 6,001,198           | 5,658,536           | 6,516,600            | 5,420,200            |
| Net Cash Available                                                                                      | 2,011,540          | 45,627            | 556,146            | (1,073,534)          | 449,202             | 113,064             | 630,100              | (630,200)            |

## Kansas Municipal Investment Pool (MIP)

Created pursuant to legislation passed during the 1992 Session, the Municipal Investment Pool (MIP) is a state program providing local municipal entities with an investment alternative for their idle funds. For investment and cash flow management purposes, MIP moneys are combined with investable state moneys to create the Pooled Money Investment Portfolio (PMIP). In December 1996, the Board revamped the existing MIP structure by eliminating the variable rate options, previously referred to as SMIP and IMIP, and by introducing new fixed rate investment alternatives. In November 2000, the Board added a 30-day fixed rate option and allowed municipalities to pick their own maturity date between 30 and 179 days. In January 2016, the Board added two new fixed rate options—a 550 day and a 730 day—and allowed municipalities to pick their own maturity date between 30 and 725 days.

MIP balances totaled approximately:

- \$1.2 billion on June 30, 2017;
- \$951.0 million on June 30, 2016;
- \$1.056 billion on June 30, 2015;
- \$1.223 billion on June 20, 2014;
- \$962.0 million on June 30, 2013;
- \$834.0 million on June 30, 2012, and
- \$932.0 million on June 30, 2011.

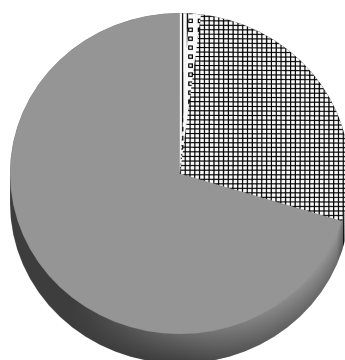
| MUNICIPAL INVESTMENT POOL—DEPOSITS<br>(AS OF NOVEMBER 30, 2017) |                       |                       |                      |                      |                      |                   |                     |                       |
|-----------------------------------------------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-------------------|---------------------|-----------------------|
|                                                                 | OMIP                  | FX 30                 | FX 90                | FX 180               | FX 365               | FX550             | FX 730              | TOTAL                 |
| <b>Deposits</b>                                                 |                       |                       |                      |                      |                      |                   |                     |                       |
| Agencies                                                        | \$ 526,545            | \$ 0                  | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0              | \$ 0                | \$ 526,545            |
| Cities                                                          | \$ 213,877,526        | \$ 525,807            | \$ 1,496,330         | \$ 29,315,269        | \$ 14,083,917        | \$ 0              | \$ 25,000           | \$ 259,323,849        |
| Counties                                                        | \$ 78,744,750         | \$ 700,000            | \$ 8,922,286         | \$ 1,722,480         | \$ 2,158,460         | \$ 0              | \$ 0                | \$ 92,247,976         |
| Schools                                                         | \$ 306,512,501        | \$ 99,307,741         | \$ 12,503,264        | \$ 48,758,300        | \$ 20,000,000        | \$ 0              | \$ 0                | \$ 487,081,806        |
| Other                                                           | \$ 62,051,365         | \$ 8,206,892          | \$ 4,317,990         | \$ 6,827,659         | \$ 5,293,261         | \$ 335,970        | \$ 1,006,682        | \$ 88,039,819         |
| <b>Total</b>                                                    | <b>\$ 661,712,687</b> | <b>\$ 108,740,440</b> | <b>\$ 27,239,870</b> | <b>\$ 86,623,708</b> | <b>\$ 41,535,638</b> | <b>\$ 335,970</b> | <b>\$ 1,031,682</b> | <b>\$ 927,219,995</b> |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Capital Outlay    Commodities

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 489,002                        | 70.2 %              | \$ 0                        | -- %                |
| Contractual Services | 193,421                           | 27.8                | 0                           | --                  |
| Capital Outlay       | 7,965                             | 1.1                 | 0                           | --                  |
| Commodities          | 5,868                             | 0.8                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 696,256</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|---------|-------------------|------------------------|----------------------|------------------------|----------------------|
| TOTAL   | 5.0               | 5.0                    | 5.0                  | 5.0                    | 5.0                  |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                                                      | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Interest earned on the idle portfolio: All Funds (in millions)                               | \$14.3                   | \$23.6            | \$17.5               | \$17.5               |
| Yield on idle portfolios in excess of average yield of comparable U.S. Treasury mutual funds | 0.05%                    | (0.03%)           | 0.05%                | 0.05%                |
| Total assets under management (in billions)                                                  | N/A                      | \$2.70            | \$2.40               | \$2.40               |



## JUDICIAL BRANCH

| Expenditure             | Actual<br>FY 2017            | Agency Est.<br>FY 2018       | Gov. Rec.<br>FY 2018         | Agency Est.<br>FY 2019       | Gov. Rec.<br>FY 2019         |
|-------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Operating Expenditures: |                              |                              |                              |                              |                              |
| State General Fund      | \$ 104,996,903               | \$ 103,059,235               | \$ 103,059,235               | \$ 122,889,413               | \$ 103,479,926               |
| Other Funds             | 28,208,458                   | 32,063,274                   | 32,063,274                   | 39,500,985                   | 39,500,985                   |
| <i>Subtotal</i>         | <i>\$ 133,205,361</i>        | <i>\$ 135,122,509</i>        | <i>\$ 135,122,509</i>        | <i>\$ 162,390,398</i>        | <i>\$ 142,980,911</i>        |
| Capital Improvements:   |                              |                              |                              |                              |                              |
| State General Fund      | \$ 0                         | \$ 0                         | \$ 0                         | \$ 200,000                   | \$ 0                         |
| Other Funds             | 0                            | 0                            | 0                            | 0                            | 0                            |
| <i>Subtotal</i>         | <i>\$ 0</i>                  | <i>\$ 0</i>                  | <i>\$ 0</i>                  | <i>\$ 200,000</i>            | <i>\$ 0</i>                  |
| <b>TOTAL</b>            | <b><u>\$ 133,205,361</u></b> | <b><u>\$ 135,122,509</u></b> | <b><u>\$ 135,122,509</u></b> | <b><u>\$ 162,590,398</u></b> | <b><u>\$ 142,980,911</u></b> |

### Percentage Change:

#### Operating Expenditures

|                    |       |         |         |        |       |
|--------------------|-------|---------|---------|--------|-------|
| State General Fund | 3.0 % | (1.8) % | (1.8) % | 19.2 % | 0.4 % |
| All Funds          | 2.5   | 1.4     | 1.4     | 20.2   | 5.8   |

|               |         |         |         |         |         |
|---------------|---------|---------|---------|---------|---------|
| FTE Positions | 1,862.0 | 1,865.0 | 1,865.0 | 1,877.0 | 1,868.0 |
|---------------|---------|---------|---------|---------|---------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The *Kansas Constitution* vests the judicial power of the State in one court of justice, which is divided into the Supreme Court, district courts, and other courts as provided by law. The Supreme Court has general administrative authority over all the courts in the State. The Judicial Branch's budget includes funding for the Supreme Court, the Court of Appeals, personnel costs of the district courts and some funding for technology, and a number of judicial and professional review boards and commissions. Most non-salary costs of the district courts are funded by the counties.

## MAJOR ISSUES FROM PRIOR YEARS

The **2001 Legislature** expanded the Court of Appeals from 10 to 14 members by adding 1 judge each year from 2003 to 2006. Implementation of the 14th appeals court judge was repeatedly delayed. Legislation enacted in 2012 granted the Judicial Branch the authority to implement the final judge as long as the Legislature provides adequate funding.

The Judicial Branch is authorized to carry forward any State General Fund savings from one fiscal year to the next. The Judicial Branch also has no position limitation, allowing positions to be added within available resources.

The **2003 Legislature** provides that the budget of the Judicial Branch will be submitted to the Legislature and may not be revised by the Director of the Budget. The budget, as submitted, must be included in the Governor's Budget Report. The practice of the Governor is to include the Judicial Branch budget, as requested, and also to include the Judicial Branch's current service budget (excluding enhancements) in the existing resources budget.

The **2006 Legislature** passed SB 337, which increased the salary of judges on the Court of Appeals by \$2,000 per year. The bill also increased the salary for district court judges and magistrate judges by \$9,000 per year.

The **2007 Legislature** approved salary increases of \$7,000 for judges of the Court of Appeals and \$9,000 for Supreme Court Justices, but these salaries were exempt from the 2.0 percent cost of living adjustment approved that year.

The **2008 Legislature** approved the addition of 9.0 FTE positions and funding to support the positions. The positions were for one judge in the 2nd Judicial District (Jackson, Jefferson, Pottawatomie, and Wabaunsee counties) and two judges in the 18th Judicial District (Sedgwick County). The additional 6.0 FTE positions were for a court reporter and administrative assistant for each judge. In addition, the Legislature approved \$3.8 million from the Nonjudicial Salary Adjustment Fund, which was established in 2008 HB 2968. This fund receives revenue from a \$9 increase in docket fees to fund the first year of the market pay plan for nonjudicial employees.

The **2009 Legislature** passed SB 66, which allowed the Kansas Supreme Court to establish a surcharge of up to \$10 per fee, for a series of fees, for costs for nonjudicial personnel. Funds are deposited in the state treasury and credited to the Judicial Branch Surcharge Fund. In addition, the bill delayed implementation of the 14th Court of Appeals judge and staff until January 2011.

The **2010 Legislature** deleted \$16.8 million from the Judicial Branch FY 2011 operating budget through operating reductions of \$12.3 million, recommendations against enhancement requests of \$4.4 million, and a moratorium on KPERS Death and Disability payment. The Legislature added \$5.0 million in additional State General Fund moneys to carry forward the emergency surcharge from FY 2010 to FY 2011. The \$5.0 million did not prevent the Judicial Branch from implementing a four-day furlough in FY 2010. However, under the Shared Work program offered by the Kansas Department of Labor, nonjudicial employees were compensated 20.0 percent of the unemployment benefits they would have received if they had lost their jobs.

The **2011 Legislature** reduced the Judicial Branch State General Fund budget by \$5.8 million for FY 2012 in an attempt to hold the operations budget flat between FY 2011 and FY 2012. SB 97 extended the surcharge on docket fees into FY 2012 and increased it by 25.0 percent for a special revenue fund increase of \$1.9 million. The bill also delayed the 14th Court of Appeals Judge until FY 2013 and lapsed the funds requested for its implementation. The Legislature also suspended the Judicial Performance program of the Judicial Council and transferred \$778,518 of the funding for that program to the Judicial Surcharge Fund to support Judicial Branch operations.

The **2013 Legislature** reduced the Judicial Branch State General Fund budget by \$26.8 million for FY 2014 and \$27.9 million for FY 2015. The decrease is attributable to extension of the Judicial Branch Surcharge (\$10.0 million in FY 2014 and \$11.1 million in FY 2015); the shifting of docket fees from state agencies to the Judicial Branch (\$10.5 million in FY 2014 and FY 2015); and the deletion of the \$2.5 million requested by the Judicial Branch to fill 80 vacant clerk positions. The remainder of the reductions reflect a directive by the Legislature to hold State General Fund expenditures at the FY 2013 level, partially offset by a 1.0 percent (\$1.1 million) increase in State General Fund operating expenditures. The 2013 Legislature approved funding for and implementation of the 14th Court of Appeals judge and staff.

The **2014 Legislature** approved a 2.0 percent salary and wage increase for nonjudicial personnel to be paid from the DUI Equipment Fund, delayed the filling of judicial vacancies, provided for Chief Judges to be elected by the other District Court Judges, and inserted a provision to allow Judicial Districts to separate their operations from the Appellate Court Administrative Division. The Legislature also adjusted docket fees by increasing the fees on expungements, traffic citations, fish and game violations, tobacco citations, out-of-state probate decrees, and Chapter 60 civil cases. The Legislature implemented new docket fees on garnishments and summary judgment motions.

The **2017 Legislature** approved a 2.5 percent salary adjustment for judges and non-judicial staff to be paid from the State General Fund.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$135.1 million, including \$103.1 million from the State General Fund, in FY 2018. The revised estimate is an all funds decrease of \$3.2 million, or 0.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to eCourt expenditures that are being delayed until FY 2019 as a result of an adjusted implementation timetable.

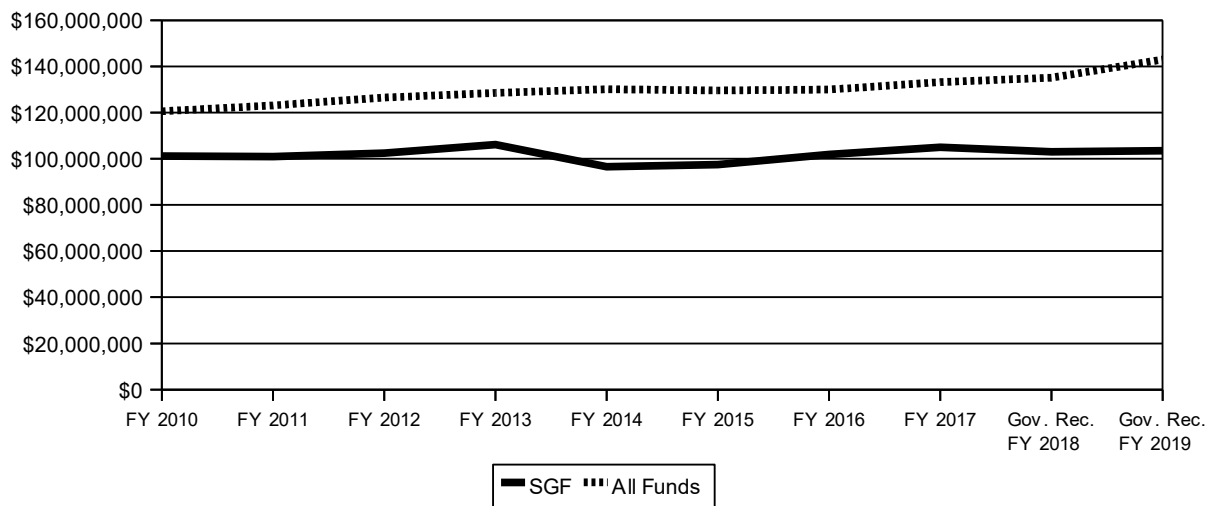
The **Governor** concurs with the agency's revised estimate. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$162.6 million, including \$123.1 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$24.8 million, or 17.8 percent, and a State General Fund increase of \$19.4 million, or 18.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's supplemental requests for salary increases, new positions, and funding positions previously unfunded.

The **Governor** recommends \$143.0 million, including \$103.5 million from the State General Fund, for FY 2019. The recommendation is an all funds decrease of \$19.4 million, or 12.0 percent, all from the State General Fund, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to not include the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF            | % Change | All Funds      | % Change | FTE     |
|---------------------------------|----------------|----------|----------------|----------|---------|
| 2010                            | \$ 101,166,366 | (6.2)%   | \$ 120,588,757 | (0.4)%   | 1,855.3 |
| 2011                            | 100,914,426    | (0.2)    | 123,088,459    | 2.1      | 1,855.3 |
| 2012                            | 102,476,154    | 1.5      | 126,510,386    | 2.8      | 1,855.3 |
| 2013                            | 106,127,942    | 3.6      | 128,551,609    | 1.6      | 1,855.3 |
| 2014                            | 96,521,055     | (9.1)    | 130,144,839    | 1.2      | 1,855.3 |
| 2015                            | 97,442,902     | 1.0      | 129,592,144    | (0.4)    | 1,859.8 |
| 2016                            | 101,909,219    | 4.6      | 129,982,603    | 0.3      | 1,862.3 |
| 2017                            | 104,996,903    | 3.0      | 133,205,361    | 2.5      | 1,862.0 |
| 2018 Gov. Rec.                  | 103,059,235    | (1.8)    | 135,122,509    | 1.4      | 1,865.0 |
| 2019 Gov. Rec.                  | 103,479,926    | 0.4      | 142,980,911    | 5.8      | 1,868.0 |
| Ten-Year Change Dollars/Percent | \$ 2,313,560   | 2.3 %    | \$ 22,392,154  | 18.6 %   | 12.7    |

**Summary of Operating Budget FY 2017 - FY 2019**

*Judicial Branch*

|                                        |                       | Agency Estimate       |                       |                      |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|----------------------------------------|-----------------------|-----------------------|-----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
|                                        |                       | Actual<br>FY 2017     | Estimate<br>FY 2018   | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                       |                       |                       |                      |                                |                                 |                           |                     |                                |                                 |
| Office of Judicial Administration      | \$ 0                  | \$ 4,257,159          | \$ 4,446,320          | \$ 189,161           | 4.4 %                          | \$ 4,257,159                    | \$ 4,163,720              | \$ (93,439)         | (2.2)%                         |                                 |
| Appellate Courts                       | 21,674,205            | 15,193,325            | 22,386,172            | 7,192,847            | 47.3                           | 15,193,325                      | 20,953,908                | 5,760,583           | 37.9                           |                                 |
| Education Services                     | 0                     | 541,683               | 544,760               | 3,077                | 0.6                            | 541,683                         | 544,760                   | 3,077               | 0.6                            |                                 |
| Data Processing                        | 0                     | 2,704,268             | 2,555,412             | (148,856)            | (5.5)                          | 2,704,268                       | 2,481,402                 | (222,866)           | (8.2)                          |                                 |
| District Courts                        | 111,168,195           | 112,033,480           | 131,908,730           | 19,875,250           | 17.7                           | 112,033,480                     | 114,295,641               | 2,262,161           | 2.0                            |                                 |
| Judicial and Professional Review       | 362,961               | 392,594               | 549,004               | 156,410              | 39.8                           | 392,594                         | 541,480                   | 148,886             | 37.9                           |                                 |
| <b>TOTAL</b>                           | <b>\$ 133,205,361</b> | <b>\$ 135,122,509</b> | <b>\$ 162,390,398</b> | <b>\$ 27,267,889</b> | <b>20.2 %</b>                  | <b>\$ 135,122,509</b>           | <b>\$ 142,980,911</b>     | <b>\$ 7,858,402</b> | <b>5.8 %</b>                   |                                 |
| <b>By Major Object of Expenditure:</b> |                       |                       |                       |                      |                                |                                 |                           |                     |                                |                                 |
| Salaries and Wages                     | \$ 125,838,796        | \$ 126,203,743        | \$ 148,234,074        | \$ 22,030,331        | 17.5 %                         | \$ 126,203,743                  | \$ 128,824,587            | \$ 2,620,844        | 2.1 %                          |                                 |
| Contractual Services                   | 5,149,388             | 5,391,222             | 9,299,419             | 3,908,197            | 72.5                           | 5,391,222                       | 9,299,419                 | 3,908,197           | 72.5                           |                                 |
| Commodities                            | 78,656                | 234,175               | 239,291               | 5,116                | 2.2                            | 234,175                         | 239,291                   | 5,116               | 2.2                            |                                 |
| Capital Outlay                         | 791,304               | 1,946,769             | 3,271,014             | 1,324,245            | 68.0                           | 1,946,769                       | 3,271,014                 | 1,324,245           | 68.0                           |                                 |
| Debt Service                           | 0                     | 0                     | 0                     | 0                    | --                             | 0                               | 0                         | 0                   | --                             |                                 |
| <i>Subtotal-Operations</i>             | <i>\$ 131,858,144</i> | <i>\$ 133,775,909</i> | <i>\$ 161,043,798</i> | <i>\$ 27,267,889</i> | <i>20.4 %</i>                  | <i>\$ 133,775,909</i>           | <i>\$ 141,634,311</i>     | <i>\$ 7,858,402</i> | <i>5.9 %</i>                   |                                 |
| Aid to Local Units                     | 191,809               | 391,500               | 391,500               | 0                    | --                             | 391,500                         | 391,500                   | 0                   | --                             |                                 |
| Other Assistance                       | 1,155,408             | 955,100               | 955,100               | 0                    | --                             | 955,100                         | 955,100                   | 0                   | --                             |                                 |
| <b>TOTAL</b>                           | <b>\$ 133,205,361</b> | <b>\$ 135,122,509</b> | <b>\$ 162,390,398</b> | <b>\$ 27,267,889</b> | <b>20.2 %</b>                  | <b>\$ 135,122,509</b>           | <b>\$ 142,980,911</b>     | <b>\$ 7,858,402</b> | <b>5.8 %</b>                   |                                 |
| <b>Financing:</b>                      |                       |                       |                       |                      |                                |                                 |                           |                     |                                |                                 |
| State General Fund                     | \$ 104,996,903        | \$ 103,059,235        | \$ 122,889,413        | \$ 19,830,178        | 19.2 %                         | \$ 103,059,235                  | \$ 103,479,926            | \$ 420,691          | 0.4 %                          |                                 |
| All Other Funds                        | 28,208,458            | 32,063,274            | 39,500,985            | 7,437,711            | 23.2                           | 32,063,274                      | 39,500,985                | 7,437,711           | 23.2                           |                                 |
| <b>TOTAL</b>                           | <b>\$ 133,205,361</b> | <b>\$ 135,122,509</b> | <b>\$ 162,390,398</b> | <b>\$ 27,267,889</b> | <b>20.2 %</b>                  | <b>\$ 135,122,509</b>           | <b>\$ 142,980,911</b>     | <b>\$ 7,858,402</b> | <b>5.8 %</b>                   |                                 |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$102.7 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$312,567, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$103.1 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 103,059,235                     | \$ 103,059,235                | \$ 0                              | \$ 103,059,235              | \$ 0                                |
| All Other Funds             | 35,233,427                         | 32,063,274                    | (3,170,153)                       | 32,063,274                  | (3,170,153)                         |
| <b>TOTAL</b>                | <b>\$ 138,292,662</b>              | <b>\$ 135,122,509</b>         | <b>\$ (3,170,153)</b>             | <b>\$ 135,122,509</b>       | <b>\$ (3,170,153)</b>               |
| FTE Positions               | 1,865.3                            | 1,865.0                       | (0.3)                             | 1,865.0                     | (0.3)                               |

The **agency** requests a revised estimate of \$135.1 million, including \$103.1 million from the State General Fund, in FY 2018. The revised estimate is an all funds decrease of \$3.2 million, or 0.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to eCourt expenditures that are being delayed until FY 2019 as a result of an adjusted implementation timetable.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$126.2 million, including \$103.0 million from the State General Fund, for salary and wage expenditures in FY 2018. The revised estimate is an all funds decrease of \$544,292, or 0.4 percent, but a State General Fund increase of \$1.9 million, or 1.9 percent, above the amount approved by the 2017 Legislature. The decrease is primarily due to an adjusted budgeting strategy to fund salaries and wages from the State General Fund and to fund non-salary expenditures from special revenue funds;

- **Contractual Services.** The agency requests a revised estimate of \$5.4 million, including \$33,587 from the State General Fund, for contractual services expenditures in FY 2018. The revised estimate is an all funds increase of \$845,409, or 18.6 percent, but a State General Fund decrease of \$1.6 million, or 97.9 percent, below the amount approved by the 2017 Legislature. The increase is primarily due to an adjusted budgeting strategy to fund salaries and wages from the State General Fund and to fund non-salary expenditures from special revenue funds;
- **Commodities.** The agency requests \$234,175, including \$956 from the State General Fund, for commodities expenditures in FY 2018. The revised estimate is an all funds increase of \$236, or 0.1 percent, but a State General Fund decrease of \$24,185, or 96.2 percent, below the amount approved by the 2017 Legislature. The increase is primarily due to an adjusted budgeting strategy to fund salaries and wages from the State General Fund and to fund non-salary expenditures from special revenue funds;
- **Capital Outlay.** The agency requests \$1.9 million, including \$1,000 from the State General Fund, for capital outlay expenditures in FY 2018. The revised estimate is an all funds decrease of \$3.2 million, or 61.9 percent, and a State General Fund decrease of \$6,500, or 86.7 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to eCourt expenditures that are being delayed until FY 2019 as a result of an adjusted implementation timetable;
- **Aid to Local Units of Government.** The agency requests \$391,500, all from the Permanent Families Account in the Family and Children Investment Fund, for aid to local units of government expenditures in FY 2018. The revised estimate is an all funds increase of \$200,309, or 104.8 percent, above the amount approved by the 2017 Legislature. The increase is due to a classification error that classified transfers from the Kansas Endowment for Youth Fund as other assistance instead of as aid to local units of government; and
- **Other Assistance.** The agency requests \$955,100, all from special revenue funds, for other assistance expenditures in FY 2018. The revised estimate is an all funds decrease of \$200,309, or 17.3 percent, below the amount approved by the 2017 Legislature. The decrease is due to a classification error that classified transfers from the Kansas Endowment for Youth Fund as other assistance instead of as aid to local units of government.

The **Governor** concurs with the agency's revised estimate. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$103.5 million for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 103,479,926                     | \$ 123,089,413                | \$ 19,609,487                     | \$ 103,479,926              | \$ 0                                |
| All Other Funds             | 34,350,915                         | 39,500,985                    | 5,150,070                         | 39,500,985                  | 5,150,070                           |
| <b>TOTAL</b>                | <b>\$ 137,830,841</b>              | <b>\$ 162,590,398</b>         | <b>\$ 24,759,557</b>              | <b>\$ 142,980,911</b>       | <b>\$ 5,150,070</b>                 |
| FTE Positions               | 1,868.3                            | 1,877.0                       | 8.7                               | 1,868.0                     | (0.3)                               |

The **agency** requests a revised estimate of \$162.6 million, including \$123.1 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$24.8 million, or 17.8 percent, and a State General Fund increase of \$19.4 million, or 18.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's supplemental requests for salary increases, new positions, and funding positions previously unfunded.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$148.2 million, including \$122.9 million from the State General Fund, for salary and wage expenditures for FY 2019. The revised estimate is an all funds increase of \$20.2 million, or 15.8 percent, and a State General Fund increase of \$21.0 million, or 20.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's supplemental requests for salary increases, new positions, and funding positions previously unfunded;
- **Contractual Services.** The agency requests a revised estimate of \$9.3 million, including \$33,550 from the State General Fund, for contractual services expenditures for FY 2019. The revised estimate is an all funds increase of \$4.1 million, or 79.0 percent, but a State General Fund decrease of \$1.6 million, or 97.9 percent, from the amount approved by the 2017 Legislature. The increase is primarily due to an adjusted budgeting strategy to fund salaries and wages from the State General Fund and to fund non-salary expenditures from special revenue funds;
- **Commodities.** The agency requests a revised estimate of \$239,291, including \$976 from the State General Fund, for commodities expenditures for FY 2019. The revised estimate is an all funds increase of \$241, or 0.1 percent, but a State General Fund decrease of \$24,693, or 96.2 percent, from the amount approved by the 2017 Legislature. The increase is primarily due to an adjusted budgeting



strategy to fund salaries and wages from the State General Fund and to fund non-salary expenditures from special revenue funds;

- **Capital Outlay.** The agency requests a revised estimate of \$3.3 million, all from special revenue funds, for capital outlay expenditures for FY 2019. The revised estimate is an all funds increase of \$273,441, or 9.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to eCourt expenditures that were delayed from FY 2018 as a result of an adjusted implementation timetable;
- **Aid to Local Units of Government.** The agency requests \$391,500, all from the Permanent Families Account in the Family and Children Investment Fund, for aid to local units of government expenditures for FY 2019. The revised estimate is an all funds increase of \$200,309, or 104.8 percent, above the amount approved by the 2017 Legislature. The increase is due to a classification error that classified transfers from the Kansas Endowment for Youth Fund as other assistance instead of as aid to local units of government; and
- **Other Assistance.** The agency requests \$955,100, all from special revenue funds, for other assistance expenditures for FY 2019. The revised estimate is an all funds decrease of \$200,309, or 17.3 percent, below the amount approved by the 2017 Legislature. The decrease is due to a classification error that classified transfers from the Kansas Endowment for Youth Fund as other assistance instead of as aid to local units of government.

The **Governor** recommends \$143.0 million, including \$103.5 million from the State General Fund, for FY 2019. The recommendation is an all funds decrease of \$19.4 million, or 12.0 percent, all from the State General Fund, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to not include the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

## Supplemental Detail

| FY 2019 SUPPLEMENTALS            |                      |                      |            |                           |             |            |
|----------------------------------|----------------------|----------------------|------------|---------------------------|-------------|------------|
| Supplementals                    | Agency Estimate      |                      |            | Governor's Recommendation |             |            |
|                                  | SGF                  | All Funds            | FTE        | SGF                       | All Funds   | FTE        |
| Salary Adjustment for Judges     | \$ 7,450,201         | \$ 7,450,201         | 0.0        | \$ 0                      | \$ 0        | 0.0        |
| Salary Adjustment for Non-Judges | 10,312,239           | 10,312,239           | 0.0        | 0                         | 0           | 0.0        |
| New Position Funding             | 772,419              | 772,419              | 9.0        | 0                         | 0           | 0.0        |
| Vacant Position Funding          | 874,628              | 872,628              | 0.0        | 0                         | 0           | 0.0        |
| COA Judicial Suites              | 200,000              | 200,000              | 0.0        | 0                         | 0           | 0.0        |
| <b>TOTAL</b>                     | <b>\$ 19,609,487</b> | <b>\$ 19,607,487</b> | <b>9.0</b> | <b>\$ 0</b>               | <b>\$ 0</b> | <b>0.0</b> |

The **agency** requests \$19.6 million, all from the State General Fund, and 9.0 FTE positions for supplemental requests for FY 2019.

These requests include:

- **Salary Adjustment for Judges.** The agency requests \$7.5 million, all from the State General Fund, for a 21.7 percent salary increase for judges for FY 2019. The agency indicates that Kansas' district judge pay is still ranked 50<sup>th</sup> in the nation and this request would improve Kansas' district judge pay rank to 26<sup>th</sup> in the nation based on a January 1, 2017, survey of judicial salaries conducted by the National Center for State Courts;
- **Salary Adjustment for Non-Judges.** The agency requests \$10.3 million, all from the State General Fund, for salary increases for non-judge employees for FY 2019. Salary increases range from a 3.4 percent increase to a 21.0 percent increase;
- **New Position Funding.** The agency requests \$772,419, all from the State General Fund, and 9.0 FTE positions for 7 new judge positions and accompanying staff for FY 2019. The agency indicates that current statutes prevent moving judges to locations where they are needed;
- **Vacant Position Funding.** The agency requests \$874,628, all from the State General Fund, for filling 10 district court clerk vacancies and 10 court services officer vacancies for FY 2019. The agency indicates the implementation of 2016 SB 367 (juvenile justice reform) requires additional positions because of increased responsibilities through mandatory multi-disciplinary teams for case management, which includes responsibilities for coordinating such a team for each juvenile offender; and
- **COA Judicial Suites (Capital Improvement).** The agency requests \$200,000, all from the State General Fund, for the construction of two judicial suites on the second floor of the Judicial Center for FY 2019. This would allow two Court of Appeals judges and their staff to be moved onto the same floor as the rest of the Court of Appeals.

The **Governor** does not recommend the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$651,647, including \$531,958 from the State General Fund, and FY 2019 longevity payments total \$686,192, including \$551,008 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------|--------------------------------------------|------------------------------------------|
| State General Fund | 75.7 %                                     | 76.3 %                                   |
| All Other Funds    | 24.3                                       | 27.6                                     |
| <b>TOTAL</b>       | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Judicial Branch Docket Fee Fund Analysis

The Judicial Branch Docket Fee Fund generates revenue from 99.01 percent of clerks' fees forwarded to the State and funds Judicial Branch operations. Until FY 2020, an initial \$3.1 million of clerks' fees is first deposited into the Electronic Filing Management Fund before the remainder is deposited into the Judicial Branch Docket Fee Fund. After FY 2020, the amount deposited in the Electronic Filing and Management Fund will decrease to \$1.0 million.

The 2014 Legislature increased docket fees in several categories with major increases in traffic filings, and the Chapter 60 civil docket fee and new fees for summary judgment motions and garnishments among others. The Legislature projected the increased fees would generate an additional \$6.2 million with the majority coming from summary judgments, traffic filings, and Chapter 60 civil filings. The increased docket fees occur against a general background of declining docket fees of 4.0 percent to 6.0 percent per year.

The 2015 Legislature further adjusted docket fees to expand the scope of summary judgment motions to include all dispositive motions.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 5,791,495          | \$ 8,119,333                  | \$ 8,119,333          | \$ 8,719,808                  | \$ 8,719,808          |
| Revenue                                      | 25,721,661            | 25,717,037                    | 25,717,037            | 25,717,037                    | 25,717,037            |
| Transfers in                                 | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 31,513,156</b>  | <b>\$ 33,836,370</b>          | <b>\$ 33,836,370</b>  | <b>\$ 34,436,845</b>          | <b>\$ 34,436,845</b>  |
| Less:                                        |                       |                               |                       |                               |                       |
| Expenditures                                 | 23,393,823            | 25,116,562                    | 25,116,562            | 26,752,257                    | 26,752,257            |
| Transfers Out                                | 0                     | 0                             | 0                     | 0                             | 0                     |
| Off Budget Expenditures                      | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 8,119,333</b>   | <b>\$ 8,719,808</b>           | <b>\$ 8,719,808</b>   | <b>\$ 7,684,588</b>           | <b>\$ 7,684,588</b>   |
| Ending Balance as Percent of<br>Expenditures | 34.7%                 | 34.7%                         | 34.7%                 | 28.7%                         | 28.7%                 |
| Month Highest Ending<br>Balance              | June<br>\$ 10,436,326 | June<br>\$ 11,208,157         | June<br>\$ 11,208,157 | June<br>\$ 9,877,519          | June<br>\$ 9,877,519  |
| Month Lowest Ending<br>Balance               | March<br>\$ 2,993,930 | March<br>\$ 3,215,350         | March<br>\$ 3,215,350 | March<br>\$ 2,833,622         | March<br>\$ 2,833,622 |

## Electronic Filing and Management Fund Analysis

The Electronic Filing and Management Fund generates revenue from clerks' fees forwarded to the State and funds operations related to creating, implementing, and managing an electronic filing and centralized case management system. Until FY 2020, an initial \$3.1 million of clerks' fees is first deposited into the Electronic Filing Management Fund before the remainder is deposited into the Judicial Branch Docket Fee Fund. After FY 2020, the amount deposited in the Electronic Filing and Management Fund will decrease to \$1.0 million.

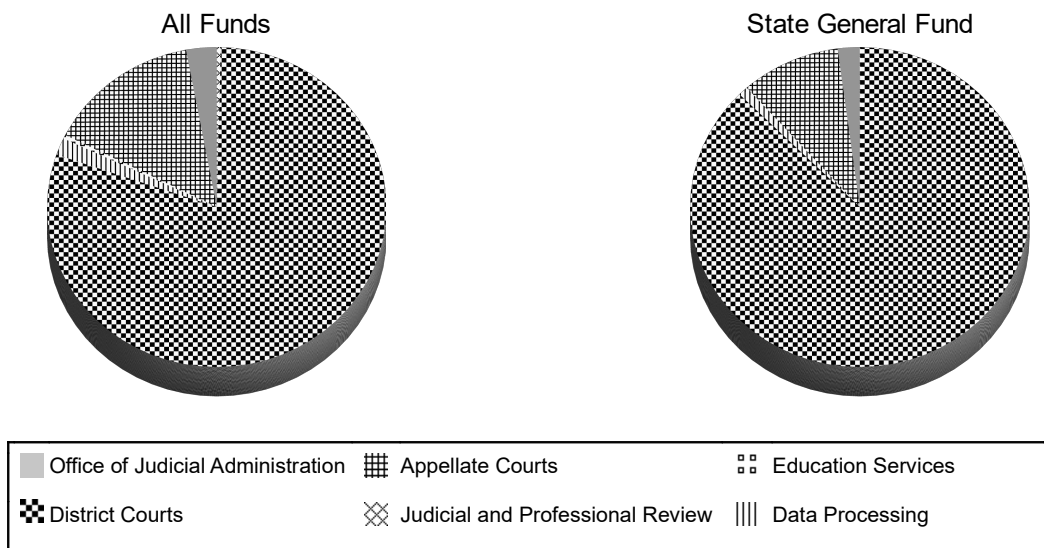
| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 1,979,543           | \$ 4,474,762                  | \$ 4,474,762           | \$ 5,588,580                  | \$ 5,588,580           |
| Revenue                                      | 3,100,000              | 3,100,000                     | 3,100,000              | 3,100,000                     | 3,100,000              |
| Transfers in                                 | 0                      | 0                             | 0                      | 0                             | 0                      |
| <b>Funds Available</b>                       | <b>\$ 5,079,543</b>    | <b>\$ 7,574,762</b>           | <b>\$ 7,574,762</b>    | <b>\$ 8,688,580</b>           | <b>\$ 8,688,580</b>    |
| Less:                                        |                        |                               |                        |                               |                        |
| Expenditures                                 | 604,781                | 1,986,182                     | 1,986,182              | 7,613,173                     | 7,613,173              |
| Transfers Out                                | 0                      | 0                             | 0                      | 0                             | 0                      |
| Off Budget Expenditures                      | 0                      | 0                             | 0                      | 0                             | 0                      |
| <b>Ending Balance</b>                        | <b>\$ 4,474,762</b>    | <b>\$ 5,588,580</b>           | <b>\$ 5,588,580</b>    | <b>\$ 1,075,407</b>           | <b>\$ 1,075,407</b>    |
| Ending Balance as Percent of<br>Expenditures | 739.9%                 | 281.4%                        | 281.4%                 | 14.1%                         | 14.1%                  |
| Month Highest Ending<br>Balance              | August<br>\$ 7,498,950 | August<br>\$ 9,365,522        | August<br>\$ 9,365,522 | August<br>\$ 1,802,202        | August<br>\$ 1,802,202 |
| Month Lowest Ending<br>Balance               | July<br>\$ 6,104,998   | July<br>\$ 7,624,600          | July<br>\$ 7,624,600   | July<br>\$ 1,467,197          | July<br>\$ 1,467,197   |

| E-FILING AND ECOURT IMPLEMENTATION BUDGET SCHEDULE |           |                |                     |                     |
|----------------------------------------------------|-----------|----------------|---------------------|---------------------|
| Expenditure Type                                   | E-filing  |                | eCourt              | Total Expenditures  |
| <b>FY 2018</b>                                     |           |                |                     |                     |
| Salaries and Wages                                 | \$        | 0              | \$ 438,082          | \$ 438,082          |
| Contractual Services                               |           | 0              | 720,100             | 720,100             |
| Commodities                                        |           | 0              | 0                   | 0                   |
| Capital Outlay                                     |           | 320,000        | 508,000             | 828,000             |
| <b>Subtotal</b>                                    | <b>\$</b> | <b>320,000</b> | <b>\$ 1,666,182</b> | <b>1,986,182</b>    |
| <b>FY 2019</b>                                     |           |                |                     |                     |
| Salaries and Wages                                 | \$        | 0              | \$ 683,673          | \$ 683,673          |
| Contractual Services                               |           | 320,000        | 4,246,500           | 4,566,500           |
| Commodities                                        |           | 0              | 0                   | 0                   |
| Capital Outlay                                     |           | 0              | 2,363,000           | 2,363,000           |
| <b>Subtotal</b>                                    | <b>\$</b> | <b>320,000</b> | <b>\$ 7,293,173</b> | <b>\$ 7,613,173</b> |
| <b>TOTAL</b>                                       | <b>\$</b> | <b>640,000</b> | <b>\$ 8,959,355</b> | <b>\$ 9,599,355</b> |

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation



| Program                           | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-----------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Office of Judicial Administration | \$ 4,163,720                      | 2.9 %               | \$ 2,167,928                | 2.1 %               |
| Appellate Courts                  | 20,953,908                        | 14.7                | 9,836,604                   | 9.5                 |
| Education Services                | 544,760                           | 0.4                 | 0                           | --                  |
| Data Processing                   | 2,481,402                         | 1.7                 | 986,024                     | 1.0                 |
| District Courts                   | 114,295,641                       | 79.9                | 90,451,800                  | 87.4                |
| Judicial and Professional Review  | 541,480                           | 0.4                 | 37,570                      | 0.0                 |
| <b>TOTAL</b>                      | <b>\$ 142,980,911</b>             | <b>100.0 %</b>      | <b>\$ 103,479,926</b>       | <b>100.0 %</b>      |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Office of Judicial Administration                 | 33.0              | 33.0                   | 33.0                 | 33.0                   | 33.0                 |
| Appellate Courts                                  | 127.0             | 126.5                  | 126.5                | 129.5                  | 129.5                |
| Education Services                                | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Data Processing                                   | 15.0              | 15.0                   | 15.0                 | 15.0                   | 15.0                 |
| District Courts                                   | 1,685.0           | 1,688.5                | 1,688.5              | 1,697.5                | 1,688.5              |
| Judicial and Professional Review                  | 2.0               | 2.0                    | 2.0                  | 2.0                    | 2.0                  |
| <b>TOTAL</b>                                      | <b>1,862.0</b>    | <b>1,865.0</b>         | <b>1,865.0</b>       | <b>1,877.0</b>         | <b>1,868.0</b>       |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### **A. Office of Judicial Administration**

The Office of Judicial Administration program implements the rules and policies of the Supreme Court as they apply to the operation and administration of the Judicial Branch. This office also approves state expenditures for court operations. Other duties prescribed by law or directed by the Supreme Court include fiscal operations, personnel management, public information services, general counsel services, compilation and assessment of court statistical information, and more.

| <b>OFFICE OF JUDICIAL ADMINISTRATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|----------------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                   | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                   |                     |                        |                      |                        |                      |
| Salaries and Wages                                                                     | \$ 3,009,980        | \$ 2,712,331           | \$ 271,231           | \$ 3,065,766           | \$ 278,366           |
| Contractual Services                                                                   | 1,127,758           | 533,546                | 533,546              | 525,597                | 525,597              |
| Commodities                                                                            | 16,519              | 15,182                 | 15,182               | 15,501                 | 15,501               |
| Capital Outlay                                                                         | 158,572             | 207,500                | 7,500                | 50,856                 | 50,856               |
| Debt Service                                                                           | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                           | <i>\$ 4,312,829</i> | <i>\$ 3,468,559</i>    | <i>\$ 827,459</i>    | <i>\$ 3,657,720</i>    | <i>\$ 870,320</i>    |
| Aid to Local Units                                                                     | 558,617             | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                       | 788,600             | 788,600                | 788,600              | 788,600                | 788,600              |
| <b>TOTAL</b>                                                                           | <b>\$ 5,660,046</b> | <b>\$ 4,257,159</b>    | <b>\$ 1,616,059</b>  | <b>\$ 4,446,320</b>    | <b>\$ 1,658,920</b>  |
| <b>Financing:</b>                                                                      |                     |                        |                      |                        |                      |
| State General Fund                                                                     | \$ 2,339,964        | \$ 2,139,359           | \$ 2,139,359         | \$ 2,450,528           | \$ 2,167,928         |
| All Other Funds                                                                        | 3,320,082           | 2,117,800              | 217,800              | 1,995,792              | 1,995,792            |
| <b>TOTAL</b>                                                                           | <b>\$ 5,660,046</b> | <b>\$ 4,257,159</b>    | <b>\$ 2,357,159</b>  | <b>\$ 4,446,320</b>    | <b>\$ 4,163,720</b>  |
| FTE Positions                                                                          | 37.0                | 33.0                   | 33.0                 | 33.0                   | 33.0                 |

The **agency** requests a revised estimate of \$4.3 million, including \$2.1 million from the State General Fund, for the Office of Judicial Administration program in FY 2018. The revised estimate is an increase of \$4.3 million above the amount approved by the 2017 Legislature. The increase is due to the agency restructuring its programs under the Performance Based Budgeting framework. The Office of Judicial Administration program did not formally exist as a program prior to FY 2018.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$4.4 million, including \$2.5 million from the State General Fund, for the Office of Judicial Administration program for FY 2019. The revised estimate is an increase of \$189,161 above the amount estimated for FY 2018. The increase is due to an increase in salaries and wages, partially offset by a decrease in capital outlay. The Office of Judicial Administration program did not formally exist as a program prior to FY 2018. The revised estimate includes \$282,600, all from the State General Fund, for supplemental requests for salary increases for non-judges.

The **Governor** recommends \$4.2 million, including \$2.2 million from the State General Fund, for the Office of Judicial Administration program for FY 2019. The recommendation is a decrease of \$282,600, all from the State General Fund, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to not include the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

## ***B. Appellate Courts***

The Appellate Courts program consists of the Supreme Court, which has 7 members, and the Court of Appeals, which currently has 14 members. This program also includes the Clerk of the Appellate Court, Appellate Reporter, Supreme Court Law Library, eCourt, Municipal Court Training and Judicial Certification, and Alternative Dispute Resolution subprograms.



| <b>APPELLATE COURTS</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|-----------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                        | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                        |                      |                        |                      |                        |                      |
| Salaries and Wages                                                          | \$ 15,481,581        | \$ 11,818,302          | \$ 11,818,302        | \$ 13,549,021          | \$ 12,116,757        |
| Contractual Services                                                        | 4,005,129            | 2,088,571              | 2,088,571            | 5,963,394              | 5,963,394            |
| Commodities                                                                 | 60,621               | 28,079                 | 28,079               | 28,670                 | 28,670               |
| Capital Outlay                                                              | 779,657              | 1,258,373              | 1,258,373            | 2,845,087              | 2,845,087            |
| Debt Service                                                                | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                | <i>\$ 20,326,988</i> | <i>\$ 15,193,325</i>   | <i>\$ 15,193,325</i> | <i>\$ 22,386,172</i>   | <i>\$ 20,953,908</i> |
| Aid to Local Units                                                          | 191,809              | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                            | 1,155,408            | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                | <b>\$ 21,674,205</b> | <b>\$ 15,193,325</b>   | <b>\$ 15,193,325</b> | <b>\$ 22,386,172</b>   | <b>\$ 20,953,908</b> |
| <b>Financing:</b>                                                           |                      |                        |                      |                        |                      |
| State General Fund                                                          | \$ 13,451,016        | \$ 9,679,797           | \$ 9,679,797         | \$ 11,268,868          | \$ 9,836,604         |
| All Other Funds                                                             | 8,223,189            | 5,513,528              | 5,513,528            | 11,117,304             | 11,117,304           |
| <b>TOTAL</b>                                                                | <b>\$ 21,674,205</b> | <b>\$ 15,193,325</b>   | <b>\$ 15,193,325</b> | <b>\$ 22,386,172</b>   | <b>\$ 20,953,908</b> |
| FTE Positions                                                               | 175.0                | 126.5                  | 126.5                | 129.5                  | 129.5                |

The **agency** requests a revised estimate of \$15.2 million, including \$9.7 million from the State General Fund, for the Appellate Courts program in FY 2018. The revised estimate is a decrease of \$10.5 million, or 40.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to the agency restructuring its programs under the Performance Based Budgeting framework. The Appellate Courts program previously contained additional functions that did not operate as independent programs prior to FY 2018. The decrease is also due to a \$3.0 million decrease in eCourt expenditures for implementation that are being delayed until FY 2019.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$22.4 million, including \$11.3 million from the State General Fund, for the Appellate Courts program for FY 2019. The revised estimate is an increase of \$7.2 million, or 47.3 percent, above the amount estimated in FY 2018. The increase is primarily a \$5.7 million increase in eCourt expenditures and a \$1.7 million increase from the agency's supplemental requests for salary increases (\$1.7 million) and a new judicial suites (\$200,000).

The **Governor** recommends \$21.0 million, including \$9.8 million from the State General Fund, for the Appellate Courts program for FY 2019. The recommendation is a decrease of \$1.4 million, all from the State General Fund, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to not include the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

| <b>APPELLATE COURTS SUBPROGRAMS<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|-----------------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                              | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Supreme Court                                                                     | \$ 4,008,135         | \$ 4,103,766           | \$ 4,103,766         | \$ 4,595,195           | \$ 4,127,761         |
| Court of Appeals                                                                  | 6,096,986            | 6,116,288              | 6,116,288            | 6,976,242              | 6,207,041            |
| Clerk of the Appellate<br>Courts                                                  | 795,385              | 772,010                | 772,010              | 870,504                | 795,093              |
| Appellate Reporter                                                                | 1,052,859            | 854,320                | 854,320              | 929,165                | 866,157              |
| Law Library                                                                       | 972,034              | 1,070,046              | 1,070,046            | 1,072,615              | 1,040,842            |
| eCourt                                                                            | 2,127,011            | 1,986,182              | 1,986,182            | 7,637,346              | 7,613,173            |
| Municipal Court Training                                                          | 203,952              | 283,990                | 283,990              | 298,101                | 296,837              |
| Alternative Dispute<br>Resolution                                                 | 3,425                | 6,723                  | 6,723                | 7,004                  | 7,004                |
| <b>TOTAL</b>                                                                      | <b>\$ 15,259,787</b> | <b>\$ 15,193,325</b>   | <b>\$ 15,193,325</b> | <b>\$ 22,386,172</b>   | <b>\$ 20,953,908</b> |

**Supreme Court.** The Supreme Court is the highest court of Kansas and consists of seven justices. The justice who is senior in term of continuous service is designated by the *Kansas Constitution* as the Chief Justice, unless the senior person declines or resigns the position. The Supreme Court exercises the general administrative authority of the courts throughout Kansas. It is the Chief Justice's responsibility to implement and carry out the administrative rules and policies established by the Supreme Court.

**Court of Appeals.** The Court of Appeals is Kansas' intermediate appellate court consisting of 14 judges. The Court's responsibilities include bringing the appellate court to the people, serving litigants and counsel with timely and well-written appellate opinions, and achieving efficiencies in appellate court operations for the taxpayers. The Court of Appeals sits in panels of three judges, but is also authorized to sit *en banc*. The court also assigns senior judges and district judges to three-judge panels by designation. Although Topeka is designated as the site of the court's principal offices, it is authorized by statute (KSA 20-3013) to hear oral arguments in any county in the state.

**Clerk of the Appellate Courts.** The Clerk of the Appellate Courts is clerk of both the Supreme Court and the Court of Appeals. In addition to case processing for both appellate courts, the Clerk is responsible for general supervision of support staff for the Board of Examiners of Court Reporters, the Board of Law Examiners, the Supreme Court Nominating Commission, the Judicial Qualifications Commission, and the Client Protection Fund Commission. The Clerk also serves as Secretary of the Board of Examiners of Court Reporters, the Judicial Qualifications Commission, the Board of Law Examiners, and the Client Protection Fund Commission, acting as custodian of the official files and records of the Commissions and performing such other ministerial functions as the Commissions direct. Additionally, the Clerk conducts elections for attorney members of the Supreme Court Nominating Commission and 17 nonpartisan district judicial nominating commissions.

**Appellate Reporter.** The Appellate Reporter is a constitutional officer and is required to be an attorney. The primary functions are editing all opinions filed by each appellate court, publishing those opinions which each court so designates, and facilitating the placement of the published and unpublished opinions on the Judicial Branch website. In addition to the publication of the Kansas Reports and the Kansas Court of Appeals Reports, and the preparation of the opinions for online dissemination, the Reporter's Office is responsible for compiling, editing, and publishing the more than 800-page annual soft-cover book containing

the Rules enacted by the Kansas Supreme Court. The office is also responsible for annotating all opinions that cite to the Supreme Court Rules.

**Law Library.** The Supreme Court Law Library supports the research needs of the Judicial Branch, although users of the library vary considerably and include employees of state agencies, the Legislature, attorneys from across the state, and the public, including prisoners. The library's collection includes state reports, current statutes, digests, administrative rules and orders, legal encyclopedias, treatises, periodicals, and briefs filed in Supreme Court and Court of Appeals cases. Coverage includes state and federal entities. The law library is also a selective depository for federal documents.

**eCourt.** eCourt is the agency's ongoing project to develop and implement a statewide, centralized electronic court environment. Use of eCourt technology will make access to the courts easier, improve court efficiency, and ensure that judges have complete and timely information with which to make the most effective dispositions. eCourt will also transform how court staff conducts daily business. Court operations will be more centralized and standardized, thus allowing more effective use of personnel. Clerks available in one county will be able to electronically process case documents and court payments in other counties. The agency will release two eCourt requests for proposal during FY 2017—one for centralized case management and document management systems and the other for a new website.

**Municipal Court Training.** KSA 12-4114 requires the Supreme Court to provide a training and examination program to ensure that non-lawyer municipal judges have the necessary minimum skills and knowledge of the law to carry out the duties of a municipal judge within 18 months of the judge taking office. These certification sessions are conducted by members of the Municipal Judges Education Committee who work with the Office of Judicial Administration to plan the training sessions. Once certified, municipal judges not licensed to practice law in Kansas must earn a minimum of ten hours of continuing judicial education each calendar year (Supreme Court Rule 502). An annual training session is provided to fulfill this requirement at no expense to the municipal judge or municipality (KSA 12-4114). This training is funded by the Judicial Branch Education Fund and is conducted by members of the Municipal Judges Education Committee along with the Office of Judicial Administration.

**Alternative Dispute Resolution.** The agency administers and supports statewide dispute resolution. The Supreme Court has appointed an advisory council of judges, lawyers, and mediators to help establish programs committed to non-adversarial dispute resolution. The Office of Judicial Administration coordinates mediation training for judges, court services officers, and state government staff. To accept referrals from Kansas district courts, mediators must meet qualifications and standards established by Kansas Supreme Court Rules 902-904. In FY 2017, 333 mediators and 11 mediation programs were approved to accept mediation referrals from Kansas district courts. The Supreme Court also approved guidelines for individuals who provide domestic case management. All judicial districts use one or more dispute resolution methods.

### ***C. Education Services***

The Education Services program provides essential training for judges and staff that focuses on improving judicial and administrative functions and procedures; interpreting statutory requirements; and improving individual skills and job performance. Many educational programs are originated by staff, although the Office of Judicial Administration also works closely with advisory committees representing all components of the agency.

| <b>EDUCATION SERVICES</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|-------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                          | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                          |                   |                        |                      |                        |                      |
| Salaries and Wages                                                            | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Contractual Services                                                          | 601,294           | 537,076                | 537,076              | 540,056                | 540,056              |
| Commodities                                                                   | 4,355             | 4,607                  | 4,607                | 4,704                  | 4,704                |
| Capital Outlay                                                                | 7,701             | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                  | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                  | <i>\$ 613,350</i> | <i>\$ 541,683</i>      | <i>\$ 541,683</i>    | <i>\$ 544,760</i>      | <i>\$ 544,760</i>    |
| Aid to Local Units                                                            | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                  | <b>\$ 613,350</b> | <b>\$ 541,683</b>      | <b>\$ 541,683</b>    | <b>\$ 544,760</b>      | <b>\$ 544,760</b>    |
| <b>Financing:</b>                                                             |                   |                        |                      |                        |                      |
| State General Fund                                                            | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                               | 613,350           | 541,683                | 541,683              | 544,760                | 544,760              |
| <b>TOTAL</b>                                                                  | <b>\$ 613,350</b> | <b>\$ 541,683</b>      | <b>\$ 541,683</b>    | <b>\$ 544,760</b>      | <b>\$ 544,760</b>    |
| FTE Positions                                                                 | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests a revised estimate of \$541,683, all from special revenue funds, for the Education Services program in FY 2018. The revised estimate is an increase of \$541,683 above the amount approved by the 2017 Legislature. The increase is entirely attributable to the agency restructuring its programs under the Performance Based Budgeting framework. The Education Services program did not formally exist as a program in FY 2017.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$544,760, all from special revenue funds, for the Education Services program for FY 2019. The revised estimate is an increase of \$3,077 above the amount estimated for FY 2018. The increase is primarily located in contractual services.

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

#### ***D. Data Processing***

The Data Processing program uses information technology to improve efficiency and productivity by providing enterprise-wide and integrated solutions and enabling effective and efficient operation of new and existing technology, including e-filing, electronic payments, and electronic citation systems.

| <b>DATA PROCESSING</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|----------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                       | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                       |                            |                            |                            |                            |                            |
| Salaries and Wages                                                         | \$ 1,451,269               | \$ 1,266,462               | \$ 1,266,462               | \$ 1,369,548               | \$ 1,295,538               |
| Contractual Services                                                       | 1,423,866                  | 942,184                    | 942,184                    | 939,756                    | 939,756                    |
| Commodities                                                                | 20,641                     | 23,122                     | 23,122                     | 23,608                     | 23,608                     |
| Capital Outlay                                                             | 158,744                    | 472,500                    | 472,500                    | 222,500                    | 222,500                    |
| Debt Service                                                               | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                               | <i>\$ 3,054,520</i>        | <i>\$ 2,704,268</i>        | <i>\$ 2,704,268</i>        | <i>\$ 2,555,412</i>        | <i>\$ 2,481,402</i>        |
| Aid to Local Units                                                         | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                           | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                                                               | <b><u>\$ 3,054,520</u></b> | <b><u>\$ 2,704,268</u></b> | <b><u>\$ 2,704,268</u></b> | <b><u>\$ 2,555,412</u></b> | <b><u>\$ 2,481,402</u></b> |
| <b>Financing:</b>                                                          |                            |                            |                            |                            |                            |
| State General Fund                                                         | \$ 841,071                 | \$ 966,939                 | \$ 966,939                 | \$ 1,060,034               | \$ 986,024                 |
| All Other Funds                                                            | 2,213,449                  | 1,737,329                  | 1,737,329                  | 1,495,378                  | 1,495,378                  |
| <b>TOTAL</b>                                                               | <b><u>\$ 3,054,520</u></b> | <b><u>\$ 2,704,268</u></b> | <b><u>\$ 2,704,268</u></b> | <b><u>\$ 2,555,412</u></b> | <b><u>\$ 2,481,402</u></b> |
| FTE Positions                                                              | 18.0                       | 15.0                       | 15.0                       | 15.0                       | 15.0                       |

The **agency** requests a revised estimate of \$2.7 million, including \$966,939 from the State General Fund, for the Data Processing program in FY 2018. The revised estimate is an increase of \$2.7 million above the amount approved by the 2017 Legislature. The increase is entirely attributable to the agency restructuring its programs under the Performance Based Budgeting framework. The Data Processing program did not formally exist as a program in FY 2017.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$2.6 million, including \$1.1 million from the State General Fund, for the Data Processing program for FY 2019. The revised estimate is a decrease of \$148,856 below the amount estimated for FY 2018. The decrease was mainly due to reduced capital outlay expenditures.

The **Governor** recommends \$2.5 million, including \$986,024 from the State General Fund, for the Data Processing program for FY 2019. The recommendation is a decrease of \$74,010, all from the State General Fund, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to not include the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

### ***E. District Courts***

Kansas has 31 judicial districts consisting of one or more counties. Each county has a district court and a resident judge. The salaries of district court judges and nonjudicial personnel are paid by the State. The counties pay most all other operating expenditures with the exceptions of funding for the statewide court accounting system and the case management system. The Judicial Branch estimates counties pay for approximately 20.0 percent of the total operating budget for the district courts.

| DISTRICT COURTS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                              |                              |                              |                              |                              |
|--------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Item                                                         | Actual<br>FY 2017            | Agency Est.<br>FY 2018       | Gov. Rec.<br>FY 2018         | Agency Est.<br>FY 2019       | Gov. Rec.<br>FY 2019         |
| <b>Expenditures:</b>                                         |                              |                              |                              |                              |                              |
| Salaries and Wages                                           | \$ 110,183,724               | \$ 110,224,562               | \$ 110,224,562               | \$ 130,057,466               | \$ 112,444,377               |
| Contractual Services                                         | 971,777                      | 1,095,097                    | 1,095,097                    | 1,134,171                    | 1,134,171                    |
| Commodities                                                  | 4,993                        | 155,821                      | 155,821                      | 159,093                      | 159,093                      |
| Capital Outlay                                               | 7,701                        | 0                            | 0                            | 0                            | 0                            |
| Debt Service                                                 | 0                            | 0                            | 0                            | 0                            | 0                            |
| <i>Subtotal - Operations</i>                                 | <i>\$ 111,168,195</i>        | <i>\$ 111,475,480</i>        | <i>\$ 111,475,480</i>        | <i>\$ 131,350,730</i>        | <i>\$ 113,737,641</i>        |
| Aid to Local Units                                           | 0                            | 391,500                      | 391,500                      | 391,500                      | 391,500                      |
| Other Assistance                                             | 0                            | 166,500                      | 66,500                       | 166,500                      | 166,500                      |
| <b>TOTAL</b>                                                 | <b><u>\$ 111,168,195</u></b> | <b><u>\$ 112,033,480</u></b> | <b><u>\$ 111,933,480</u></b> | <b><u>\$ 131,908,730</u></b> | <b><u>\$ 114,295,641</u></b> |
| <b>Financing:</b>                                            |                              |                              |                              |                              |                              |
| State General Fund                                           | \$ 91,507,259                | \$ 90,234,552                | \$ 90,234,552                | \$ 108,064,889               | \$ 90,451,800                |
| All Other Funds                                              | 19,660,936                   | 21,798,928                   | 21,798,928                   | 23,843,841                   | 23,843,841                   |
| <b>TOTAL</b>                                                 | <b><u>\$ 111,168,195</u></b> | <b><u>\$ 112,033,480</u></b> | <b><u>\$ 112,033,480</u></b> | <b><u>\$ 131,908,730</u></b> | <b><u>\$ 114,295,641</u></b> |
| FTE Positions                                                | 1,685.0                      | 1,688.5                      | 1,688.5                      | 1,697.5                      | 1,688.5                      |

The **agency** requests \$112.0 million, including \$90.2 million from the State General Fund, for the District Courts program in FY 2018. The revised estimate is an increase of \$2.9 million, or 2.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the state employee salary adjustment approved by the 2017 Legislature, which is not reflected in the FY 2018 approved program budget.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests \$131.9 million, including \$108.1 million from the State General Fund, for the District Courts program for FY 2019. The revised estimate is an increase of \$21.9 million, or 19.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's supplemental requests for pay increases for judges (\$7.4 million), pay increases for non-judge employees (\$10.3 million), new judge positions (\$773,511), and vacant position funding (\$881,150).

The **Governor** recommends \$114.3 million, including \$90.5 million from the State General Fund, for the District Courts program for FY 2019. The recommendation is a decrease of \$17.6 million, all from the State General Fund, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to not include the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

| <b>DISTRICT COURTS SUBPROGRAMS<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                       |                        |                       |                        |                       |
|----------------------------------------------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item                                                                             | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
| Judges of District Courts                                                        | \$ 36,196,948         | \$ 34,632,317          | \$ 34,632,317         | \$ 41,998,573          | \$ 34,505,032         |
| Nonjudicial Personnel                                                            | 74,358,427            | 74,835,171             | 74,835,171            | 87,188,973             | 77,173,629            |
| CASA & CRB Programs                                                              | 606,628               | 605,568                | 605,568               | 607,853                | 606,607               |
| Court Improvements for                                                           |                       |                        |                       |                        |                       |
| Child Welfare                                                                    | 380,717               | 344,028                | 344,028               | 357,293                | 351,519               |
| Correctional Supervision                                                         | 543,290               | 772,316                | 772,316               | 787,748                | 780,838               |
| Child Support                                                                    |                       |                        |                       |                        |                       |
| Enforcement                                                                      | 834,138               | 844,080                | 844,080               | 968,290                | 878,016               |
| <b>TOTAL</b>                                                                     | <b>\$ 112,920,148</b> | <b>\$ 112,033,480</b>  | <b>\$ 112,033,480</b> | <b>\$ 131,908,730</b>  | <b>\$ 114,295,641</b> |

**Judges of District Courts.** District court judges are constitutional officers with full judicial power over all cases filed with the district court. Magistrate judges have limited authority to hear traffic infractions, criminal misdemeanors, preliminary examination of felony charges, and certain civil matters.

**Nonjudicial Personnel.** In each county, an office of the clerk of the district court serves as a gateway to the courts. Staff in the clerk's office accepts court documents, file-stamps them, enters them into the case management system, scans them, files them, retrieves them, and safely stores them. They also accept and give receipts for all fines, judgments, and fees, and disburse money as directed by law and court order. Judicial support staff are critical to smoothly operating courts. Secretarial support provides word processing, calendaring, and other administrative services for judges. Without them, a judge would spend many hours performing these duties or relying on the clerk's office, reducing that office's ability to perform its own duties. Court services officers function as probation officers for adults and juveniles who are sentenced to probation for their crimes. They conduct criminal history checks, prepare presentence investigations that help judges apply sentencing guidelines, and administer a mandated, standardized risk assessment tool. Court reporters record and transcribe verbatim reports of judicial trials, conferences, and hearings. They also administer oaths or affirmations to witnesses, and they mark exhibits offered as evidence.

**CASA & CRB Programs.** Court Appointed Special Advocate (CASA) programs use citizen volunteers to personally investigate facts, conditions, and circumstances affecting the welfare of abused and neglected children. Currently, there are 23 CASA programs serving 25 judicial districts. The agency also provides technical assistance to 8 Citizen Review Board (CRB) programs, which train citizen volunteers to review cases and recommend dispositional alternatives to judges on selected cases involving children who are in out-of-home placements. The purpose of a board is to ensure that children do not linger unnecessarily in foster care and to promote a permanent and safe home for each child whose case is reviewed.

**Court Improvement for Child Welfare.** This federally funded Court Improvement program assesses current foster care and adoption procedures, laws, and regulations, and implements improvements. A grant from the U.S. Department of Health and Human Services funds the collection and analysis of information from representative areas of state judicial systems to formulate improved procedures, laws, and regulations in this area of concern. The Supreme Court Task Force on Permanency Planning makes recommendations for improving Judicial Branch oversight for children in need of care and juvenile offenders.

**Correctional Supervision.** As a part of offender supervision, court services officers use validated risk assessment instruments, Level of Service Inventory-Revised (LSI-R) and the Youth Level of Service (YLS) to address offender risk and needs appropriately. Approximately 300 officers are trained in the use of one or both of these instruments. KSA 2016 Supp. 21-6607(e) provides that 58.33 percent of probation fees are deposited into the Correctional Supervision Fund to provide revenue to fund implementation of the LSI-R and the YLS. The University of Cincinnati Corrections Institute initially trains court services officers to administer the assessment tools and provides for ongoing training and certification.

**Child Support Enforcement.** The agency participates in a cooperative reimbursement agreement with the Department for Children and Families for expediting Title IV-D case processing. A formal time study of allowable activities in paternity, child support, and medical support cases is conducted once each fiscal year over a single four-week period. The agency is also responsible for administering the Kansas Child Support Guidelines. Federal law (Chapter 45, Code of Federal Regulations, Section 302.56) requires each state to review the economic basis of the guidelines and deviations from the guidelines at least once every four years. The current guidelines became effective January 1, 2016, and the next review will commence in 2018.

## ***F. Judicial and Professional Review***

The Judicial and Professional Review program consists of the Commission on Judicial Qualifications, the Judicial Nominating Commission, the Board of Law Examiners, and the Board of Examiners of Court Reporters. The first two boards are funded from the State General Fund, while the latter two are funded from the Bar Administration Fee Fund and the Court Reporter Fund, respectively.

| <b>JUDICIAL AND PROFESSIONAL REVIEW<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                  | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                  |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                    | \$ 173,491        | \$ 182,086             | \$ 182,086           | \$ 192,273             | \$ 184,749           |
| Contractual Services                                                                  | 172,482           | 194,748                | 194,748              | 196,445                | 196,445              |
| Commodities                                                                           | 13,042            | 7,364                  | 7,364                | 7,715                  | 7,715                |
| Capital Outlay                                                                        | 3,946             | 8,396                  | 8,396                | 152,571                | 152,571              |
| Debt Service                                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                          | <i>\$ 362,961</i> | <i>\$ 392,594</i>      | <i>\$ 392,594</i>    | <i>\$ 549,004</i>      | <i>\$ 541,480</i>    |
| Aid to Local Units                                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                      | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                          | <b>\$ 362,961</b> | <b>\$ 392,594</b>      | <b>\$ 392,594</b>    | <b>\$ 549,004</b>      | <b>\$ 541,480</b>    |
| <b>Financing:</b>                                                                     |                   |                        |                      |                        |                      |
| State General Fund                                                                    | \$ 38,628         | \$ 38,588              | \$ 38,588            | \$ 45,094              | \$ 37,570            |
| All Other Funds                                                                       | 324,333           | 354,006                | 354,006              | 503,910                | 503,910              |
| <b>TOTAL</b>                                                                          | <b>\$ 362,961</b> | <b>\$ 392,594</b>      | <b>\$ 392,594</b>    | <b>\$ 549,004</b>      | <b>\$ 541,480</b>    |
| FTE Positions                                                                         | 2.0               | 2.0                    | 2.0                  | 2.0                    | 2.0                  |



The **agency** requests a revised estimate of \$392,594, including \$38,588 from the State General Fund, for the Judicial and Professional Review program in FY 2018. The revised estimate is an increase of \$19,824, or 5.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to increased capital outlay expenditures in the Board of Law Examiners subprogram.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests a revised estimate of \$549,004, including \$45,094 from the State General Fund, for the Judicial and Professional Review program for FY 2019. The revised estimate is an increase of \$170,999, or 45.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to increased capital outlay expenditures in the Board of Law Examiners subprogram.

The **Governor** recommends \$254,480, including \$37,570 from the State General Fund, for the Judicial and Professional Review program for FY 2019. The recommendation is a decrease of \$7,524, all from the State General Fund, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to not include the agency's supplemental requests. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests as part of the agency budget as submitted.

| JUDICIAL AND PROFESSIONAL REVIEW SUBPROGRAMS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|-------------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                      | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Commission on Judicial                                                                    |                   |                        |                      |                        |                      |
| Qualifications                                                                            | \$ 14,455         | \$ 26,914              | \$ 26,914            | \$ 25,727              | \$ 25,727            |
| Nominating Commission                                                                     | 24,170            | 11,674                 | 11,674               | 11,843                 | 11,843               |
| Board of Law Examiners                                                                    | 314,725           | 340,846                | 340,846              | 498,822                | 491,298              |
| Board of Examiners of<br>Court Reporters                                                  | 9,611             | 13,160                 | 13,160               | 12,612                 | 12,612               |
| <b>TOTAL</b>                                                                              | <b>\$ 362,961</b> | <b>\$ 392,594</b>      | <b>\$ 392,594</b>    | <b>\$ 549,004</b>      | <b>\$ 541,480</b>    |

**Commission on Judicial Qualifications.** The Commission on Judicial Qualifications was created by order of the Supreme Court to assist the Supreme Court in the exercise of its responsibility under Article 3, Section 15, of the *Kansas Constitution*, which provides that "judges shall be subject to retirement for incapacity, and to discipline, suspension and removal for cause by the supreme court after appropriate hearing." The Court adopted a Code of Judicial Conduct, effective January 1, 1974, which prescribes a standard of conduct for judges. The code requires a judge not only to avoid impropriety in all of the judge's activities, but also to avoid any appearance of impropriety. It limits judges' political activities and business affairs and prohibits the practice of law by full-time judges. The Code also requires annual reporting of outside income. The Code was substantially amended, effective June 1, 1995, and again on March 1, 2009.

**Nominating Commission.** The Supreme Court Nominating Commission was established pursuant to the *Kansas Constitution*, Article 3, Section 5, and KSA 20-119 to 20-138, inclusive, as amended. This nonpartisan Commission has the responsibility of nominating and submitting to the Governor the names of three candidates who are eligible for appointment to vacancies on the Supreme Court. Each member of the Commission is entitled to receive \$15 *per diem* for meetings and reimbursement for travel, meals, and lodging.

**Board of Law Examiners.** The Board of Law Examiners is a ten-member board charged with all responsibilities relating to the admission of attorneys to practice law in the State of Kansas. These responsibilities include conducting two bar examinations each year; certifying character and fitness of applicants to take the bar exam; printing the Kansas essay examination, certificates, rules, and bar application forms; grading the examinations; notifying applicants of examination results; swearing in successful applicants; and issuing bar certificates. The Board grades bar examinations and holds character hearings. Each member of the Board receives an annual \$5,000 fee and subsistence expenses for two annual meetings.

| <b>JUDICIAL BRANCH BOARD OF LAW EXAMINERS FEES</b>                 |                    |
|--------------------------------------------------------------------|--------------------|
| <u>Item</u>                                                        | <u>Current Fee</u> |
| Legal intern permit                                                | \$ 50              |
| Temporary permit practice law                                      | 100                |
| Regular bar examination fee (timely filed application)             | 700                |
| Regular bar examination fee (untimely filed application)           | 900                |
| Restricted license to perform legal services for a single employer | 1,250              |
| Restricted admission for military spouses                          | 1,250              |
| Reciprocal admission                                               | 1,250              |
| Admission by Uniform Bar Examination score                         | 1,250              |

**Board of Examiners of Court Reporters.** The State Board of Examiners of Court Reporters was established by the Supreme Court in 1941 pursuant to KSA 20-912. Rules of the Supreme Court relating to official reporters for district courts and rules adopted by the Board are set forth in the Kansas Court Rules Annotated. The Board, subject to direction and approval of the Supreme Court, has general supervision over the granting of certificates of eligibility for appointment as official reporters of district courts.

## CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS           |                        |                      |                        |                      |
|--------------------------------|------------------------|----------------------|------------------------|----------------------|
| Project                        | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Court of Appeals<br>Courtrooms | \$ 0                   | \$ 0                 | \$ 200,000             | \$ 0                 |
| <b>Financing:</b>              |                        |                      |                        |                      |
| State General Fund             | \$ 0                   | \$ 0                 | \$ 200,000             | \$ 0                 |
| All Other Funds                | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                   | <b>\$ 0</b>            | <b>\$ 0</b>          | <b>\$ 200,000</b>      | <b>\$ 0</b>          |

**FY 2018 – Current Year.** The **agency** did not submit a capital improvements request in FY 2018.

The **Governor** concurs with the agency estimate.

**FY 2019 – Budget Year.** The agency requests \$200,000, all from the State General Fund, for a Court of Appeals courtroom in the Judicial Center for FY 2019.

The **Governor** does not recommend the agency's capital improvement request. Pursuant to KSA 75-3721f, the Governor is statutorily required to submit the Judicial Branch budget to the Legislature as submitted. The Division of the Budget does not consider supplemental and enhancement requests, including capital improvement requests, as part of the agency budget as submitted.

# JUDICIAL COUNCIL

| Expenditure             | Actual<br>FY 2017        | Agency Est.<br>FY 2018   | Gov. Rec.<br>FY 2018     | Agency Est.<br>FY 2019   | Gov. Rec.<br>FY 2019     |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Operating Expenditures: |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 542,590                  | 580,401                  | 580,401                  | 596,382                  | 596,382                  |
| <i>Subtotal</i>         | <i>\$ 542,590</i>        | <i>\$ 580,401</i>        | <i>\$ 580,401</i>        | <i>\$ 596,382</i>        | <i>\$ 596,382</i>        |
| Capital Improvements:   |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 0                        | 0                        | 0                        | 0                        | 0                        |
| <i>Subtotal</i>         | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              |
| <b>TOTAL</b>            | <b><u>\$ 542,590</u></b> | <b><u>\$ 580,401</u></b> | <b><u>\$ 580,401</u></b> | <b><u>\$ 596,382</u></b> | <b><u>\$ 596,382</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |      |      |
|--------------------|------|------|------|------|------|
| State General Fund | -- % | -- % | -- % | -- % | -- % |
| All Funds          | 6.9  | 7.0  | 7.0  | 2.8  | 2.8  |
| FTE Positions      | 5.0  | 5.0  | 5.0  | 5.0  | 5.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Judicial Council was created by the 1927 Legislature to survey and study the Judicial Branch of the state government and to recommend improvements in the administration of justice for consideration by the Legislature and the Supreme Court. The ten-member Council is comprised of one justice of the Kansas Supreme Court, one judge of the Court of Appeals, two district court judges, two legislators, and four attorneys. The Council has 17 advisory committees made up of legislators, judges, attorneys, and persons from various backgrounds who bring their expertise to the committees.

The Judicial Council receives and considers suggestions related to the administration of justice in Kansas from the Legislature, the Supreme Court, other courts, the bar, and the public. The Council identifies areas of needed improvement, assigns projects to advisory committees, receives and reviews the work product of the advisory committees, and takes appropriate action.

The Judicial Council also publishes several publications, including Pattern Instructions for Kansas (PIK)—Civil 3d, PIK—Criminal 3d, the Kansas Municipal Court Manual, the Kansas Judicial Council Probate Forms 3d, and the Kansas Appellate Practice Handbook. The Council offers subscriptions to online versions of its publications.

## MAJOR ISSUES FROM PRIOR YEARS

The **2003 Legislature**, upon the Governor's recommendation, eliminated State General Fund appropriations to the Judicial Council and made the agency entirely fee-funded. The Legislature passed SB 36, which raised docket fees by \$1 for a two-year period, from July 1, 2003, through June 30, 2005, to assist in funding Judicial Council operations. The Legislature created the Judicial Council Fund supported by docket fees. The revenues from this fund and the existing Publications Fee Fund were intended to fund the Judicial Council.

The bill also clarified the Judicial Council is an independent agency within the Judicial Branch of state government, authorized the Council to adopt its own pay plan and personnel rules, and allowed moneys from the Publications Fee Fund to be utilized for operating expenditures not related directly to publication activities.

The **2006 Legislature** passed House Sub. for SB 337, which established the Kansas Commission on Judicial Performance as an independent committee of the Judicial Council. The Commission was directed to conduct judicial performance evaluations of all magistrate, district court, and court of appeals judges, and all justices on the Kansas Supreme Court. Docket fees were increased by House Sub. SB 337 to provide funding for the Commission. The FTE limitation was increased to provide staff for the Commission.

The **2007 Legislature** approved expenditures of \$70,000 from the State General Fund to be used by the Judicial Council for the remodeling of office space within the law library of the Judicial Center. The agency's previous location in the Judicial Center was needed for the office space for the 13th Appeals Court judge. The Legislature also appropriated \$150,000 from the State General Fund for operations of the Criminal Code Recodification Commission. While the Commission is not a part of the Judicial Council, the agency acts as the fiscal agent for the Commission.

In 2007, the Legislature requested the Judicial Council conduct studies in the areas of wills, Medicaid reimbursement, criminal stalking, grandparents' right in custody and visitation litigation, the Kansas Juvenile Justice Code, the state Code for Criminal Procedure, and guardians and conservators.

The **2008 Legislature** added funding of \$150,000 from the Judicial Performance Fund in FY 2008 and FY 2009 for judicial performance evaluation surveys. Surveys would include lawyers, litigants, witnesses, and jurors who recently had contact with the court system.

The **2011 Legislature** transferred \$778,518 from the Judicial Performance Fund to the Judicial Branch Surcharge Fund, effectively suspending the Judicial Performance Evaluation program for FY 2012. A bill formally dissolving the program was not adopted. The Legislature also deleted 3.0 FTE positions associated with the performance reviews.

The **2012 Legislature** formally dissolved the Performance Evaluation program, which was established by the 2006 Legislature. The Legislature approved an additional \$84,777 in expenditures and 1.0 FTE position to hire a staff attorney to assist with work previously completed by Judicial Performance Staff. The funds also provide for additional Judicial Council meetings to complete increasing workload.

The **2013 Legislature** redirected docket fees into the Judicial Branch with the exception of the Judicial Council for FY 2014 and FY 2015. The Judicial Council is the sole remaining agency that receives a percentage of fees received from the filing of cases.

The **2014 Legislature** reduced the operational expenditures of the agency by \$15,000 and directed the agency to reduce the number of Council meetings. The Legislature also converted the Judicial Council Fund from no limit to limit pending the total revenue received in docket fees subsequent to the 2014 legislative adjustments.

## **BUDGET SUMMARY AND KEY POINTS**

***FY 2018 – Current Year.*** The **agency** requests a revised estimate of \$580,401, all from special revenue funds, in FY 2018. This is an all funds decrease of \$95, or less than 0.1 percent, below the amount approved by the 2017 Legislature. The decrease is due to adjusted estimates in employer-paid benefits.

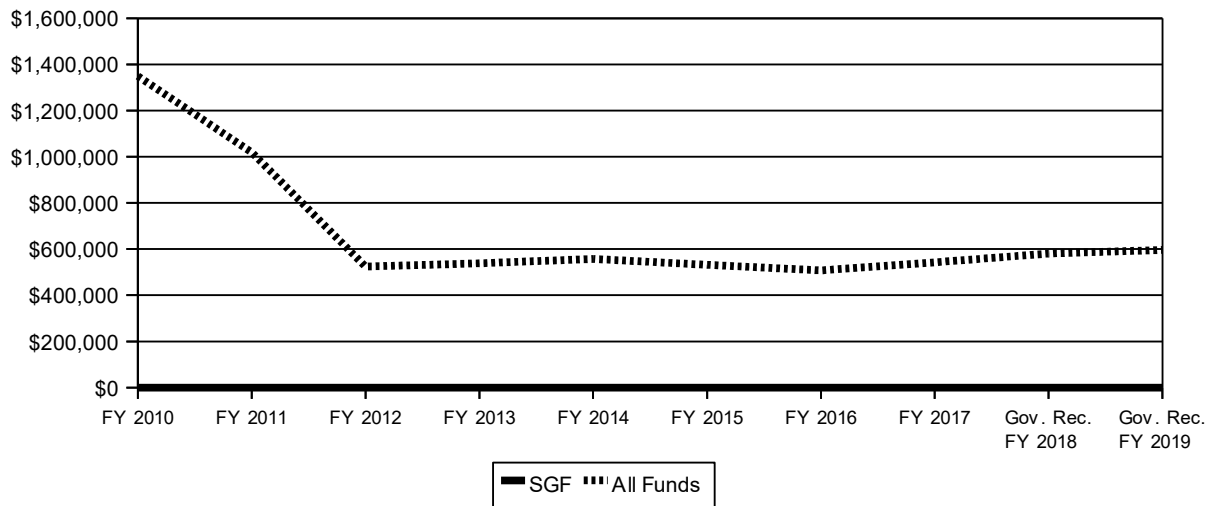
The **Governor** concurs with the agency's revised estimate.

***FY 2019 – Budget Year.*** The **agency** requests a revised estimate of \$596,382, all from special revenue funds, for FY 2019. This is an all funds decrease of \$924, or 0.2 percent, below the amount approved by the 2017 Legislature. The decrease is due to adjusted estimates in employer-paid benefits.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds    | % Change | FTE   |
|---------------------------------|------|----------|--------------|----------|-------|
| 2010                            | \$ 0 | -- %     | \$ 1,349,519 | (5.4)%   | 7.0   |
| 2011                            | 0    | --       | 1,019,376    | (24.5)   | 6.0   |
| 2012                            | 0    | --       | 524,112      | (48.6)   | 4.0   |
| 2013                            | 0    | --       | 538,276      | 2.7      | 5.0   |
| 2014                            | 0    | --       | 557,387      | 3.6      | 5.0   |
| 2015                            | 0    | --       | 531,799      | (4.6)    | 5.0   |
| 2016                            | 0    | --       | 507,539      | (4.6)    | 5.0   |
| 2017                            | 0    | --       | 542,590      | 6.9      | 5.0   |
| 2018 Gov. Rec.                  | 0    | --       | 580,401      | 7.0      | 5.0   |
| 2019 Gov. Rec.                  | 0    | --       | 596,382      | 2.8      | 5.0   |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ (753,137) | (55.8)%  | (2.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        |                   | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|----------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                        | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                         | \$ 542,590        | \$ 580,401          | \$ 596,382          | \$ 15,981                      | 2.8 %                           | \$ 580,401                | \$ 596,382        | \$ 15,981                      | 2.8 %                           |
| <b>By Major Object of Expenditure:</b> |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                     | \$ 436,447        | \$ 467,515          | \$ 475,988          | \$ 8,473                       | 1.8 %                           | \$ 467,515                | \$ 475,988        | \$ 8,473                       | 1.8 %                           |
| Contractual Services                   | 103,025           | 101,866             | 117,310             | 15,444                         | 15.2                            | 101,866                   | 117,310           | 15,444                         | 15.2                            |
| Commodities                            | 3,118             | 3,020               | 3,084               | 64                             | 2.1                             | 3,020                     | 3,084             | 64                             | 2.1                             |
| Capital Outlay                         | 0                 | 8,000               | 0                   | (8,000)                        | (100.0)                         | 8,000                     | 0                 | (8,000)                        | (100.0)                         |
| Debt Service                           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Subtotal-Operations                    | \$ 542,590        | \$ 580,401          | \$ 596,382          | \$ 15,981                      | 2.8 %                           | \$ 580,401                | \$ 596,382        | \$ 15,981                      | 2.8 %                           |
| Aid to Local Units                     | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                       | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 542,590</b> | <b>\$ 580,401</b>   | <b>\$ 596,382</b>   | <b>\$ 15,981</b>               | <b>2.8 %</b>                    | <b>\$ 580,401</b>         | <b>\$ 596,382</b> | <b>\$ 15,981</b>               | <b>2.8 %</b>                    |
| <b>Financing:</b>                      |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                     | \$ 0              | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |
| Judicial Council Fee Fund              | 179,011           | 235,319             | 234,230             | (1,089)                        | (0.5)                           | 235,319                   | 234,230           | (1,089)                        | (0.5)                           |
| Publications Fee Fund                  | 363,579           | 345,082             | 362,152             | 17,070                         | 4.9                             | 345,082                   | 362,152           | 17,070                         | 4.9                             |
| <b>TOTAL</b>                           | <b>\$ 542,590</b> | <b>\$ 580,401</b>   | <b>\$ 596,382</b>   | <b>\$ 15,981</b>               | <b>2.8 %</b>                    | <b>\$ 580,401</b>         | <b>\$ 596,382</b> | <b>\$ 15,981</b>               | <b>2.8 %</b>                    |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 580,496                            | 580,401                       | (95)                              | 580,401                     | (95)                                |
| <b>TOTAL</b>                | <b>\$ 580,496</b>                  | <b>\$ 580,401</b>             | <b>\$ (95)</b>                    | <b>\$ 580,401</b>           | <b>\$ (95)</b>                      |
| FTE Positions               | 5.0                                | 5.0                           | 0.0                               | 5.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$580,401, all from special revenue funds, in FY 2018. This is an all funds decrease of \$95, or less than 0.1 percent, below the amount approved by the 2017 Legislature. The decrease is due to adjusted estimates in employer-paid benefits.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 597,306                            | 596,382                       | (924)                             | 596,382                     | (924)                               |
| <b>TOTAL</b>                | <b>\$ 597,306</b>                  | <b>\$ 596,382</b>             | <b>\$ (924)</b>                   | <b>\$ 596,382</b>           | <b>\$ (924)</b>                     |
| FTE Positions               | 5.0                                | 5.0                           | 0.0                               | 5.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$596,382, all from special revenue funds, for FY 2019. This is an all funds decrease of \$924, or 0.2 percent, below the amount approved by the 2017 Legislature. The decrease is due to adjusted estimates in employer-paid benefits.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,920, all from special revenue funds, and FY 2019 longevity payments total \$1,920, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------|--------------------------------------------|------------------------------------------|
| State General Fund    | 0.0 %                                      | 0.0 %                                    |
| Judicial Council Fund | 39.3                                       | 39.3                                     |
| Publications Fee Fund | 60.7                                       | 60.7                                     |
| <b>TOTAL</b>          | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Judicial Council Fund

The Judicial Council Fund was created in 2003 (L. 2003, Ch. 160, Sec. 74). Since FY 2013, pursuant to KSA 20-362(e), the Fund has received 0.99 percent of docket fees.

| Resource Estimate                            | Actual<br>FY 2017  | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|--------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 105,604         | \$ 124,544                    | \$ 124,544           | \$ 87,176                     | \$ 87,176            |
| Revenue                                      | 197,951            | 197,951                       | 197,951              | 197,951                       | 197,951              |
| Transfers in                                 | 0                  | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 303,555</b>  | <b>\$ 322,495</b>             | <b>\$ 322,495</b>    | <b>\$ 285,127</b>             | <b>\$ 285,127</b>    |
| Less:                                        |                    |                               |                      |                               |                      |
| Expenditures                                 | 179,011            | 235,319                       | 235,319              | 234,230                       | 234,230              |
| Transfers Out                                | 0                  | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                  | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 124,544</b>  | <b>\$ 87,176</b>              | <b>\$ 87,176</b>     | <b>\$ 50,897</b>              | <b>\$ 50,897</b>     |
| Ending Balance as Percent of<br>Expenditures | 69.6%              | 37.0%                         | 37.0%                | 21.7%                         | 21.7%                |
| Month Highest Ending<br>Balance              | June<br>\$ 143,485 | June<br>\$ 100,434            | June<br>\$ 100,434   | June<br>\$ 58,638             | June<br>\$ 58,638    |
| Month Lowest Ending<br>Balance               | July<br>\$ 124,235 | July<br>\$ 86,960             | July<br>\$ 86,960    | July<br>\$ 50,771             | July<br>\$ 50,771    |

## Publications Fee Fund

The Publications Fee Fund was created in 1992 and generates revenue from the sale of five legal publications: the Kansas Appellate Practice Handbook; Kansas Judicial Council Probate Forms; Kansas Municipal Court Manual; Pattern Instructions for Kansas–Civil; and Pattern Instructions for Kansas–Criminal.

| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 159,052             | \$ 160,949                    | \$ 160,949             | \$ 97,869                     | \$ 97,869              |
| Revenue                                      | 370,144                | 285,460                       | 285,460                | 351,064                       | 351,064                |
| Transfers in                                 | 0                      | 0                             | 0                      | 0                             | 0                      |
| <b>Funds Available</b>                       | <b>\$ 529,196</b>      | <b>\$ 446,409</b>             | <b>\$ 446,409</b>      | <b>\$ 448,933</b>             | <b>\$ 448,933</b>      |
| Less:                                        |                        |                               |                        |                               |                        |
| Expenditures                                 | 363,579                | 345,082                       | 345,082                | 362,152                       | 362,152                |
| Transfers Out                                | 0                      | 0                             | 0                      | 0                             | 0                      |
| Off Budget Expenditures                      | 4,668                  | 3,458                         | 3,458                  | 5,154                         | 5,154                  |
| <b>Ending Balance</b>                        | <b>\$ 160,949</b>      | <b>\$ 97,869</b>              | <b>\$ 97,869</b>       | <b>\$ 81,627</b>              | <b>\$ 81,627</b>       |
| Ending Balance as Percent of<br>Expenditures | 44.3%                  | 28.4%                         | 28.4%                  | 22.5%                         | 22.5%                  |
| Month Highest Ending<br>Balance              | February<br>\$ 206,950 | February<br>\$ 125,841        | February<br>\$ 125,841 | February<br>\$ 104,957        | February<br>\$ 104,957 |
| Month Lowest Ending<br>Balance               | January<br>\$ 65,376   | January<br>\$ 39,753          | January<br>\$ 39,753   | January<br>\$ 33,156          | January<br>\$ 33,156   |

### Projected Revenue from the Sale of Publications (FY 2015 - FY 2019)

|                              | FY 2015<br>Actual | FY 2016<br>Actual | FY 2017<br>Actual | FY 2018<br>Estimate | FY 2019<br>Estimate |
|------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| KS Appellate Practice Manual | \$ 100            | \$ 330            | \$ 110            | \$ 5,090            | \$ 110              |
| KS Municipal Court Manual    | 6,300             | 6,400             | 6,080             | 6,080               | 6,040               |
| PIK–Civil 4th                | 76,725            | 3,465             | 78,300            | 2,675               | 79,150              |
| PIK–Criminal 4th             | 36,200            | 166,240           | 112,100           | 99,350              | 99,350              |
| KS Probate Forms 3d          | 2,200             | 54,105            | 1,030             | 1,030               | 1,030               |
| Royalties                    | 8,000             | 4,000             | 17,000            | 13,000              | 13,000              |
| Online Subscriptions         | 190,628           | 180,542           | 165,211           | 165,196             | 165,201             |
| Sales Tax (Non-expense Item) | 4,101             | 6,291             | 5,952             | 3,000               | 4,828               |
| <b>TOTAL</b>                 | <b>\$ 324,254</b> | <b>\$ 421,373</b> | <b>\$ 385,783</b> | <b>\$ 295,421</b>   | <b>\$ 368,709</b>   |

### JUDICIAL COUNCIL NUMBER OF MEETINGS HELD AND ANTICIPATED

| Committee                                | FY 2017   | FY 2018   |
|------------------------------------------|-----------|-----------|
| Administrative Procedure                 | 0         | 0         |
| Adoption Law                             | 10        | 6         |
| Appellate Practice                       | 0         | 2         |
| Civil Asset Forfeiture                   | 0         | 5         |
| Civil Code                               | 1         | 0         |
| Criminal Law                             | 4         | 3         |
| Family Law                               | 10        | 5         |
| Guardianship and Conservatorship         | 0         | 0         |
| 2016 HB 2639                             | 6         | 0         |
| Judicial Council                         | 2         | 2         |
| Juvenile Offender/Child in Need of Care  | 5         | 5         |
| KSA 59-29a11                             | 4         | 0         |
| Municipal Court Manual                   | 1         | 1         |
| Pattern Instructions for Kansas—Civil    | 0         | 5         |
| Pattern Instructions for Kansas—Criminal | 4         | 4         |
| Probate Law                              | 5         | 4         |
| Tribal-State Judicial Forum              | 2         | 3         |
| <b>TOTAL</b>                             | <b>54</b> | <b>45</b> |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 5.0               | 5.0                    | 5.0                  | 5.0                    | 5.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                        | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|--------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of Publications Sold    | 2,364                    | 2,173             | 1,633                | 2,367                |
| Number of Requests for Studies | 7                        | 7                 | 8                    | 8                    |

# BOARD OF INDIGENTS' DEFENSE SERVICES

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 27,382,803        | \$ 29,016,555          | \$ 28,890,887        | \$ 29,480,622          | \$ 30,006,853        |
| Other Funds             | 766,409              | 611,620                | 611,620              | 606,000                | 606,000              |
| <i>Subtotal</i>         | <i>\$ 28,149,212</i> | <i>\$ 29,628,175</i>   | <i>\$ 29,502,507</i> | <i>\$ 30,086,622</i>   | <i>\$ 30,612,853</i> |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 28,149,212</b> | <b>\$ 29,628,175</b>   | <b>\$ 29,502,507</b> | <b>\$ 30,086,622</b>   | <b>\$ 30,612,853</b> |

## Percentage Change:

### Operating Expenditures

|                    |       |       |       |       |       |
|--------------------|-------|-------|-------|-------|-------|
| State General Fund | 5.6 % | 6.0 % | 5.5 % | 1.6 % | 3.9 % |
| All Funds          | 5.4   | 5.3   | 4.8   | 1.5   | 3.8   |

|               |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|
| FTE Positions | 189.5 | 196.6 | 196.6 | 196.6 | 196.6 |
|---------------|-------|-------|-------|-------|-------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Board of Indigents' Defense Services (BIDS) is the state agency tasked with providing and supervising constitutionally and statutorily required legal services for indigents accused of felonies. The Board fulfills this mission by overseeing a statewide system of public defender offices and by compensating assigned counsel when public defenders are unavailable. The agency also serves as the pass-through agency for funding for Legal Services for Prisoners, Inc., a nonprofit corporation providing legal assistance to indigent inmates of Kansas correctional institutions.

## MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** approved an additional \$3.8 million, all from the State General Fund, for the agency to cover the increase in assigned counsel expenditures to correspond with the approved reimbursement increase from \$50 to \$80 per hour. A total of 9.0 additional FTE positions also were approved. In addition, the Legislature approved an additional 4.0 FTE positions to fill the need for increased services anticipated with the passage of 2006 HB 2576, which requires mandatory sentences for sex offenders. The agency anticipated an increased need for services and that more cases proceed to trial rather than reaching a plea agreement. A total of 5.0 FTE positions were approved for additional staff needed in the Junction City, Wichita, and Hutchinson public defender offices.

The **2008 Legislature** added \$240,000, all from the State General Fund, to enhance salaries for entry-level defenders and to increase salaries on a graduated scale of other defenders.

The **2009 Legislature** added \$1.3 million, all from the State General Fund, to adopt the agency's FY 2009 request in FY 2010. The agency requested enhanced funding for expert witness fees and transcript costs to avoid a shortfall. The increase was partially offset by across-the-board decreases applied to all agencies.

The **2010 Legislature** reduced the hourly rate for assigned counsel from \$80 to \$62 per hour and deleted \$947,703 from FY 2011 to accommodate the rate reduction. The rate reduction is intended to expire in FY 2013. The Legislature further deleted \$539,761 from the agency operating budget for a 2.5 percent reduction in FY 2011.

The **2011 Legislature** added \$750,000, all from the State General Fund, to offset the reduction in federal American Reinvestment and Recovery Act (ARRA) and federal Justice Assistance Grant (JAG) funds with State General Fund dollars and pay for expert witness expenditures in FY 2012.

The **2012 Legislature** added \$925,502 to fund expert and court reporter services and to fund vacant positions and provide partial funding of the agency enhancement for public defender pay parity with similar positions in the Executive Branch.

The **2013 Legislature** added \$553,000 in FY 2013 and \$103,000 for FY 2014 and FY 2015 to enhance funding for expert witnesses and court reporter services. The Legislature also deleted \$277,686 for FY 2014 and \$279,006 for FY 2015 to hold the agency at the FY 2013 level for salaries and wages expenditures.

The **2014 Legislature** added \$1.3 million in FY 2014 to supplement funding for assigned counsel services. The Legislature also added \$50,000 to fund an expected increase in litigation associated with HB 2442, which changed state sentencing guidelines for individuals convicted of fleeing and eluding police.

The **2015 Legislature** added \$950,000 for FY 2016 and \$1.5 million for FY 2017, all from the State General Fund, for assigned counsel expenditures to a newly created litigation support account.

The **2017 Legislature** added \$1.1 million for FY 2018 and \$1.4 million for FY 2019, all from the State General Fund, for state capital *habeas* proceedings for capital punishment cases.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$29.6 million, including \$29.0 million from the State General Fund, in FY 2018. This is an all funds increase of \$348,724, or 1.2 percent, and a State General Fund increase of \$343,104, or 1.2 percent, above the amount approved by the 2017 Legislature. The increase is due to the agency's three supplemental requests for two additional capital defense attorneys, a 2.5 percent salary adjustment, and increased health insurance funding.

The **Governor** recommends \$29.5 million, including \$29.0 million from the State General Fund, in FY 2018. This is a decrease of \$125,778, or 0.4 percent, below the agency's revised estimate. The decrease is primarily due to the Governor's recommendation not to include the agency's supplemental requests for a 2.5 percent pay increase and for increased health insurance expenditures. The decrease is offset by a \$37,436 increase in assigned counsel expenditures to reflect Fall 2017 consensus caseloads projections.

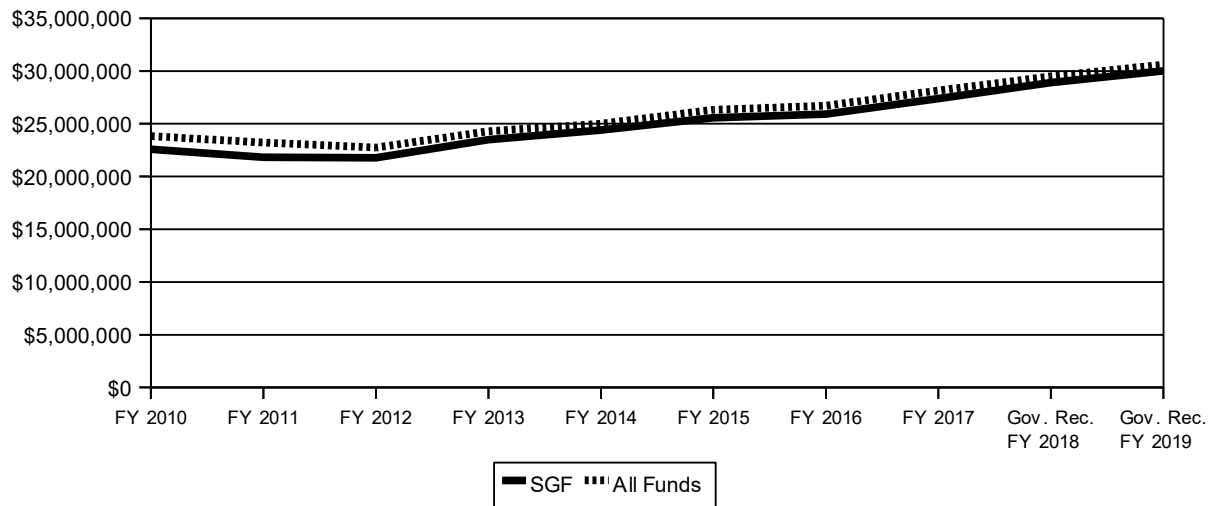
**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$30.1 million, including \$29.5 million from the State General Fund, for FY 2019. This is an all funds and State General Fund increase of \$343,104, or 1.2 percent, above the amount approved by the 2017 Legislature. The increase is due to the agency's three supplemental requests for two additional capital defense attorneys, a 2.5 percent salary adjustment, and increased health insurance funding.

The **Governor** recommends \$30.6 million, including \$30.0 million from the State General Fund, for FY 2019. This is an increase of \$526,231, or 1.7 percent, above the agency's revised estimate. The increase is primarily due to a \$689,335 increase in assigned counsel expenditures to reflect Fall 2017 consensus caseloads projections. The increase is partially offset by the Governor's recommendation not to include the agency's supplemental requests for a 2.5 percent pay increase and for increased health insurance expenditures.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF           | % Change | All Funds     | % Change | FTE   |
|---------------------------------|---------------|----------|---------------|----------|-------|
| 2010                            | \$ 22,591,109 | 0.8 %    | \$ 23,820,747 | 1.2 %    | 195.0 |
| 2011                            | 21,826,736    | (3.4)    | 23,225,735    | (2.5)    | 189.5 |
| 2012                            | 21,769,465    | (0.3)    | 22,743,694    | (2.1)    | 187.0 |
| 2013                            | 23,492,839    | 7.9      | 24,289,946    | 6.8      | 187.5 |
| 2014                            | 24,399,737    | 3.9      | 25,007,745    | 3.0      | 187.5 |
| 2015                            | 25,560,143    | 4.8      | 26,323,843    | 5.3      | 189.0 |
| 2016                            | 25,927,322    | 1.4      | 26,710,462    | 1.5      | 189.0 |
| 2017                            | 27,382,803    | 5.6      | 28,149,212    | 5.4      | 189.5 |
| 2018 Gov. Rec.                  | 28,890,887    | 5.5      | 29,502,507    | 4.8      | 196.6 |
| 2019 Gov. Rec.                  | 30,006,853    | 3.9      | 30,612,853    | 3.8      | 196.6 |
| Ten-Year Change Dollars/Percent | \$ 7,415,744  | 32.8 %   | \$ 6,792,106  | 28.5 %   | 1.6   |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                         | \$ 807,386           | \$ 817,041           | \$ 796,187           | \$ (20,854)                    | (2.6) %                         | \$ 806,864                | \$ 786,010           | \$ (20,854)                    | (2.6) %                         |
| Assigned Counsel                       | 12,406,299           | 13,272,564           | 13,320,665           | 48,101                         | 0.4                             | 13,310,000                | 14,010,000           | 700,000                        | 5.3                             |
| Legal Services for Prisoners           | 289,592              | 314,592              | 314,592              | 0                              | --                              | 289,592                   | 289,592              | 0                              | --                              |
| Appellate Defender                     | 2,441,626            | 2,315,919            | 2,191,425            | (124,494)                      | (5.4)                           | 2,291,213                 | 2,166,719            | (124,494)                      | (5.4)                           |
| Trial Public Defenders                 | 10,261,038           | 10,164,249           | 10,318,627           | 154,378                        | 1.5                             | 10,083,647                | 10,238,025           | 154,378                        | 1.5                             |
| Capital Defense                        | 1,943,271            | 2,743,810            | 3,145,126            | 401,316                        | 14.6                            | 2,721,191                 | 3,122,507            | 401,316                        | 14.7                            |
| <b>TOTAL</b>                           | <b>\$ 28,149,212</b> | <b>\$ 29,628,175</b> | <b>\$ 30,086,622</b> | <b>\$ 458,447</b>              | <b>1.5 %</b>                    | <b>\$ 29,502,507</b>      | <b>\$ 30,612,853</b> | <b>\$ 1,110,346</b>            | <b>3.8 %</b>                    |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 12,544,601        | \$ 12,944,436        | \$ 13,167,977        | \$ 223,541                     | 1.7 %                           | \$ 12,781,332             | \$ 13,004,873        | \$ 223,541                     | 1.7 %                           |
| Contractual Services                   | 15,520,085           | 16,582,269           | 16,847,175           | 264,906                        | 1.6                             | 16,619,705                | 17,536,510           | 916,805                        | 5.5                             |
| Commodities                            | 77,559               | 71,470               | 71,470               | 0                              | --                              | 71,470                    | 71,470               | 0                              | --                              |
| Capital Outlay                         | 6,967                | 30,000               | 0                    | (30,000)                       | (100.0)                         | 30,000                    | 0                    | (30,000)                       | (100.0)                         |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$ 28,149,212</i> | <i>\$ 29,628,175</i> | <i>\$ 30,086,622</i> | <i>\$ 458,447</i>              | <i>1.5 %</i>                    | <i>\$ 29,502,507</i>      | <i>\$ 30,612,853</i> | <i>\$ 1,110,346</i>            | <i>3.8 %</i>                    |
| Aid to Local Units                     | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Other Assistance                       | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 28,149,212</b> | <b>\$ 29,628,175</b> | <b>\$ 30,086,622</b> | <b>\$ 458,447</b>              | <b>1.5 %</b>                    | <b>\$ 29,502,507</b>      | <b>\$ 30,612,853</b> | <b>\$ 1,110,346</b>            | <b>3.8 %</b>                    |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$ 27,382,803        | \$ 29,016,555        | \$ 29,480,622        | \$ 464,067                     | 1.6 %                           | \$ 28,890,887             | \$ 30,006,853        | \$ 1,115,966                   | 3.9 %                           |
| Indigents' Defense Services Fund       | 755,303              | 599,996              | 600,000              | 4                              | 0.0                             | 599,996                   | 600,000              | 4                              | 0.0                             |
| In-service Education Workshop Fee Fund | 11,106               | 11,624               | 6,000                | (5,624)                        | (48.4)                          | 11,624                    | 6,000                | (5,624)                        | (48.4)                          |
| <b>TOTAL</b>                           | <b>\$ 28,149,212</b> | <b>\$ 29,628,175</b> | <b>\$ 30,086,622</b> | <b>\$ 458,447</b>              | <b>1.5 %</b>                    | <b>\$ 29,502,507</b>      | <b>\$ 30,612,853</b> | <b>\$ 1,110,346</b>            | <b>3.8 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$27.9 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$803,768, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$28.7 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 28,673,451                      | \$ 29,016,555                 | \$ 343,104                        | \$ 28,890,887               | \$ 217,436                          |
| All Other Funds             | 606,000                            | 611,620                       | 5,620                             | 611,620                     | 5,620                               |
| <b>TOTAL</b>                | <b>\$ 29,279,451</b>               | <b>\$ 29,628,175</b>          | <b>\$ 348,724</b>                 | <b>\$ 29,502,507</b>        | <b>\$ 223,056</b>                   |
| FTE Positions               | 191.6                              | 196.6                         | 5.0                               | 196.6                       | 5.0                                 |

The **agency** requests a revised estimate of \$29.6 million, including \$29.0 million from the State General Fund, in FY 2018. This is an all funds increase of \$348,724, or 1.2 percent, and a State General Fund increase of \$343,104, or 1.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's three supplemental requests for additional capital defense positions, a 2.5 percent salary adjustment, and increased health insurance funding.

The agency's revised estimate includes additional permanent positions in the Capital Defense program. The capital *habeas* unit gained 3.0 FTE positions and the agency has requested supplemental funding for another 2.0 FTE positions (1.0 FTE for the capital *habeas* unit and 1.0 FTE for the death penalty unit). These permanent positions decrease the agency's reliance on assigning cases to private attorneys and shift funding from contractual services to salaries and wages.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$12.9 million, all from the State General Fund, for salary and wage expenditures in FY 2018. The revised estimate is an increase of \$468,638, or 3.8 percent, above the

amount approved by the 2017 Legislature. The increase is primarily due to a \$418,021 increase in capital defense expenditures to reflect three additional positions in the capital *habeas* unit (\$188,655) and two additional positions (\$180,000) from the agency's supplemental request for additional capital defense support;

- **Contractual Services.** The agency requests a revised estimate of \$16.6 million, including \$16.0 million from the State General Fund, for contractual services expenditures in FY 2018. The revised estimate is an increase of \$670,584, or 4.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$1.3 million increase in assigned counsel expenditures to reflect the Board's decision to maintain a \$70-per-hour compensation rate. The increase is offset by a \$660,373 decrease in capital defense expenditures due to the replacement of some non-contract attorneys with permanent position attorneys;
- **Commodities.** The agency requests a revised estimate of \$71,470, including \$68,970 from the State General Fund, for commodities expenditures in FY 2018. The revised estimate is a decrease of \$16,730, or 19.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to lower adjusted projections in the Administration (\$4,000 decrease), Trial Public Defender (\$6,830 decrease), and Capital Defense (\$5,800 decrease) programs; and
- **Capital Outlay.** The agency requests a revised estimate of \$30,000, all from the State General Fund, for capital outlay expenditures in FY 2018. The revised estimate is an increase of \$30,000, or 100.0 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to the replacement of two state vehicles.

The **Governor** recommends \$29.5 million, including \$29.0 million from the State General Fund, in FY 2018. This is a decrease of \$125,778, or 0.4 percent, below the agency's revised estimate. The decrease is primarily due to the Governor's recommendation not to include the agency's supplemental requests for a 2.5 percent pay increase and for increased health insurance expenditures. The decrease is partially offset by a \$37,436 increase in assigned counsel expenditures to reflect Fall 2017 consensus caseloads projections.

## Supplemental Detail

| FY 2018 SUPPLEMENTALS                         |                   |                   |            |                           |                   |            |
|-----------------------------------------------|-------------------|-------------------|------------|---------------------------|-------------------|------------|
| Supplementals                                 | Agency Estimate   |                   |            | Governor's Recommendation |                   |            |
|                                               | SGF               | All Funds         | FTE        | SGF                       | All Funds         | FTE        |
| Capital Defense–New Positions                 | \$ 180,000        | \$ 180,000        | 2.0        | \$ 180,000                | \$ 180,000        | 2.0        |
| 2.5% Salary Adjustment                        | 138,104           | 138,104           | 0.0        | 0                         | 0                 | 0.0        |
| Legal Services for Prisoners–Health Insurance | 25,000            | 25,000            | 0.0        | 0                         | 0                 | 0.0        |
| <b>TOTAL</b>                                  | <b>\$ 343,104</b> | <b>\$ 343,104</b> | <b>2.0</b> | <b>\$ 180,000</b>         | <b>\$ 180,000</b> | <b>2.0</b> |

The **agency** requests \$343,104, all from the State General Fund, and 2.0 FTE positions for supplemental requests in FY 2018. These requests include:

- **Capital Defense–New Positions.** The agency requests \$180,000, all from the State General Fund, and 2.0 FTE positions for two attorneys in FY 2018—1.0 for the capital *habeas* unit (\$85,000 base salary) and 1.0 for the death penalty defense unit (\$65,000 base salary). Currently, two capital *habeas* unit attorneys oversee seven cases and four death penalty defense unit attorneys oversee ten cases;
- **2.5 percent Salary Adjustment.** The agency requests \$138,104, all from the State General Fund, for a 2.5 percent pay increase for public defenders (\$113,247) and support staff (\$24,856) in FY 2018. The agency states that 6.0 percent of public defenders have already resigned in FY 2018, putting additional pressure on assigned counsel expenditures; and
- **Legal Services for Prisoners–Health Insurance.** The agency requests \$25,000, all from the State General Fund, for health insurance expenditures in the Legal Services for Prisoners program in FY 2018. The agency states that it required all but \$24 of its FY 2017 allotment to pay for operating costs.

The **Governor** recommends \$180,000, all from the State General Fund, and 2.0 FTE positions for two attorneys in FY 2018: 1.0 FTE position for the capital *habeas* unit and 1.0 FTE position for the death penalty defense unit. The Governor does not recommend adopting the agency's supplemental requests for a 2.5 percent pay increase and for increased health insurance expenditures.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$29.1 million for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 29,137,518                      | \$ 29,480,622                 | \$ 343,104                        | \$ 30,006,853               | \$ 869,335                          |
| All Other Funds             | 606,000                            | 606,000                       | 0                                 | 606,000                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 29,743,518</b>               | <b>\$ 30,086,622</b>          | <b>\$ 343,104</b>                 | <b>\$ 30,612,853</b>        | <b>\$ 869,335</b>                   |
| FTE Positions               | 191.6                              | 196.6                         | 5.0                               | 196.6                       | 5.0                                 |

The **agency** requests a revised estimate of \$30.1 million, including \$29.5 million from the State General Fund, for FY 2019. This is an all funds and State General Fund increase of \$343,104, or 1.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's three supplemental requests for additional capital defense positions, a 2.5 percent salary adjustment, and increased health insurance funding.

The agency's revised estimate includes additional permanent positions in the Capital Defense program. The capital *habeas* unit gained 3.0 FTE positions and the agency has requested supplemental funding for another 2.0 FTE positions (1.0 FTE for the capital *habeas* unit and 1.0 FTE for the death penalty unit). These permanent positions decrease the agency's reliance on assigning cases to private attorneys and shift funding from contractual services to salaries and wages.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$13.2 million, all from the State General Fund, for salary and wage expenditures for FY 2019. The revised estimate is an increase of \$291,134, or 2.3 percent, above the amount approved by the 2017 Legislature. The increase is largely due to a \$401,186 increase in capital defense expenditures to reflect three additional positions in the capital *habeas* unit (\$188,656) and two additional positions (\$180,000) from the agency's supplemental request for additional capital defense support. The increase is offset by a \$152,645 decrease in group health hospitalization expenditures in the Trial Public Defender program;
- **Contractual Services.** The agency requests a revised estimate of \$16.8 million, including \$16.2 million from the State General Fund, for contractual services expenditures for FY 2019. The revised estimate is an increase of \$68,700, or 0.4 percent, above the amount approved by the 2017 Legislature. The increase is largely due to a \$450,000 increase in assigned counsel expenditures to reflect the Board's decision to maintain a \$70-per-hour compensation rate; a \$210,847 increase in expert witness expenditures; and a \$89,580 increase for adjusted court reporting fee projections. The increase is offset by a \$757,509 decrease in capital defense expenditures due to the replacement of some non-contract attorneys with permanent position attorneys;
- **Commodities.** The agency requests a revised estimate of \$71,470, including \$68,970 from the State General Fund, for commodities expenditures for FY 2019. The revised estimate is a decrease of \$16,730, or 19.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to lower adjusted projections in the Administration (\$4,000 decrease), Trial Public Defender (\$6,830 decrease), and Capital Defense (\$5,800 decrease) programs; and
- **Capital Outlay.** The agency requests a revised estimate of \$0 for capital outlay expenditures for FY 2019. The revised estimate is the same as the amount approved by the 2017 Legislature.

The **Governor** recommends \$30.6 million, including \$30.0 million from the State General Fund, for FY 2019. This is an increase of \$526,231, or 1.7 percent, above the agency's revised estimate. The increase is primarily due to a \$689,335 increase in assigned counsel expenditures to reflect Fall 2017 caseloads projections. The increase is offset by the Governor's recommendation not to include the agency's supplemental requests for a 2.5 percent pay increase and for increased health insurance expenditures.

## Supplemental Detail

| FY 2019 SUPPLEMENTALS                         |                   |                   |            |                           |                   |            |
|-----------------------------------------------|-------------------|-------------------|------------|---------------------------|-------------------|------------|
| Supplementals                                 | Agency Estimate   |                   |            | Governor's Recommendation |                   |            |
|                                               | SGF               | All Funds         | FTE        | SGF                       | All Funds         | FTE        |
| Capital Defense–New Positions                 | \$ 180,000        | \$ 180,000        | 2.0        | \$ 180,000                | \$ 180,000        | 2.0        |
| 2.5% Salary Adjustment                        | 138,104           | 138,104           | 0.0        | 0                         | 0                 | 0.0        |
| Legal Services for Prisoners–Health Insurance | 25,000            | 25,000            | 0.0        | 0                         | 0                 | 0.0        |
| <b>TOTAL</b>                                  | <b>\$ 343,104</b> | <b>\$ 343,104</b> | <b>2.0</b> | <b>\$ 180,000</b>         | <b>\$ 180,000</b> | <b>2.0</b> |

The **agency** requests \$318,104, all from the State General Fund, and 2.0 FTE positions for supplemental requests for FY 2019. These requests include:

- **Capital Defense–New Positions.** The agency requests \$180,000, all from the State General Fund, and 2.0 FTE positions for two attorneys in FY 2018—1.0 for the capital *habeas* unit (\$85,000 base salary) and 1.0 for the death penalty defense unit (\$65,000 base salary). Currently, two capital *habeas* unit attorneys oversee seven cases and four death penalty defense unit attorneys oversee ten cases;
- **2.5 percent Salary Adjustment.** The agency requests \$138,104, all from the State General Fund, for a 2.5 percent pay increase for public defenders (\$113,247) and support staff (\$24,856) for FY 2019. The agency states that 6.0 percent of public defenders have already resigned in FY 2018, putting additional pressure on assigned counsel expenditures; and
- **Legal Services for Prisoners–Health Insurance.** The agency requests \$25,000, all from the State General Fund, for health insurance expenditures in the Legal Services for Prisoners program for FY 2019. The agency states that it required all but \$24 of its FY 2017 allotment to pay for operating costs.

The **Governor** recommends \$180,000, all from the State General Fund, and 2.0 FTE positions for two attorneys for FY 2019: 1.0 FTE position for the capital *habeas* unit and 1.0 FTE position for the death penalty defense unit. The Governor does not recommend adopting the agency's supplemental requests for a 2.5 percent pay increase and for increased health insurance expenditures.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$17,000, all from the State General Fund, and FY 2019 longevity payments total \$17,520, all from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source                            | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                        | 98.0 %                                     | 98.0 %                                   |
| Indigents' Defense<br>Services Fund       | 2.0                                        | 2.0                                      |
| In-service Education<br>Workshop Fee Fund | 0.0                                        | 0.0                                      |
| <b>TOTAL</b>                              | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Indigents' Defense Services Fee Fund

The Indigents' Defense Services Fee Fund was created in 1996 (L. 1996, SB No. 95, Sec. 134). The revenues in the Fund are remitted by the Clerks of the District Courts as part of an assessment fee, an application fee, and a bond forfeiture program. Since FY 2014, the Fund no longer receives any docket fees.

| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 0                   | \$ (4)                        | \$ (4)                 | \$ 0                          | \$ 0                   |
| Revenue                                      | 755,299                | 600,000                       | 600,000                | 600,000                       | 600,000                |
| Transfers in                                 | 0                      | 0                             | 0                      | 0                             | 0                      |
| <b>Funds Available</b>                       | <b>\$ 755,299</b>      | <b>\$ 599,996</b>             | <b>\$ 599,996</b>      | <b>\$ 600,000</b>             | <b>\$ 600,000</b>      |
| Less:                                        |                        |                               |                        |                               |                        |
| Expenditures                                 | \$ 755,303             | \$ 599,996                    | \$ 599,996             | \$ 600,000                    | \$ 600,000             |
| Transfers Out                                | 0                      | 0                             | 0                      | 0                             | 0                      |
| Off Budget Expenditures                      | 0                      | 0                             | 0                      | 0                             | 0                      |
| <b>Ending Balance</b>                        | <b>\$ (4)</b>          | <b>\$ 0</b>                   | <b>\$ 0</b>            | <b>\$ 0</b>                   | <b>\$ 0</b>            |
| Ending Balance as Percent of<br>Expenditures | (0.0%)                 | 0.0%                          | 0.0%                   | 0.0%                          | 0.0%                   |
| Month Highest Ending<br>Balance              | July<br>\$ 755,308     | July<br>\$ 600,000            | July<br>\$ 600,000     | July<br>\$ 600,004            | July<br>\$ 600,004     |
| Month Lowest Ending<br>Balance               | November<br>\$ 755,303 | November<br>\$ 599,996        | November<br>\$ 599,996 | November<br>\$ 600,000        | November<br>\$ 600,000 |

## In-service Education Workshop Fee Fund

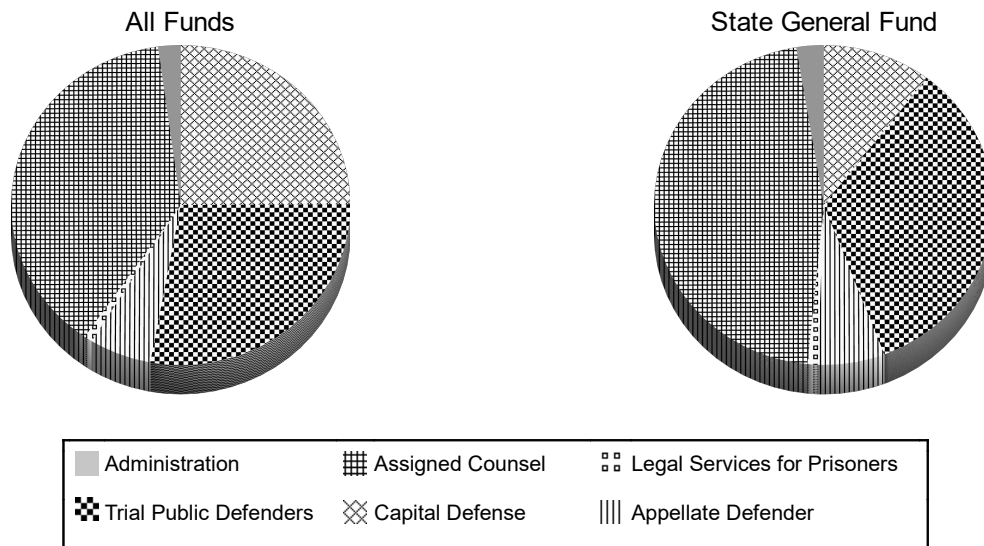
The In-service Education Workshop Fee Fund was created in 1982 (L. 1982 Ch. 142, Sec. 8). The agency may conduct programs having a general objective of training and educating attorneys and other persons involved in the legal representation of indigent persons. The agency charges a fee for such programs, and resulting funds are utilized to offset costs incurred for providing the training sessions.

| Resource Estimate                            | Actual<br>FY 2017           | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018        | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019       |
|----------------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|----------------------------|
| Beginning Balance                            | \$ 2,855                    | \$ 5,624                      | \$ 5,624                    | \$ 0                          | \$ 0                       |
| Revenue                                      | 13,875                      | 6,000                         | 6,000                       | 6,000                         | 6,000                      |
| Transfers in                                 | 0                           | 0                             | 0                           | 0                             | 0                          |
| <i>Funds Available</i>                       | <i>\$ 16,730</i>            | <i>\$ 11,624</i>              | <i>\$ 11,624</i>            | <i>\$ 6,000</i>               | <i>\$ 6,000</i>            |
| Less:                                        |                             |                               |                             |                               |                            |
| Expenditures                                 | \$ 11,106                   | \$ 11,624                     | \$ 11,624                   | \$ 6,000                      | \$ 6,000                   |
| Transfers Out                                | 0                           | 0                             | 0                           | 0                             | 0                          |
| Off Budget Expenditures                      | 0                           | 0                             | 0                           | 0                             | 0                          |
| <b>Ending Balance</b>                        | <b><u>\$ 5,624</u></b>      | <b><u>\$ 0</u></b>            | <b><u>\$ 0</u></b>          | <b><u>\$ 0</u></b>            | <b><u>\$ 0</u></b>         |
| Ending Balance as Percent of<br>Expenditures | 50.6%                       | 0.0%                          | 0.0%                        | 0.0%                          | 0.0%                       |
| Month Highest Ending<br>Balance              | October<br><u>\$ 14,309</u> | October<br><u>\$ 14,977</u>   | October<br><u>\$ 14,977</u> | October<br><u>\$ 7,731</u>    | October<br><u>\$ 7,731</u> |
| Month Lowest Ending<br>Balance               | September<br>\$ 10,608      | September<br>\$ 11,103        | September<br>\$ 11,103      | September<br>\$ 5,731         | September<br>\$ 5,731      |

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation



| Program                      | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration               | \$ 786,010                        | 2.1 %               | \$ 780,010                  | 2.6 %               |
| Assigned Counsel             | 14,010,000                        | 38.3                | 13,760,000                  | 45.9                |
| Legal Services for Prisoners | 289,592                           | 0.8                 | 289,592                     | 1.0                 |
| Appellate Defender           | 2,166,719                         | 5.9                 | 1,916,719                   | 6.4                 |
| Trial Public Defenders       | 10,238,025                        | 28.0                | 10,138,025                  | 33.8                |
| Capital Defense              | 9,122,507                         | 24.9                | 3,122,507                   | 10.4                |
| <b>TOTAL</b>                 | <b>\$ 36,612,853</b>              | <b>100.0 %</b>      | <b>\$ 30,006,853</b>        | <b>100.0 %</b>      |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b>                                                                                                                                                                                                                   |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                                                                                                                                                                                                                                             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Administration                                                                                                                                                                                                                                                      | 10.0              | 9.1                    | 9.1                  | 9.1                    | 9.1                  |
| Assigned Counsel                                                                                                                                                                                                                                                    | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Legal Services for<br>Prisoners                                                                                                                                                                                                                                     | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Appellate Defender                                                                                                                                                                                                                                                  | 23.0              | 24.0                   | 24.0                 | 24.0                   | 24.0                 |
| Trial Public Defenders                                                                                                                                                                                                                                              | 138.5             | 141.5                  | 141.5                | 141.5                  | 141.5                |
| Capital Defense                                                                                                                                                                                                                                                     | 18.0              | 22.0                   | 22.0                 | 22.0                   | 22.0                 |
| <b>TOTAL</b>                                                                                                                                                                                                                                                        | <b>189.5</b>      | <b>196.6</b>           | <b>196.6</b>         | <b>196.6</b>           | <b>196.6</b>         |
| <i>Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.</i> |                   |                        |                      |                        |                      |

## **A. Administration**

The Administration program is responsible for overall agency operations and provides support for the statewide delivery of indigents' defense services. Funding is from the State General Fund, except for a small amount that is from the In-service Education Workshop Fee Fund.

| <b>ADMINISTRATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                |                   |                        |                      |                        |                      |
| Salaries and Wages                                                  | \$ 632,857        | \$ 593,271             | \$ 583,094           | \$ 602,417             | \$ 592,240           |
| Contractual Services                                                | 155,305           | 177,170                | 177,170              | 177,170                | 177,170              |
| Commodities                                                         | 16,628            | 16,600                 | 16,600               | 16,600                 | 16,600               |
| Capital Outlay                                                      | 2,596             | 30,000                 | 30,000               | 0                      | 0                    |
| Debt Service                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                        | <i>\$ 807,386</i> | <i>\$ 817,041</i>      | <i>\$ 806,864</i>    | <i>\$ 796,187</i>      | <i>\$ 786,010</i>    |
| Aid to Local Units                                                  | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                        | <b>\$ 807,386</b> | <b>\$ 817,041</b>      | <b>\$ 806,864</b>    | <b>\$ 796,187</b>      | <b>\$ 786,010</b>    |
| <b>Financing:</b>                                                   |                   |                        |                      |                        |                      |
| State General Fund                                                  | \$ 801,098        | \$ 811,041             | \$ 800,864           | \$ 790,187             | \$ 780,010           |
| All Other Funds                                                     | 6,288             | 6,000                  | 6,000                | 6,000                  | 6,000                |
| <b>TOTAL</b>                                                        | <b>\$ 807,386</b> | <b>\$ 817,041</b>      | <b>\$ 806,864</b>    | <b>\$ 796,187</b>      | <b>\$ 786,010</b>    |
| FTE Positions                                                       | 10.0              | 8.6                    | 8.6                  | 8.6                    | 8.6                  |

The **agency** requests a revised estimate of \$817,041, including \$811,041 from the State General Fund, for the Administration program in FY 2018. The revised estimate is a decrease of \$11,463, or 1.4 percent, below the amount approved by the 2017 Legislature. The decrease is largely due to a \$51,105 decrease in salaries and wages to reflect a reduction of one office employee. The decrease is offset by a \$13,642 increase in contractual services for adjusted estimates for the cost of leasing rental vehicles and a \$30,000 increase in capital outlay for the replacement of two state vehicles.

The **Governor** recommends \$806,864, including \$800,864 from the State General Fund, for the Administration program in FY 2018. The recommendation is a decrease of \$10,177, or 1.2 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

The **agency** requests a revised estimate of \$796,187, including \$790,187 from the State General Fund, for the Administration program for FY 2019. The revised estimate is a decrease of \$22,284, or 2.7 percent, below the amount approved by the 2017 Legislature. The decrease is largely due to a \$52,454 decrease in salaries and wages to reflect a reduction of one office employee. The decrease is offset by a \$34,170 increase in contractual services for adjusted estimates for the cost of leasing rental vehicles and personal vehicle usage.

The **Governor** recommends \$786,010, including \$780,010 from the State General Fund, for the Administration program for FY 2019. The recommendation is a decrease of \$10,177, or 1.3 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

## ***B. Assigned Counsel***

When public defender offices cannot handle the volume of cases or when conflicts prevent public defenders from being involved, private assigned counsel is used. Assigned counsel also are used in those parts of the State where the Board has determined the cost of a public defender office would be prohibitive. Attorneys are either selected and assigned to cases by judges or are assigned by judges from a pool of attorneys with whom the Board has negotiated contracts. When contracts are involved, the Board is able to realize a cost savings and has made a concerted effort to expand the number of assigned counsel who serve under contract. The Board believes the assigned counsel system is the most economical for rural counties and in most conflict cases. The agency supports a mixed system of assigned counsel and public defenders with a heavier emphasis on the public defender system in serious cases or in heavy caseload areas. Beginning in FY 2006, a separate line item appropriation was made for Assigned Counsel expenditures to keep expenditures for attorneys separate from the other professional services.

| <p style="text-align: center;"><b>ASSIGNED COUNSEL</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                             |                             |                             |                             |                             |
|------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                                                             | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                                                             |                             |                             |                             |                             |                             |
| Salaries and Wages                                                                                               | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Contractual Services                                                                                             | 12,406,299                  | 13,272,564                  | 13,310,000                  | 13,320,665                  | 14,010,000                  |
| Commodities                                                                                                      | 0                           | 0                           | 0                           | 0                           | 0                           |
| Capital Outlay                                                                                                   | 0                           | 0                           | 0                           | 0                           | 0                           |
| Debt Service                                                                                                     | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                                                                     | <i>\$ 12,406,299</i>        | <i>\$ 13,272,564</i>        | <i>\$ 13,310,000</i>        | <i>\$ 13,320,665</i>        | <i>\$ 14,010,000</i>        |
| Aid to Local Units                                                                                               | 0                           | 0                           | 0                           | 0                           | 0                           |
| Other Assistance                                                                                                 | 0                           | 0                           | 0                           | 0                           | 0                           |
| <b>TOTAL</b>                                                                                                     | <b><u>\$ 12,406,299</u></b> | <b><u>\$ 13,272,564</u></b> | <b><u>\$ 13,310,000</u></b> | <b><u>\$ 13,320,665</u></b> | <b><u>\$ 14,010,000</u></b> |
| <b>Financing:</b>                                                                                                |                             |                             |                             |                             |                             |
| State General Fund                                                                                               | \$ 12,116,045               | \$ 13,022,564               | \$ 13,060,000               | \$ 13,070,665               | \$ 13,760,000               |
| All Other Funds                                                                                                  | 290,254                     | 250,000                     | 250,000                     | 250,000                     | 250,000                     |
| <b>TOTAL</b>                                                                                                     | <b><u>\$ 12,406,299</u></b> | <b><u>\$ 13,272,564</u></b> | <b><u>\$ 13,310,000</u></b> | <b><u>\$ 13,320,665</u></b> | <b><u>\$ 14,010,000</u></b> |
| FTE Positions                                                                                                    | 0.0                         | 0.0                         | 0.0                         | 0.0                         | 0.0                         |

The **agency** requests a revised estimate of \$13.3 million, including \$13.0 million from the State General Fund, for the Assigned Counsel program in FY 2018. The revised estimate is an increase of \$1.3 million, or 10.5 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to increased contractual services to reflect the Board's decision to maintain a \$70-per-hour compensation rate in FY 2018.

The **Governor** recommends \$13.3 million, including \$13.1 million from the State General Fund, for the Assigned Counsel program in FY 2018. The recommendation is an increase of \$37,436, or 0.3 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to appropriate \$37,436 in assigned counsel expenditures to reflect Fall 2017 consensus caseloads projections.

The **agency** requests a revised estimate of \$13.3 million, including \$13.0 million from the State General Fund, for the Assigned Counsel program for FY 2019. The revised estimate is an increase of \$650,000, or 5.1 percent, above the amount approved by the 2017 Legislature. The increase is largely due to increased contractual services to reflect the Board's decision to maintain a \$70-per-hour compensation rate for FY 2019.

The **Governor** recommends \$14.0 million, including \$13.8 million from the State General Fund, for the Assigned Counsel program for FY 2019. The recommendation is an increase of \$689,335, or 5.2 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to appropriate \$689,335 in assigned counsel expenditures to reflect Fall 2017 consensus caseloads projections.

### Consensus Caseload Estimates

During Fall 2017, the Board of Indigents' Defense Services, the Division of the Budget, and the Legislative Research Department developed a caseload estimate for the Assigned Counsel program. The caseload estimate in FY 2018 is \$12.8 million, all from the State General Fund. This is an increase of \$300,000, or 2.4 percent, above the amount approved by the 2017

Legislature for FY 2017. The caseload estimate for FY 2019 is \$13.5 million, all from the State General Fund. This is an increase of \$700,000, or 5.5 percent, above the caseload estimate in FY 2018. The caseload estimates will be revisited in Spring 2017.

In FY 2015, a Litigation Support Fund was created and can be used for assigned counsel expenditures. Appropriations for this fund include \$950,000 in FY 2016, \$1.5 million in FY 2017, \$1.5 million in FY 2018, and \$1.5 million for FY 2019, all from the State General Fund. The FY 2016 amount has been reappropriated for FY 2017.

Pursuant to KSA 2015 Supp. 22-4507, compensation rates are statutorily set at \$80 per hour. The caseload estimates include an increase in the pay rates established for Assigned Counsel from \$65 per hour in FY 2016 to \$70 per hour in FY 2017. The rate reductions do not impact fees charged by assigned counsel for costs incurred, transcripts, expert witnesses, or travel. The rate was reevaluated by the agency in FY 2016 and a partial restoration from \$65 per hour to \$70 per hour began in FY 2017. The agency currently maintains a \$70-per-hour rate in FY 2018.

The **Governor** recommends the agency make no further increases to the hourly rate for assigned counsel until strains on the State General Fund decrease.

The caseloads for the Assigned Counsel program were estimated without factoring in overflow cases from Legal Services for Prisoners. The Board of Indigents' Defense Services is statutorily required to compensate attorneys for work on these cases regardless of the funding level for Legal Services for Prisoners (KSA 44-4503, Attorney General Opinion 97-71).

### ***C. Legal Services for Prisoners***

Legal Services for Prisoners, Inc., is a nonprofit corporation organized to provide legal assistance to indigent inmates of Kansas correctional institutions. The Board of Indigents' Defense Services is a pass-through agency for funding purposes and has no administrative or policy control over the corporation. The corporation is governed by a board comprised of a representative of each of the Kansas law schools, four representatives of the Kansas Bar Association, one representative of the Kansas Trial Judges Association, and the Judicial Administrator of the Court. Expenditures for the corporation are from the State General Fund. Legal Services for Prisoners has an office in Topeka and offices in the correctional facilities located in Lansing and El Dorado. These offices also provide assistance to inmates at correctional facilities located in Winfield, Larned, Wichita, Ellsworth, Norton, and Osawatomie.

| LEGAL SERVICES FOR PRISONERS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                      | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                      |                   |                        |                      |                        |                      |
| Salaries and Wages                                                        | \$ 0              | \$ 25,000              | \$ 0                 | \$ 25,000              | \$ 0                 |
| Contractual Services                                                      | 289,592           | 289,592                | 289,592              | 289,592                | 289,592              |
| Commodities                                                               | 0                 | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                                            | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                              | <i>\$ 289,592</i> | <i>\$ 314,592</i>      | <i>\$ 289,592</i>    | <i>\$ 314,592</i>      | <i>\$ 289,592</i>    |
| Aid to Local Units                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                              | <b>\$ 289,592</b> | <b>\$ 314,592</b>      | <b>\$ 289,592</b>    | <b>\$ 314,592</b>      | <b>\$ 289,592</b>    |
| <b>Financing:</b>                                                         |                   |                        |                      |                        |                      |
| State General Fund                                                        | \$ 289,592        | \$ 314,592             | \$ 289,592           | \$ 314,592             | \$ 289,592           |
| All Other Funds                                                           | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                              | <b>\$ 289,592</b> | <b>\$ 314,592</b>      | <b>\$ 289,592</b>    | <b>\$ 314,592</b>      | <b>\$ 289,592</b>    |
| FTE Positions                                                             | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests a revised estimate of \$314,592, all from the State General Fund, for the Legal Services for Prisoners program in FY 2018. The revised estimate is an increase of \$25,000, or 8.6 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to a supplemental request for increased health insurance expenditures. The agency states that it required all but \$24 of its FY 2017 allotment to pay for operating costs.

The **Governor** recommends \$289,592, all from the State General Fund, for the Legal Services for Prisoners program in FY 2018. The revised estimate is a decrease of \$25,000, or 7.9 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for increased health insurance expenditures.

The **agency** requests a revised estimate of \$314,592, all from the State General Fund, for the Legal Services for Prisoners program for FY 2019. The revised estimate is an increase of \$25,000, or 8.6 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to a supplemental request for increased health insurance expenditures. The agency states that it required all but \$24 of its FY 2017 allotment to pay for operating costs.

The **Governor** recommends \$ 289,592, all from the State General Fund, for the Legal Services for Prisoners program for FY 2019. The revised estimate is a decrease of \$25,000, or 7.9 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for increased health insurance expenditures.

#### ***D. Appellate Defender***

The Appellate Defender Office is a statewide office located in Topeka that represents indigent felony defendants on appeal. Funding for death penalty appeals handled by the



Appellate Defender's Office is included in the budget for the Death Penalty Defense Unit. The Office makes use of paralegals and law school interns.

| <b>APPELLATE DEFENDER<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|-------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                    | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                    |                     |                        |                      |                        |                      |
| Salaries and Wages                                                      | \$ 1,719,490        | \$ 1,661,575           | \$ 1,636,869         | \$ 1,691,639           | \$ 1,666,933         |
| Contractual Services                                                    | 715,492             | 649,344                | 649,344              | 494,786                | 494,786              |
| Commodities                                                             | 6,644               | 5,000                  | 5,000                | 5,000                  | 5,000                |
| Capital Outlay                                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                            | <i>\$ 2,441,626</i> | <i>\$ 2,315,919</i>    | <i>\$ 2,291,213</i>  | <i>\$ 2,191,425</i>    | <i>\$ 2,166,719</i>  |
| Aid to Local Units                                                      | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                            | <b>\$ 2,441,626</b> | <b>\$ 2,315,919</b>    | <b>\$ 2,291,213</b>  | <b>\$ 2,191,425</b>    | <b>\$ 2,166,719</b>  |
| <b>Financing:</b>                                                       |                     |                        |                      |                        |                      |
| State General Fund                                                      | \$ 2,201,664        | \$ 2,065,919           | \$ 2,041,213         | \$ 1,941,425           | \$ 1,916,719         |
| All Other Funds                                                         | 239,962             | 250,000                | 250,000              | 250,000                | 250,000              |
| <b>TOTAL</b>                                                            | <b>\$ 2,441,626</b> | <b>\$ 2,315,919</b>    | <b>\$ 2,291,213</b>  | <b>\$ 2,191,425</b>    | <b>\$ 2,166,719</b>  |
| FTE Positions                                                           | 23.0                | 24.0                   | 24.0                 | 24.0                   | 24.0                 |

The **agency** requests a revised estimate of \$2.3 million, including \$2.1 million from the State General Fund, for the Appellate Defender program in FY 2018. The revised estimate is an increase of \$183,340, or 8.6 percent, above the amount approved by the 2017 Legislature. The increase is largely due to a \$74,043 increase in salaries and wages for an administrative position transferred from the Trial Public Defender program and a \$109,397 increase in contractual services for reassessed transcript costs.

The **Governor** recommends \$2.3 million, including \$2.0 million from the State General Fund, for the Appellate Defender program in FY 2018. The recommendation is a decrease of \$24,706, or 1.1 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

The **agency** requests a revised estimate of \$2.2 million, including \$1.9 million from the State General Fund, for the Appellate Defender program for FY 2019. The revised estimate is an increase of \$168,439, or 8.3 percent, above the amount approved by the 2017 Legislature. The increase is largely due to a \$85,955 increase for an administrative position transferred from the Trial Public Defender program and a \$82,584 increase in contractual services for reassessed transcript costs.

The **Governor** recommends \$2.2 million, including \$1.9 million from the State General Fund, for the Appellate Defender program for FY 2019. The recommendation is a decrease of \$24,706, or 1.1 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

## E. Trial Public Defender

Public defender offices are located around the state and provide services in counties to indigents on a regional basis. A particular effort has been made to expand the geographical area served by each public defender office. Offices are located in Topeka, Junction City, Salina, Wichita, Johnson County, Garden City, Hutchinson, and Chanute. There are two conflict offices: the Northeast Kansas Conflict Office in Topeka and the Sedgwick County Conflicts Office in Wichita. The Conflict Offices becomes involved in conflicts cases when there are multiple indigent defendants and one of the defendants is already being represented by a public defender or assigned counsel. Former Public Defender offices that have been closed are the Johnson County Satellite Office in Miami County and the Southwest Public Defender Office in Liberal.

| <b>TRIAL PUBLIC DEFENDER<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|----------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                       | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                       |                      |                        |                      |                        |                      |
| Salaries and Wages                                                         | \$ 8,872,842         | \$ 9,025,095           | \$ 8,944,493         | \$ 9,184,843           | \$ 9,104,241         |
| Contractual Services                                                       | 1,337,545            | 1,095,984              | 1,095,984            | 1,090,614              | 1,090,614            |
| Commodities                                                                | 48,488               | 43,170                 | 43,170               | 43,170                 | 43,170               |
| Capital Outlay                                                             | 2,163                | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                               | 0                    | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                               | <b>\$ 10,261,038</b> | <b>\$ 10,164,249</b>   | <b>\$ 10,083,647</b> | <b>\$ 10,318,627</b>   | <b>\$ 10,238,025</b> |
| Aid to Local Units                                                         | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                           | 0                    | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                               | <b>\$ 10,261,038</b> | <b>\$ 10,164,249</b>   | <b>\$ 10,083,647</b> | <b>\$ 10,318,627</b>   | <b>\$ 10,238,025</b> |
| <b>Financing:</b>                                                          |                      |                        |                      |                        |                      |
| State General Fund                                                         | \$ 10,039,906        | \$ 10,058,929          | \$ 9,978,327         | \$ 10,218,627          | \$ 10,138,025        |
| All Other Funds                                                            | 221,132              | 105,320                | 105,320              | 100,000                | 100,000              |
| <b>TOTAL</b>                                                               | <b>\$ 10,261,038</b> | <b>\$ 10,164,249</b>   | <b>\$ 10,083,647</b> | <b>\$ 10,318,627</b>   | <b>\$ 10,238,025</b> |
| FTE Positions                                                              | 138.5                | 141.5                  | 141.5                | 141.5                  | 141.5                |

The **agency** requests a revised estimate of \$10.2 million, including \$10.1 million from the State General Fund, for the Trial Public Defender program in FY 2018. The revised estimate is an increase of \$101,553, or 1.0 percent, above the amount approved by the 2017 Legislature. The increase is largely due to a \$150,807 increase in salaries and wages for salary plan adjustments and promotion. The increase is offset by a \$42,424 decrease in contractual services for promoted positions now budgeted as salaries and wages.

The **Governor** recommends \$10.1 million, including \$10.0 million from the State General Fund, for the Trial Public Defender program in FY 2018. The recommendation is a decrease of \$80,602, or 0.8 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

The **agency** requests a revised estimate of \$10.3 million, including \$10.2 million from the State General Fund, for the Trial Public Defender program for FY 2019. The revised estimate is a decrease of \$75,049, or 0.7 percent, below the amount approved by the 2017 Legislature. The decrease is largely due to a \$20,425 decrease in salaries and wages for salary plan adjustments and a \$47,794 decrease in contractual services for promoted positions now budgeted as salaries and wages.

The **Governor** recommends \$10.2 million, including \$10.1 million from the State General Fund, for the Trial Public Defender program for FY 2019. The recommendation is a decrease of \$80,602, or 0.8 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

## ***F. Capital Defense***

Capital Defense represents individuals charged with capital cases, administers a system by which courts may appoint qualified attorneys to represent indigents charged with capital offenses, serves as a resource for attorneys assigned to capital cases, develops training programs and materials for persons involved in capital cases, maintains statistical records about the use of capital punishment, and provides expert and investigative services to trial counsel in capital cases. Expenditures for the unit include costs of in-house defense, contracts with private attorneys in conflict cases or because of staff overload, and costs associated with capital cases on appeal.

According to the agency, attorneys can only defend capital cases when they meet the standards set by the American Bar Association. Previously, that standard included the requirement that an attorney have previously handled a death penalty case as a second chair. That standard was changed. Currently, attorneys are qualified to defend a capital case when they have: 1) experience defending homicide cases to a jury, and 2) taken specific continuing legal education course work on capital defense.

| <b>CAPITAL DEFENSE<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|----------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                 | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                 |                     |                        |                      |                        |                      |
| Salaries and Wages                                                   | \$ 1,319,412        | \$ 1,639,495           | \$ 1,616,876         | \$ 1,664,078           | \$ 1,641,459         |
| Contractual Services                                                 | 615,852             | 1,097,615              | 1,097,615            | 1,474,348              | 1,474,348            |
| Commodities                                                          | 5,799               | 6,700                  | 6,700                | 6,700                  | 6,700                |
| Capital Outlay                                                       | 2,208               | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                         | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                         | <i>\$ 1,943,271</i> | <i>\$ 2,743,810</i>    | <i>\$ 2,721,191</i>  | <i>\$ 3,145,126</i>    | <i>\$ 3,122,507</i>  |
| Aid to Local Units                                                   | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                     | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                         | <b>\$ 1,943,271</b> | <b>\$ 2,743,810</b>    | <b>\$ 2,721,191</b>  | <b>\$ 3,145,126</b>    | <b>\$ 3,122,507</b>  |
| <b>Financing:</b>                                                    |                     |                        |                      |                        |                      |
| State General Fund                                                   | \$ 1,934,498        | \$ 2,743,510           | \$ 2,720,891         | \$ 3,145,126           | \$ 3,122,507         |
| All Other Funds                                                      | 8,773               | 300                    | 300                  | 0                      | 0                    |
| <b>TOTAL</b>                                                         | <b>\$ 1,943,271</b> | <b>\$ 2,743,810</b>    | <b>\$ 2,721,191</b>  | <b>\$ 3,145,126</b>    | <b>\$ 3,122,507</b>  |
| FTE Positions                                                        | 18.0                | 22.0                   | 22.0                 | 22.0                   | 22.0                 |

The **agency** requests a revised estimate of \$2.7 million, including \$2.7 million from the State General Fund, for the Capital Defense program in FY 2018. The revised estimate is a decrease of \$253,903, or 8.5 percent, below the amount approved by the 2017 Legislature. The decrease is largely due to a \$666,124 decrease in contractual services for increased permanent staffing now budgeted as salaries and wages. The decrease is offset by a \$418,021 increase in salaries and wages for additional capital punishment state *habeas* employees and for the agency's supplemental request for two additional attorneys.

The **Governor** recommends \$2.7 million, including \$2.7 million from the State General Fund, for the Capital Defense program in FY 2018. The recommendation is a decrease of \$22,619, or 0.8 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

The **agency** requests a revised estimate of \$3.1 million, all from the State General Fund, for the Capital Defense program for FY 2019. The revised estimate is a decrease of \$254,874, or 7.5 percent, below the amount approved by the 2017 Legislature. The decrease is largely due to a \$650,260 decrease in contractual services for increased permanent staffing now budgeted as salaries and wages. The decrease is offset by a \$401,186 increase in salaries and wages for additional capital punishment state *habeas* employees and for the agency's supplemental request for two additional attorneys.

The **Governor** recommends \$3.1 million, all from the State General Fund, for the Capital Defense program for FY 2019. The recommendation is a decrease of \$22,619, or 0.8 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to include the agency's supplemental request for a 2.5 percent pay increase for public defenders and support staff.

| PERFORMANCE MEASURES                                      |                          |                   |                      |                      |
|-----------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                   | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Cost per case: Assigned counsel, non-contract             | \$798                    | \$864             | \$798                | \$798                |
| Cost per case: Public defender                            | \$613                    | \$663             | \$613                | \$613                |
| Number of counties covered by assigned counsel agreements | N/A                      | 37                | 37                   | 37                   |
| Number of experts agreeing to work at reduced rates       | N/A                      | 63                | 63                   | 63                   |
| Ethics violations on case work                            | N/A                      | 0                 | 0                    | 0                    |
| Percentage of cases resolves                              | N/A                      | 99.8%             | 99.8%                | 99.8%                |

# DEPARTMENT OF ADMINISTRATION

| Expenditure                               | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|-------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| <b>On Budget Operating Expenditures:</b>  |                       |                        |                       |                        |                       |
| State General Fund                        | \$ 98,875,656         | \$ 99,706,765          | \$ 100,192,220        | \$ 98,579,638          | \$ 99,065,138         |
| Other Funds                               | 44,435,572            | 46,360,179             | 46,360,179            | 45,964,918             | 45,964,618            |
| <i>Subtotal</i>                           | <i>\$ 143,311,228</i> | <i>\$ 146,066,944</i>  | <i>\$ 146,552,399</i> | <i>\$ 144,544,556</i>  | <i>\$ 145,029,756</i> |
| Capital Improvements:                     |                       |                        |                       |                        |                       |
| State General Fund                        | \$ 21,634,955         | \$ 32,015,000          | \$ 30,762,202         | \$ 29,445,000          | \$ 26,942,202         |
| Other Funds                               | 10,710,884            | 12,115,000             | 12,115,000            | 12,600,000             | 12,600,000            |
| <i>Subtotal</i>                           | <i>\$ 32,345,839</i>  | <i>\$ 44,130,000</i>   | <i>\$ 42,877,202</i>  | <i>\$ 42,045,000</i>   | <i>\$ 39,542,202</i>  |
| <i>On Budget Total</i>                    | <i>\$ 175,657,067</i> | <i>\$ 190,196,944</i>  | <i>\$ 189,429,601</i> | <i>\$ 186,589,556</i>  | <i>\$ 184,571,958</i> |
| <b>Off Budget Operating Expenditures:</b> |                       |                        |                       |                        |                       |
| State General Fund                        | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  |
| Other Funds                               | 47,091,773            | 48,861,702             | 48,861,702            | 47,125,955             | 47,125,955            |
| <i>Subtotal</i>                           | <i>\$ 47,091,773</i>  | <i>\$ 48,861,702</i>   | <i>\$ 48,861,702</i>  | <i>\$ 47,125,955</i>   | <i>\$ 47,125,955</i>  |
| Capital Improvements:                     |                       |                        |                       |                        |                       |
| State General Fund                        | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  |
| Other Funds                               | 3,679,422             | 2,955,000              | 2,955,000             | 3,070,000              | 3,070,000             |
| <i>Subtotal</i>                           | <i>\$ 3,679,422</i>   | <i>\$ 2,955,000</i>    | <i>\$ 2,955,000</i>   | <i>\$ 3,070,000</i>    | <i>\$ 3,070,000</i>   |
| <b>TOTAL</b>                              | <b>\$ 226,428,262</b> | <b>\$ 242,013,646</b>  | <b>\$ 241,246,303</b> | <b>\$ 236,785,511</b>  | <b>\$ 234,767,913</b> |
| Percentage Change:                        |                       |                        |                       |                        |                       |
| Operating Expenditures                    |                       |                        |                       |                        |                       |
| State General Fund                        | 66.9 %                | 0.8 %                  | 1.3 %                 | (1.1) %                | (1.1) %               |
| All Funds                                 | 36.3                  | 1.9                    | 2.3                   | (1.0)                  | (1.0)                 |
| FTE Positions                             | 434.8                 | 419.3                  | 422.3                 | 419.3                  | 422.3                 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Department of Administration provides central services for state agencies and also includes a number of other entities and programs for administrative purposes. The Secretary of Administration, who is appointed by and serves at the pleasure of the Governor, manages the Department with the assistance of a Deputy Secretary. Through its different divisions, the Department provides a centralized accounting system; administers a centralized purchasing system; maintains a uniform personnel system; oversees the design and construction of all state buildings; operates the state printing plant; and maintains and operates state buildings and grounds in Topeka. The Department submits a two-part budget: a reportable budget, which reflects expenditures for agency operations, and a non-reportable budget, which includes

expenditures for services performed for other state agencies. The non-reportable budget is reflected in the reportable expenditures of other state agencies and such expenditures are not reflected in the Department's reportable expenditures to avoid double-counting the same expenditures. Administration of the state employee Workers Compensation program and Health Care Benefits program was transferred from the Division of Personnel Services to the Division of Health Policy and Finance as part of a 2005 reorganization and consolidation of health care programs. Health policy programs subsequently were shifted to the Kansas Health Policy Authority in FY 2007. Starting in FY 2015, the Office of Information and Technology Services is reported separately from the Department of Administration budget.

## MAJOR ISSUES FROM PRIOR YEARS

The **2003 Legislature** authorized issuance of \$500.0 million in pension obligation bonds, with debt service to be paid by State General Fund financing beginning in FY 2006. The proceeds were used by the Kansas Public Employees Retirement System (KPERS) to reduce the unfunded actuarial liability.

In **November 2003**, the Governor placed a moratorium on the purchase of new vehicles in FY 2005 and directed all vehicles in the central motor pool fleet be eliminated. These provisions took effect on December 1, 2003. The Governor's Office estimated savings of \$8.6 million in all funds associated with this decision.

At the beginning of the **2004 Session**, the Governor's Office of Health Planning and Finance was created and placed in the Department of Administration. The Office was charged with coordinating health care policy initiatives and addressing issues of health and health care. A total of 4.0 FTE positions were associated with the Office.

The **2004 Legislature** authorized issuance of \$210.0 million in highway bonds for the Kansas Department of Transportation (KDOT) to use in financing the Comprehensive Transportation Program (CTP), with State General Fund financing pledged for debt service payments beginning in FY 2007.

During the **2005 Session**, the Legislature authorized funding of \$210,000 from all funds, including \$105,000 from the State General Fund, to add 3.0 FTE positions for the Long-Term Care Ombudsman. A major reorganization and shift was approved by the 2005 Legislature with \$1.4 billion from all funds in FY 2006, including \$428.0 million from the State General Fund, and 130.4 FTE positions added to the newly designated Division of Health Policy and Finance in the Department of Administration, pursuant to 2005 House Sub. for SB 272.

The **2006 Legislature** approved a shift for FY 2007 of all funding and positions from the Division of Health Policy and Finance to the newly created Kansas Health Policy Authority. The Kansas Health Policy Authority was subsequently dissolved by the 2011 Legislature and its duties were moved to the Kansas Department of Health and Environment.

During the **2007 Legislature**, funding of \$4.5 million for a state Financial Management System (FMS) was approved to begin the multi-year process of development and implementing the software and hardware in state agencies estimated at a total cost of \$40.0 million. The 2007 Legislature also added language to the appropriations bill that directs establishment of a Kansas Taxpayer Transparency program and website for inquiries about the State's financial information called KanView.

The **2008 Legislature** approved continued funding of the Financial Management System (FMS), and included a transfer of \$5.5 million from the State Highway Fund for the project. The transfer is on the reportable side of the budget. The agency expended all the highway funds in order to pay for software for the project. Implementation and integration of the system will continue to be funded from fees charged to agencies for using the STARS reporting system and those fees are on the non-reportable side of the budget.

The **2011 Legislature** approved \$34.3 million in Capitol Restoration bonds, transferred the Information Network of Kansas (INK) into the Department of Administration along with 1.0 FTE position, and shifted responsibilities for the enhanced 911 grant moneys to the Office of the Attorney General.

The **2014 Legislature** added \$20.0 million, all from the State Highway Fund, and lapsed the same amount from the State General Fund for debt service on the Statehouse and transferred \$24.0 million from the FICA Medical Resident Reimbursement Fund to the State General Fund for FY 2015.

The **2015 Legislature** added \$31.4 million for FY 2016 and \$62.2 million for FY 2017 for debt service on KPERS Pension Obligation Bonds, added \$16.2 million for FY 2016 and FY 2017 for debt service on the National Bio and Agro-defense Facility, and moved the debt service on the KU Medical Education Building and John Redmond Reservoir into the Department of Administration. The relocation of the Medical Education and Reservoir debt service is part of a plan to consolidate all State General Funded debt service within the Department of Administration.

The **2016 Legislature** barred the demolition or sale of the Docking State Office Building for FY 2016 and FY 2017. The Legislature also barred any state agency from constructing a new Energy Service Center. Due to premature termination, the contract with the McCarthy Group to construct the Service Center the Department of Administration incurred contractual costs of \$2.1 million, paid on March 7, 2016.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests operating expenditures of \$146.1 million, including \$99.7 million from the State General Fund, in FY 2018. The request is an all funds decrease of \$3.1 million, or 2.1 percent, and a State General Fund increase of \$7,189, or less than 0.1 percent, from the FY 2018 approved budget. The State General Fund operating increase is due to \$42,382 for three operational supplemental requests from the Long Term Care Ombudsman. The increase is partially offset by not budgeting State General Fund revenue allocated to the agency for the legislative pay plan.

The agency requests capital improvements expenditures of \$44.1 million, including \$32.0 million from the State General Fund, in FY 2018. The request is a State General Fund-only increase of \$1.3 million, or 4.1 percent, above the FY 2018 approved budget. The increase is attributable to \$1.3 million in supplemental requests for rehabilitation and repair on the Capitol Complex, Statehouse, Cedar Crest, and Judicial Center.

The **Governor** recommends operating expenditures of \$146.6 million, including \$100.2 million from the State General Fund, in FY 2018. This is an increase of \$485,455, or 0.3 percent, all from the State General Fund. The increase is attributable to recommendations for the three Long Term Care Office (LTCO) supplementals and adding \$283,000 to facilitate Alvarez and Marsal recommendations, along with 3.0 FTE positions, \$200,000 for event setup and cleanup in the Capitol Building, and an additional \$2,455 for salaries in the LTCO. The Governor did not recommend the agency requests for additional rehabilitation and repair funds.



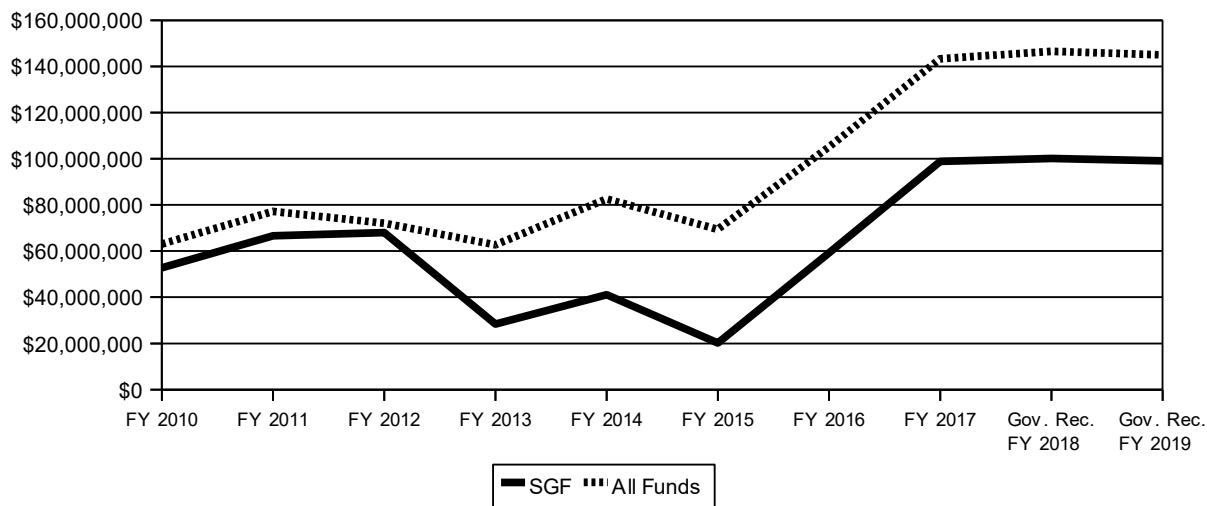
**FY 2019 – Budget Year.** The **agency** requests operating expenditures of \$144.5 million, including \$98.6 million from the State General Fund, for FY 2019. The request is an all funds decrease of \$308,212, or 0.2 percent, and a State General Fund increase of \$34,278, or less than 0.1 percent, from the FY 2019 approved budget. The State General Fund operating increase is a result of supplemental requests for an updated case management system and pay adjustments for the Long Term Care Ombudsman.

The agency requests a revised estimate for capital improvements of \$42.0 million, including \$29.4 million from the State General Fund, for FY 2019. The request is an increase of \$2.5 million, all from the State General Fund, due to \$1.3 million in supplemental requests for rehabilitation and repair and \$1.3 million in supplemental requests for asbestos abatement at the Docking State Office Building. The debt service principal requests remain unchanged from the approved.

The **Governor** recommends operating expenditures of \$145.1 million, including \$99.1 million from the State General Fund, for FY 2019. This is an increase of \$485,500, or 0.3 percent, all from the State General Fund. The increase is attributable to recommendations for the three LTCO supplementals and adding \$283,000 to facilitate Alvarez and Marsal recommendations, along with 3.0 FTE positions, \$200,000 for event setup and cleanup in the Capitol Building, and an additional \$5,000 for salaries in the LTCO. The recommendation also includes \$1.5 million, all from the State General Fund, for additional salary and wage adjustments. This amount is not reflected in the expenditures as it would be transferred out to other agencies. The Governor did not recommend the agency requests for additional rehabilitation and repair funds.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF           | % Change | All Funds     | % Change | FTE     |
|---------------------------------|---------------|----------|---------------|----------|---------|
| 2010                            | \$ 52,789,549 | (17.2)%  | \$ 63,059,603 | (20.5)%  | 735.9   |
| 2011                            | 66,617,017    | 26.2     | 77,196,150    | 22.4     | 747.0   |
| 2012                            | 68,042,451    | 2.1      | 72,089,247    | (6.6)    | 568.3   |
| 2013                            | 28,359,742    | (58.3)   | 62,718,036    | (13.0)   | 518.2   |
| 2014                            | 42,128,069    | 48.5     | 82,582,890    | 31.7     | 468.2   |
| 2015                            | 20,131,425    | (52.2)   | 69,406,039    | (16.0)   | 450.1   |
| 2016                            | 59,247,614    | 194.3    | 105,123,917   | 51.5     | 297.1   |
| 2017                            | 98,875,656    | 66.9     | 143,311,228   | 36.3     | 434.8   |
| 2018 Gov. Rec.                  | 100,192,220   | 1.3      | 146,552,399   | 2.3      | 422.3   |
| 2019 Gov. Rec.                  | 99,065,138    | (1.1)    | 145,029,756   | (1.0)    | 422.3   |
| Ten-Year Change Dollars/Percent | \$ 46,275,589 | 87.7 %   | \$ 81,970,153 | 130.0 %  | (313.6) |

**On Budget - Summary of Operating Budget FY 2017 - FY 2019**

Department of Administration

|                                        |                       | Agency Estimate       |                       |                                |                                 |                       | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|-----------------------|-----------------------|-----------------------|--------------------------------|---------------------------------|-----------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |                       | Estimate<br>FY 2018   | Estimate<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018       | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |                       |                       |                       |                                |                                 |                       |                           |                                |                                 |  |  |
| Administration                         | \$ 578,436            | \$ 651,203            | \$ 660,557            | \$ 9,354                       | 1.4 %                           | \$ 759,203            | \$ 768,557                | \$ 9,354                       | 1.2 %                           |  |  |
| Chief Financial Officer                | 2,189,234             | 2,452,821             | 2,493,149             | 40,328                         | 1.6                             | 2,452,821             | 2,493,149                 | 40,328                         | 1.6                             |  |  |
| Facilities                             | 2,532,386             | 608,283               | 661,754               | 53,471                         | 8.8                             | 808,283               | 861,754                   | 53,471                         | 6.6                             |  |  |
| Chief Counsel                          | 261,068               | 315,755               | 291,094               | (24,661)                       | (7.8)                           | 315,755               | 291,094                   | (24,661)                       | (7.8)                           |  |  |
| Personnel Services                     | 1,410,189             | 1,500,825             | 1,527,967             | 27,142                         | 1.8                             | 1,595,825             | 1,622,967                 | 27,142                         | 1.7                             |  |  |
| Procurement                            | 221,236               | 1,301,442             | 1,330,970             | 29,528                         | 2.3                             | 1,381,442             | 1,410,970                 | 29,528                         | 2.1                             |  |  |
| Financial Management                   | 437,286               | 464,695               | 468,047               | 3,352                          | 0.7                             | 464,695               | 468,047                   | 3,352                          | 0.7                             |  |  |
| Systems Management                     | 874,387               | 72,853                | 74,568                | 1,715                          | 2.4                             | 72,853                | 74,568                    | 1,715                          | 2.4                             |  |  |
| Surplus                                | 0                     | 929,317               | 935,282               | 5,965                          | 0.6                             | 929,317               | 935,282                   | 5,965                          | 0.6                             |  |  |
| Debt Service                           | 132,782,427           | 135,311,434           | 133,728,485           | (1,582,949)                    | (1.2)                           | 135,311,434           | 133,728,485               | (1,582,949)                    | (1.2)                           |  |  |
| Division of the Budget                 | 1,342,539             | 1,717,163             | 1,623,191             | (93,972)                       | (5.5)                           | 1,717,163             | 1,623,191                 | (93,972)                       | (5.5)                           |  |  |
| LTC Ombudsman                          | 682,040               | 741,153               | 749,192               | 8,039                          | 1.1                             | 743,608               | 751,692                   | 8,084                          | 1.1                             |  |  |
| <b>TOTAL</b>                           | <b>\$ 143,311,228</b> | <b>\$ 146,066,944</b> | <b>\$ 144,544,256</b> | <b>\$ (1,522,688)</b>          | <b>(1.0) %</b>                  | <b>\$ 146,552,399</b> | <b>\$ 145,029,756</b>     | <b>\$ (1,522,643)</b>          | <b>(1.0) %</b>                  |  |  |
| <b>By Major Object of Expenditure:</b> |                       |                       |                       |                                |                                 |                       |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 6,619,517          | \$ 7,206,610          | \$ 7,359,055          | \$ 152,445                     | 2.1 %                           | \$ 7,692,065          | \$ 7,844,555              | \$ 152,490                     | 2.0 %                           |  |  |
| Contractual Services                   | 3,147,416             | 2,642,590             | 2,554,906             | (87,684)                       | (3.3)                           | 2,642,590             | 2,554,906                 | (87,684)                       | (3.3)                           |  |  |
| Commodities                            | 420,799               | 560,210               | 560,210               | 0                              | --                              | 560,210               | 560,210                   | 0                              | --                              |  |  |
| Capital Outlay                         | 40,388                | 46,100                | 41,600                | (4,500)                        | (9.8)                           | 46,100                | 41,600                    | (4,500)                        | (9.8)                           |  |  |
| Debt Service                           | 132,782,427           | 135,311,434           | 133,728,485           | (1,582,949)                    | (1.2)                           | 135,311,434           | 133,728,485               | (1,582,949)                    | (1.2)                           |  |  |
| Subtotal-Operations                    | \$ 143,010,547        | \$ 145,766,944        | \$ 144,244,256        | \$ (1,522,688)                 | (1.0) %                         | \$ 146,252,399        | \$ 144,729,756            | \$ (1,522,643)                 | (1.0) %                         |  |  |
| Aid to Local Units                     | 274,011               | 300,000               | 300,000               | 0                              | --                              | 300,000               | 300,000                   | 0                              | --                              |  |  |
| Other Assistance                       | 26,670                | 0                     | 0                     | 0                              | --                              | 0                     | 0                         | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 143,311,228</b> | <b>\$ 146,066,944</b> | <b>\$ 144,544,256</b> | <b>\$ (1,522,688)</b>          | <b>(1.0) %</b>                  | <b>\$ 146,552,399</b> | <b>\$ 145,029,756</b>     | <b>\$ (1,522,643)</b>          | <b>(1.0) %</b>                  |  |  |
| <b>Financing:</b>                      |                       |                       |                       |                                |                                 |                       |                           |                                |                                 |  |  |
| State General Fund                     | \$ 98,875,656         | \$ 99,706,765         | \$ 98,579,638         | \$ (1,127,127)                 | (1.1) %                         | \$ 100,192,220        | \$ 99,065,138             | \$ (1,127,082)                 | (1.1) %                         |  |  |
| All Other Funds                        | 44,435,572            | 46,360,179            | 45,964,918            | (395,261)                      | (0.9)                           | 46,360,179            | 45,964,618                | (395,561)                      | (0.9)                           |  |  |
| <b>TOTAL</b>                           | <b>\$ 143,311,228</b> | <b>\$ 146,066,944</b> | <b>\$ 144,544,556</b> | <b>\$ (1,522,388)</b>          | <b>(1.0) %</b>                  | <b>\$ 146,552,399</b> | <b>\$ 145,029,756</b>     | <b>\$ (1,522,643)</b>          | <b>(1.0) %</b>                  |  |  |

## Off Budget - Summary of Operating Budget FY 2017 - FY 2019

|                                        |                      | Agency Estimate      |                      |                                |                                 |                      | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|----------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018      | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Administration                         | \$ 74,124            | \$ 72,659            | \$ 74,203            | \$ 1,544                       | 2.1 %                           | \$ 72,659            | \$ 74,203                 | \$ 1,544                       | 2.1 %                           |  |  |
| Chief Financial Officer                | 3,974,581            | 4,117,070            | 4,191,303            | 74,233                         | 1.8                             | 4,117,070            | 4,191,303                 | 74,233                         | 1.8                             |  |  |
| Facilities                             | 32,804,024           | 21,376,982           | 22,051,662           | 674,680                        | 3.2                             | 21,376,982           | 22,051,662                | 674,680                        | 3.2                             |  |  |
| Personnel                              | 511,832              | 523,887              | 534,598              | 10,711                         | 2.0                             | 523,887              | 534,598                   | 10,711                         | 2.0                             |  |  |
| Printing, Surplus, & Mail              | 0                    | 9,814,708            | 10,054,092           | 239,384                        | 2.4                             | 9,814,708            | 10,054,092                | 239,384                        | 2.4                             |  |  |
| System Management                      | 7,027,638            | 7,613,827            | 7,647,663            | 33,836                         | 0.4                             | 7,613,827            | 7,647,663                 | 33,836                         | 0.4                             |  |  |
| Financial Management                   | 1,088,006            | 1,208,691            | 1,231,164            | 22,473                         | 1.9                             | 1,208,691            | 1,231,164                 | 22,473                         | 1.9                             |  |  |
| Chief Counsel                          | 449,771              | 442,721              | 479,488              | 36,767                         | 8.3                             | 442,721              | 479,488                   | 36,767                         | 8.3                             |  |  |
| Procurement and Contract               | 28,050               | 2,700,000            | 0                    | (2,700,000)                    | (100.0)                         | 2,700,000            | 0                         | (2,700,000)                    | (100.0)                         |  |  |
| Debt Service                           | 1,114,406            | 991,157              | 861,782              | (129,375)                      | (13.1)                          | 991,157              | 861,782                   | (129,375)                      | (13.1)                          |  |  |
| Clearing                               | 19,341               | 0                    | 0                    | 0                              | --                              | 0                    | 0                         | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 47,091,773</b> | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b> | <b>\$ (1,735,747)</b>          | <b>(3.6) %</b>                  | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b>      | <b>\$ (1,735,747)</b>          | <b>(3.6) %</b>                  |  |  |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 17,009,260        | \$ 17,441,980        | \$ 17,835,688        | \$ 393,708                     | 2.3 %                           | \$ 17,441,980        | \$ 17,835,688             | \$ 393,708                     | 2.3 %                           |  |  |
| Contractual Services                   | 26,214,594           | 27,284,415           | 25,309,085           | (1,975,330)                    | (7.2)                           | 27,284,415           | 25,309,085                | (1,975,330)                    | (7.2)                           |  |  |
| Commodities                            | 2,276,539            | 2,692,150            | 2,722,400            | 30,250                         | 1.1                             | 2,692,150            | 2,722,400                 | 30,250                         | 1.1                             |  |  |
| Capital Outlay                         | 473,790              | 452,000              | 397,000              | (55,000)                       | (12.2)                          | 452,000              | 397,000                   | (55,000)                       | (12.2)                          |  |  |
| Debt Service                           | 1,114,406            | 991,157              | 861,782              | (129,375)                      | (13.1)                          | 991,157              | 861,782                   | (129,375)                      | (13.1)                          |  |  |
| Subtotal-Operations                    | \$ 47,088,589        | \$ 48,861,702        | \$ 47,125,955        | \$ (1,735,747)                 | (3.6) %                         | \$ 48,861,702        | \$ 47,125,955             | \$ (1,735,747)                 | (3.6) %                         |  |  |
| Aid to Local Units                     | 0                    | 0                    | 0                    | 0                              | --                              | 0                    | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 3,184                | 0                    | 0                    | 0                              | --                              | 0                    | 0                         | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 47,091,773</b> | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b> | <b>\$ (1,735,747)</b>          | <b>(3.6) %</b>                  | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b>      | <b>\$ (1,735,747)</b>          | <b>(3.6) %</b>                  |  |  |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                 | \$ 0                      | \$ 0                           | -- %                            |  |  |
| All Other Funds                        | 47,091,773           | 48,861,702           | 47,125,955           | (1,735,747)                    | (3.6)                           | 48,861,702           | 47,125,955                | (1,735,747)                    | (3.6)                           |  |  |
| <b>TOTAL</b>                           | <b>\$ 47,091,773</b> | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b> | <b>\$ (1,735,747)</b>          | <b>(3.6) %</b>                  | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b>      | <b>\$ (1,735,747)</b>          | <b>(3.6) %</b>                  |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$130,168,085 in FY 2018. An adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$293,693, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$130,461,778. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 130,461,778                     | \$ 131,721,765                | \$ 1,259,987                      | \$ 130,954,422              | \$ 492,644                          |
| All Other Funds             | 61,575,870                         | 58,475,179                    | (3,100,691)                       | 58,475,179                  | (3,100,691)                         |
| <b>TOTAL</b>                | <b>\$ 192,037,648</b>              | <b>\$ 190,196,944</b>         | <b>\$ (1,840,704)</b>             | <b>\$ 189,429,601</b>       | <b>\$ (2,608,047)</b>               |
| FTE Positions               | 430.1                              | 419.3                         | (10.8)                            | 422.3                       | (7.8)                               |

The **agency** requests operating expenditures of \$146.1 million, including \$99.7 million from the State General Fund, in FY 2018. The request is an all funds decrease of \$3.1 million, or 2.1 percent, and a State General Fund increase of \$7,189, or less than 0.1 percent, from the FY 2018 approved budget. The State General Fund operating increase is due to \$42,382 for three operational supplement requests from the Long Term Care Ombudsman. The increase is partially offset by not budgeting State General Fund revenue allocated to the agency for the legislative pay plan. The special revenue fund decrease is attributable to the following:

- A decrease of \$2.7 million from the On-Site State Employee Health Clinic Fund, which was transferred from the State Employee Group Health Insurance Trust Fund for the clinic, and shifted from on-budget to off-budget;
- A decrease of \$257,545 from the Surplus Property Program Fund, these expenditures appear off-budget for FY 2018;
- A decrease of \$191,843 from the State Institutions Building Fund and the Correctional Institutions Building Fund due to a reduction in the cost of building insurance; and

- An increase of \$201,879 from the Buildings and Grounds Fund, which reflects a portion of the Curtis State Office Building rent payment for the parking garage that was formerly off-budget.

The agency requests capital improvements expenditures of \$44.1 million, including \$32.0 million from the State General Fund, in FY 2018. The request is a State General Fund-only increase of \$1.3 million, or 4.1 percent, above the FY 2018 approved budget. The increase is attributable to \$1.3 million in supplemental requests for rehabilitation and repair on the Capitol Complex, Statehouse, Cedar Crest and Judicial Center.

The **Governor** recommends operating expenditures of \$146.6 million, including \$100.2 million from the State General Fund, in FY 2018. This is an increase of \$485,455, or 0.3 percent, all from the State General Fund. The increase is attributable to recommendations for the three Long Term Care Office (LTCO) supplementals and adding \$283,000 to facilitate Alvarez and Marsal recommendations, along with 3.0 FTE positions, \$200,000 for event setup and cleanup in the Capitol Building, and an additional \$2,455 for salaries in the LTCO. The Governor did not recommend the agency requests for additional rehabilitation and repair funds.

### Supplemental Detail

| FY 2018 SUPPLEMENTALS                                    |                     |                     |            |                           |                   |            |
|----------------------------------------------------------|---------------------|---------------------|------------|---------------------------|-------------------|------------|
| Supplementals                                            | Agency Estimate     |                     |            | Governor's Recommendation |                   |            |
|                                                          | SGF                 | All Funds           | FTE        | SGF                       | All Funds         | FTE        |
| Capitol Complex R&R<br>Statehouse and Cedar<br>Crest R&R | \$ 1,024,247        | \$ 1,024,247        | 0.0        | \$ 0                      | \$ 0              | 0.0        |
| Judicial Center R&R                                      | 52,412              | 52,412              | 0.0        | 0                         | 0                 | 0.0        |
| A&M Recommendations                                      | 176,139             | 176,139             | 0.0        | 0                         | 0                 | 0.0        |
| Capitol Complex Events                                   | 0                   | 0                   | 0.0        | 283,000                   | 283,000           | 3.0        |
| LTCO Legislative Pay<br>Plan                             | 0                   | 0                   | 0.0        | 200,000                   | 200,000           | 0.0        |
| LTCO Pay Adjustment                                      | 17,239              | 17,239              | 0.0        | 17,239                    | 17,239            | 0.0        |
| LTCO Case<br>Management System                           | 2,455               | 2,455               | 0.0        | 4,910                     | 4,910             | 0.0        |
| <b>TOTAL</b>                                             | <b>\$ 1,295,180</b> | <b>\$ 1,295,180</b> | <b>0.0</b> | <b>\$ 527,837</b>         | <b>\$ 527,837</b> | <b>3.0</b> |

The **agency** requests supplemental expenditures of \$1.3 million, all from the State General Fund, for FY 2018. The requests are attributable to:

- **Capitol Complex Rehabilitation and Repair.** The Department of Administration requests \$1.0 million, all from the State General Fund, for Capitol Complex rehabilitation and repair. Rehabilitation and repair money is spent for maintenance (repairing pumps and bearings; repair or replacement of plumbing or broken windows in a large area of a building due to storm damage or vandalism; and rapid response to leaky roofs); asbestos abatement; minor building refurbishments; and replacement of major equipment components that break down during operations. The buildings for which these funds would be used are Landon, Memorial Hall, and Eisenhower;

- **Statehouse and Cedar Crest Rehabilitation and Repair.** The Department of Administration requests \$52,412, all from the State General Fund, to allow contingency for unplanned or emergency maintenance and replacement of major equipment component breakdown at the Statehouse and Cedar Crest. The Monumental Building Surcharge does not provide any reserve to handle major rehabilitation and repair or unplanned capital improvement costs;
- **Judicial Center Rehabilitation and Repair.** The Department of Administration requests funding from the State General Fund to allow contingency for unplanned or emergency maintenance and replacement of major equipment component breakdown at the Judicial Center. The Monumental Building Surcharge does not provide for any reserve to handle major rehabilitation and repair or unplanned capital improvement costs;
- **Long Term Care Office (LTCO) Legislative Pay Plan.** The LTCO requests \$17,239, all from the State General Fund, for implementation of the legislative pay plan in FY 2018. The Department of Administration was allocated \$319,566, including \$48,898 from the State General Fund, for implementation of the legislative pay plan;
- **LTCO Pay Plan Adjustment.** The LTCO requests \$2,455, all from the State General Fund, to enhance the salaries of two employees who joined the agency in 2015. Those employees received salary adjustments at that time and were therefore excluded from the legislative pay plan; and
- **LTCO Ombudsman Case Management System.** The LTCO requests \$22,688, all from the State General Fund, to purchase a new case management system. The agency states the federal reporting system will be updated in October 2018 and the current case management system will no longer be compatible with the new federal system. OmbudsManager is a comprehensive, web-based system currently used by 35 states. It will meet agency requirements for nursing facility complaint management and the National Ombudsman Reporting System. In addition, OmbudsManager will allow Ombudsman staff to upload all case documents, allowing the program to move to paperless case management, document in real time, and allow for better management of the program across the state.

The **Governor** recommends \$527,837, all from the State General Fund, and 3.0 FTE positions for supplementals in FY 2018. The recommendation includes the three Long Term Care Office (LTCO) supplementals. The Governor further recommends adding \$283,000 to facilitate Alvarez and Marsal recommendations, along with 3.0 FTE positions. One position will be a procurement officer, one position will be an HR manager and one position will report directly to the Secretary of Administration. The Governor also recommends adding \$200,000 for event setup and cleanup in the Capitol Building and an additional \$2,455 for salaries in the LTCO. The Governor did not recommend the agency requests for additional rehabilitation and repair funds.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$125,487,562 for FY 2019. No adjustments have subsequently been made to that amount.

|                    | CHANGE FROM APPROVED BUDGET        |                               |                                   |                             |                                     |
|--------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                    | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund | \$ 125,487,562                     | \$ 128,024,638                | \$ 2,537,076                      | \$ 126,007,340              | \$ 519,778                          |
| All Other Funds    | 58,907,108                         | 58,564,918                    | (342,190)                         | 58,564,618                  | (342,490)                           |
| <b>TOTAL</b>       | <b>\$ 184,394,670</b>              | <b>\$ 186,589,556</b>         | <b>\$ 2,194,886</b>               | <b>\$ 184,571,958</b>       | <b>\$ 177,288</b>                   |
| FTE Positions      | 430.1                              | 419.3                         | (10.8)                            | 422.3                       | (7.8)                               |

The **agency** requests operating expenditures of \$144.5 million, including \$98.6 million from the State General Fund, for FY 2019. The request is an all funds decrease of \$308,212, or 0.2 percent, and a State General Fund increase of \$34,278, or less than 0.1 percent, from the FY 2019 approved budget. The State General Fund operating increase is a result of supplemental requests for an updated case management system and pay adjustments for the Long Term Care Office. The special revenue fund decrease is attributable to the following:

- A decrease of \$260,492 from the Surplus Property Program Fund, these expenditures appear off-budget for FY 2019;
- A decrease of \$150,000 from the State Institutions Building Fund and the Correctional Institutions Building Fund due to a reduction in the cost of building insurance; and
- An increase of \$202,048 from the Buildings and Grounds Fund, which reflects a portion of the Curtis State Office Building rent payment for the parking garage that was formerly off-budget.

The agency requests a revised estimate for capital improvements of \$42.0 million, including \$29.4 million from the State General Fund, for FY 2019. The request is an increase of \$2.5 million, all from the State General Fund, due to \$1.3 million in supplemental requests for rehabilitation and repair and \$1.3 million in supplemental requests for asbestos abatement at the Docking State Office Building. The debt service principal requests remain unchanged from the approved.

The **Governor** recommends operating expenditures of \$145.1 million, including \$99.1 million from the State General Fund, for FY 2019. This is an increase of \$485,500, or 0.3 percent, all from the State General Fund. The increase is attributable to recommendations for the three Long Term Care Office (LTCO) supplementals and adding \$283,000 to facilitate Alvarez and Marsal recommendations, along with 3.0 FTE positions, \$200,000 for event setup and cleanup in the Capitol Building, and an additional \$5,000 for salaries in the LTCO. The



recommendation also includes \$1.5 million, all from the State General Fund, for additional salary and wage adjustments. This amount is not reflected in the expenditures as it would be transferred out to other agencies. The Governor did not recommend the agency requests for additional rehabilitation and repair funds.

## Supplemental Detail

| FY 2019 SUPPLEMENTALS                                    |                     |                     |            |                           |                   |            |
|----------------------------------------------------------|---------------------|---------------------|------------|---------------------------|-------------------|------------|
| Supplementals                                            | Agency Estimate     |                     |            | Governor's Recommendation |                   |            |
|                                                          | SGF                 | All Funds           | FTE        | SGF                       | All Funds         | FTE        |
| Capitol Complex R&R<br>Statehouse and Cedar<br>Crest R&R | \$ 1,024,247        | \$ 1,024,247        | 0.0        | \$ 0                      | \$ 0              | 0.0        |
| Judicial Center R&R                                      | 52,412              | 52,412              | 0.0        | 0                         | 0                 | 0.0        |
| A&M Recommendations                                      | 176,139             | 176,139             | 0.0        | 0                         | 0                 | 0.0        |
| Capitol Complex Events                                   | 0                   | 0                   | 0.0        | 283,000                   | 283,000           | 3.0        |
| Pay Plan Equalization                                    | 0                   | 0                   | 0.0        | 200,000                   | 200,000           | 0.0        |
| LTCO Legislative Pay<br>Plan                             | 0                   | 0                   | 0.0        | 0                         | 0                 | 0.0        |
| LTCO Pay Adjustment                                      | 17,495              | 17,495              | 0.0        | 17,495                    | 17,495            | 0.0        |
| LTCO Case<br>Management System                           | 2,500               | 2,500               | 0.0        | 5,000                     | 5,000             | 0.0        |
| <b>TOTAL</b>                                             | <b>\$ 1,289,993</b> | <b>\$ 1,289,993</b> | <b>0.0</b> | <b>\$ 522,695</b>         | <b>\$ 522,695</b> | <b>3.0</b> |

The **agency** requests supplemental expenditures of \$1.3 million, all from the State General Fund, for FY 2019. The requests are attributable to:

- Capitol Complex Rehabilitation and Repair.** The Department of Administration requests \$1.0 million, all from the State General Fund, for Capitol Complex rehabilitation and repair. Rehabilitation and repair money is spent for maintenance (repairing pumps and bearings; repair or replacement of plumbing or broken windows in a large area of a building due to storm damage or vandalism; and rapid response to leaky roofs); asbestos abatement; minor building refurbishments; and replacement of major equipment components that break down during operations. The buildings for which these funds would be used are Landon, Memorial Hall, and Eisenhower;
- Statehouse and Cedar Crest Rehabilitation and Repair.** The Department of Administration requests \$52,412, all from the State General Fund, to allow contingency for unplanned or emergency maintenance and replacement of major equipment component breakdown at the Statehouse and Cedar Crest. The Monumental Building Surcharge does not provide any reserve to handle major rehabilitation and repair or unplanned capital improvement costs;
- Judicial Center Rehabilitation and Repair.** The Department of Administration requests \$17,495, all from the State General Fund, to allow contingency for unplanned or emergency maintenance and replacement of major equipment component breakdown at the Judicial Center. The Monumental Building Surcharge does not provide for any reserve to handle major rehabilitation and repair or unplanned capital improvement costs;

- **Long Term Care Office (LTCO) Legislative Pay Plan.** The LTCO requests \$17,495, all from the State General Fund, for implementation of the legislative pay plan for FY 2019. The Department of Administration was allocated \$319,566, including \$48,898 from the State General Fund, for implementation of the legislative pay plan;
- **LTCO Pay Plan Adjustment.** The LTCO requests \$2,500, all from the State General Fund, to enhance the salaries of two employees who joined the agency in 2015. Those employees received salary adjustments at that time and were therefore excluded from the legislative pay plan; and
- **LTCO Ombudsman Case Management System.** The LTCO requests \$17,200, all from the State General Fund, to purchase a new case management system. The agency states the federal reporting system will be updated in October 2018 and the current case management system will no longer be compatible with the new federal system. OmbudsManager is a comprehensive, web-based system currently used by 35 states. It will meet agency requirements for nursing facility complaint management and the National Ombudsman Reporting System. In addition, OmbudsManager will allow Ombudsman staff to upload all case documents, allowing the program to move to paperless case management, document in real time, and allow for better management of the program across the state.

The **Governor** recommends \$522,695, all from the State General Fund, and 3.0 FTE positions for supplementals in FY 2018. The recommendation includes the three Long Term Care Office (LTCO) supplementals. The Governor further recommends adding \$283,000 to facilitate Alvarez and Marsal recommendations, along with 3.0 FTE positions. One position will be a procurement officer, one position will be an HR manager, and one position will report directly to the Secretary of Administration. The Governor also recommends adding \$200,000 for event setup and cleanup in the Capitol Building and an additional \$2,455 for salaries in the LTCO. The recommendation also includes \$1.5 million, all from the State General Fund, for additional salary and wage adjustments. This amount is not reflected in the expenditures as it would be transferred out to other agencies. The Governor did not recommend the agency requests for additional rehabilitation and repair funds.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$65,480, including \$6,229 from the State General Fund, and FY 2019 longevity payments total \$68,080, including \$6,737 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                       | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                   | 40.7 %                                     | 40.6 %                                   |
| Expanded Lottery Act<br>Revenue Fund | 11.5                                       | 11.6                                     |
| State Highway Fund                   | 5.8                                        | 5.9                                      |
| Other Funds                          | 26.1                                       | 25.8                                     |
| Off-Budget Funds                     | 16.0                                       | 16.2                                     |
| <b>TOTAL</b>                         | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

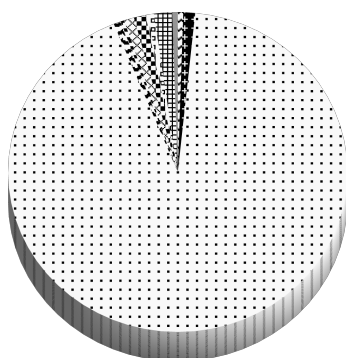
**Note:** Details may not add to totals due to rounding.

# PROGRAM DETAIL

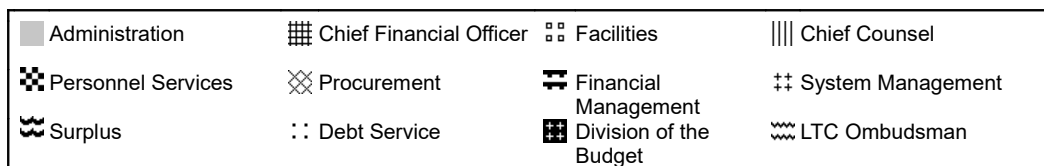
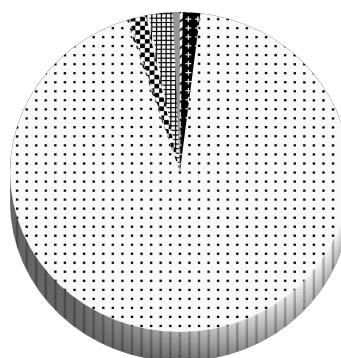
## Expenditures by Program

### Governor's FY 2019 Recommendation

All Funds



State General Fund



| Program                 | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration          | \$ 768,557                        | 0.5 %               | \$ 650,133                  | 0.7 %               |
| Chief Financial Officer | 2,493,149                         | 1.7                 | 2,236,144                   | 2.3                 |
| Facilities              | 861,754                           | 0.6                 | 200,000                     | 0.2                 |
| Chief Counsel           | 291,094                           | 0.2                 | 258,094                     | 0.3                 |
| Personnel Services      | 1,622,967                         | 1.1                 | 1,591,953                   | 1.6                 |
| Procurement             | 1,410,970                         | 1.0                 | 80,000                      | 0.1                 |
| Financial Management    | 468,047                           | 0.3                 | 132,211                     | 0.1                 |
| Systems Management      | 74,568                            | 0.1                 | 74,568                      | 0.1                 |
| Surplus                 | 935,282                           | 0.6                 | 0                           | 0.0                 |
| Debt Service            | 133,728,485                       | 92.2                | 91,935,404                  | 92.8                |
| Division of the Budget  | 1,623,191                         | 1.1                 | 1,623,191                   | 1.6                 |
| LTC Ombudsman           | 751,692                           | 0.5                 | 283,470                     | 0.3                 |
|                         | <b>\$ 145,029,756</b>             | <b>100.0 %</b>      | <b>\$ 99,065,168</b>        | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program                      | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| <b>On-Budget:</b>            |                   |                        |                      |                        |                      |
| Administration               | 5.0               | 4.2                    | 5.2                  | 4.2                    | 5.2                  |
| Chief Financial Officer      | 0.0               | 24.1                   | 24.1                 | 24.1                   | 24.1                 |
| Facilities                   | 0.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| Chief Counsel                | 8.5               | 2.5                    | 2.5                  | 2.5                    | 2.5                  |
| Personnel Services           | 24.0              | 15.7                   | 16.7                 | 15.7                   | 16.7                 |
| Procurement                  | 16.0              | 16.0                   | 17.0                 | 16.0                   | 17.0                 |
| Financial<br>Management      | 0.0               | 2.9                    | 2.9                  | 2.9                    | 2.9                  |
| Systems<br>Management        | 0.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| Surplus                      | 4.3               | 4.3                    | 4.3                  | 4.3                    | 4.3                  |
| Debt Service                 | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Division of the Budget       | 12.0              | 12.0                   | 12.0                 | 12.0                   | 12.0                 |
| LTC Ombudsman                | 11.0              | 11.0                   | 11.0                 | 11.0                   | 11.0                 |
| <b>Off-Budget:</b>           |                   |                        |                      |                        |                      |
| Administration               | 0.0               | 0.8                    | 0.8                  | 0.8                    | 0.8                  |
| Chief Financial Officer      | 68.5              | 9.9                    | 9.9                  | 9.9                    | 9.9                  |
| Facilities                   | 193.0             | 189.0                  | 189.0                | 189.0                  | 189.0                |
| Personnel                    | 0.0               | 8.4                    | 8.4                  | 8.4                    | 8.4                  |
| Internal Controls            | 0.0               | 25.0                   | 25.0                 | 25.0                   | 25.0                 |
| Printing, Surplus, &<br>Mail | 49.5              | 48.5                   | 48.5                 | 48.5                   | 48.5                 |
| System Management            | 20.0              | 19.0                   | 19.0                 | 19.0                   | 19.0                 |
| Financial<br>Management      | 23.0              | 19.2                   | 19.2                 | 19.2                   | 19.2                 |
| Chief Counsel                | 0.0               | 5.0                    | 5.0                  | 5.0                    | 5.0                  |
| Procurement and<br>Contract  | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Debt Service                 | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Clearing                     | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>                 | <b>434.8</b>      | <b>419.3</b>           | <b>422.3</b>         | <b>419.3</b>           | <b>422.3</b>         |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. On-Budget Program and Subprograms

| PROGRAMS AND SUBPROGRAMS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                       |                        |                       |                        |                       |
|-----------------------------------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item                                                                  | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
| <b>Expenditures:</b>                                                  |                       |                        |                       |                        |                       |
| <i>Administration</i>                                                 |                       |                        |                       |                        |                       |
| Administration                                                        | \$ 578,436            | \$ 396,294             | \$ 504,294            | \$ 401,303             | \$ 509,303            |
| Finance Council                                                       | 0                     | 3,182                  | 3,182                 | 3,227                  | 3,227                 |
| Public Information                                                    | 0                     | 129,973                | 129,973               | 132,132                | 132,132               |
| KCJIS Administration                                                  | 0                     | 121,754                | 121,754               | 123,895                | 123,895               |
| <i>Chief Financial Officer</i>                                        |                       |                        |                       |                        |                       |
| Chief Financial Officer                                               | 2,189,234             | 118,414                | 118,414               | 121,183                | 121,183               |
| Delegated Audit                                                       | 0                     | 437,468                | 437,468               | 446,406                | 446,406               |
| Financial Integrity                                                   | 0                     | 795,565                | 795,565               | 802,951                | 802,951               |
| Internal Controls                                                     | 0                     | 170,653                | 170,653               | 174,322                | 174,322               |
| Federal Reporting                                                     | 0                     | 165,939                | 165,939               | 169,381                | 169,381               |
| Municipal Services                                                    | 0                     | 109,184                | 109,184               | 110,606                | 110,606               |
| Statewide Payroll                                                     | 0                     | 131,985                | 131,985               | 134,691                | 134,691               |
| Statewide Accounting                                                  | 0                     | 483,613                | 483,613               | 493,609                | 493,609               |
| Setoff                                                                | 0                     | 40,000                 | 40,000                | 40,000                 | 40,000                |
| <i>Facilities</i>                                                     |                       |                        |                       |                        |                       |
| Facilities and Property                                               | 2,532,386             | 0                      | 0                     | 0                      | 0                     |
| Building Services                                                     | 0                     | 16,000                 | 216,000               | 16,000                 | 216,000               |
| Asset Management                                                      | 0                     | 318,157                | 318,157               | 370,000                | 370,000               |
| Grounds                                                               | 0                     | 274,126                | 274,126               | 275,754                | 275,754               |
| Surplus                                                               | 0                     | 929,317                | 929,317               | 935,282                | 935,282               |
| <i>Chief Counsel</i>                                                  |                       |                        |                       |                        |                       |
| Chief Counsel                                                         | 261,068               | 213,887                | 213,887               | 187,320                | 187,320               |
| Labor Relations                                                       | 0                     | 101,868                | 101,868               | 103,774                | 103,774               |
| <i>Personnel Services</i>                                             |                       |                        |                       |                        |                       |
| Personnel                                                             | 1,410,189             | 0                      | 0                     | 0                      | 0                     |
| HR Management                                                         | 0                     | 1,044,509              | 1,139,509             | 1,061,943              | 1,156,943             |
| HR Info Systems                                                       | 0                     | 153,039                | 153,039               | 156,289                | 156,289               |
| Policy Development                                                    | 0                     | 303,277                | 303,277               | 309,735                | 309,735               |
| <i>Procurement</i>                                                    | 221,236               | 1,301,442              | 1,381,442             | 1,330,970              | 1,410,970             |
| <i>Financial Management</i>                                           | 437,286               | 464,695                | 464,695               | 468,047                | 468,047               |
| <i>Systems Management</i>                                             |                       |                        |                       |                        |                       |
| Systems Management                                                    | 874,387               | 0                      | 0                     | 0                      | 0                     |
| State Service Desk                                                    | 0                     | 72,853                 | 72,853                | 74,568                 | 74,568                |
| <i>Debt Service</i>                                                   | 132,782,427           | 135,311,434            | 135,311,434           | 133,728,485            | 133,728,485           |
| <i>Division of the Budget</i>                                         | 1,342,539             | 1,717,163              | 1,717,163             | 1,623,191              | 1,623,191             |
| <i>LTC Ombudsman</i>                                                  | 682,040               | 741,153                | 743,608               | 749,192                | 751,692               |
| <b>TOTAL</b>                                                          | <b>\$ 143,311,228</b> | <b>\$ 146,066,944</b>  | <b>\$ 146,552,399</b> | <b>\$ 144,544,256</b>  | <b>\$ 145,029,756</b> |
| <b>Financing:</b>                                                     |                       |                        |                       |                        |                       |
| State General Fund                                                    | \$ 98,875,656         | \$ 99,706,765          | \$ 100,192,220        | \$ 98,579,638          | \$ 99,065,138         |
| All Other Funds                                                       | 44,435,572            | 46,360,179             | 46,360,179            | 45,964,618             | 45,964,618            |
| <b>TOTAL</b>                                                          | <b>\$ 143,311,228</b> | <b>\$ 146,066,944</b>  | <b>\$ 146,552,399</b> | <b>\$ 144,544,256</b>  | <b>\$ 145,029,756</b> |
| FTE Positions                                                         | 80.8                  | 94.6                   | 97.6                  | 94.6                   | 97.6                  |

## B. Off-Budget Program and Subprograms

| PROGRAMS AND SUBPROGRAMS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                      |                        |                      |                        |                      |
|-----------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                  | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                  |                      |                        |                      |                        |                      |
| <i>Administration</i>                                                 | \$ 74,124            | \$ 72,659              | \$ 72,659            | \$ 74,203              | \$ 74,203            |
| <i>Chief Financial Officer</i>                                        |                      |                        |                      |                        |                      |
| Setoff                                                                | 0                    | 664,771                | 664,771              | 675,501                | 675,501              |
| Chief Financial Officer                                               | 3,974,581            | 170,695                | 170,695              | 173,556                | 173,556              |
| Delegated Audit                                                       | 0                    | 150,598                | 150,598              | 152,387                | 152,387              |
| Financial Integrity                                                   | 0                    | 143,000                | 143,000              | 148,000                | 148,000              |
| Revolving Fund                                                        | 0                    | 249,394                | 249,394              | 254,789                | 254,789              |
| Internal Controls                                                     | 0                    | 130,432                | 130,432              | 132,654                | 132,654              |
| Federal Reporting                                                     | 0                    | 16,000                 | 16,000               | 16,000                 | 16,000               |
| Statewide Payroll                                                     | 0                    | 1,211,298              | 1,211,298            | 1,230,567              | 1,230,567            |
| Statewide Accounting                                                  | 0                    | 1,380,882              | 1,380,882            | 1,407,849              | 1,407,849            |
| <i>Facilities:</i>                                                    |                      |                        |                      |                        |                      |
| Facilities and Property                                               | 32,804,024           | 4,818,329              | 4,818,329            | 4,903,119              | 4,903,119            |
| Construction                                                          | 0                    | 11,342,615             | 11,342,615           | 11,806,407             | 11,806,407           |
| Building Services                                                     | 0                    | 2,909,648              | 2,909,648            | 2,976,677              | 2,976,677            |
| Design & Compliance                                                   | 0                    | 2,007,821              | 2,007,821            | 2,043,114              | 2,043,114            |
| Asset Management                                                      | 0                    | 298,569                | 298,569              | 322,345                | 322,345              |
| <i>Personnel Services</i>                                             |                      |                        |                      |                        |                      |
| Personnel Services                                                    | 511,832              | 107,065                | 107,065              | 109,238                | 109,238              |
| HR Management                                                         | 0                    | 416,822                | 416,822              | 425,360                | 425,360              |
| <i>Central Services</i>                                               |                      |                        |                      |                        |                      |
| Surplus                                                               | 0                    | 764,635                | 764,635              | 769,476                | 769,476              |
| Central Mail                                                          | 0                    | 5,316,133              | 5,316,133            | 5,529,950              | 5,529,950            |
| Printing                                                              | 0                    | 3,733,940              | 3,733,940            | 3,754,666              | 3,754,666            |
| <i>Systems Management</i>                                             |                      |                        |                      |                        |                      |
| Systems Management                                                    | 7,027,638            | 7,387,030              | 7,387,030            | 7,417,107              | 7,417,107            |
| State Service Desk                                                    | 0                    | 226,797                | 226,797              | 230,556                | 230,556              |
| <i>Financial Management</i>                                           |                      |                        |                      |                        |                      |
| Financial Management                                                  | 1,088,006            | 851,430                | 851,430              | 867,495                | 867,495              |
| Agency Service Center                                                 | 0                    | 357,261                | 357,261              | 363,669                | 363,669              |
| <i>Chief Counsel</i>                                                  | 449,771              | 442,721                | 442,721              | 479,488                | 479,488              |
| <i>Procurement &amp; Contracts</i>                                    | 28,050               | 2,700,000              | 2,700,000            | 0                      | 0                    |
| <i>Debt Service</i>                                                   | 1,114,406            | 991,157                | 991,157              | 861,782                | 861,782              |
| <i>Clearing</i>                                                       | 19,341               | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                          | <b>\$ 47,091,773</b> | <b>\$ 48,861,702</b>   | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b>   | <b>\$ 47,125,955</b> |
| <b>Financing:</b>                                                     |                      |                        |                      |                        |                      |
| State General Fund                                                    | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                       | 47,091,773           | 48,861,702             | 48,861,702           | 47,125,955             | 47,125,955           |
| <b>TOTAL</b>                                                          | <b>\$ 47,091,773</b> | <b>\$ 48,861,702</b>   | <b>\$ 48,861,702</b> | <b>\$ 47,125,955</b>   | <b>\$ 47,125,955</b> |
| FTE Positions                                                         | 351.3                | 324.7                  | 324.7                | 324.7                  | 324.7                |



## Administration

The Secretary of Administration, among other statutory duties, establishes the vision and mission for the agency and works with the Office Directors to move agency operations to reflect that vision and mission. The Office of the Secretary manages the Department of Administration, supervises the various offices and their functions, establishes agency priorities, and allocates resources accordingly. In 2014, the Office of Operations and Public Affairs was created and sits as part of the Office of the Secretary.

The Secretary of Administration also serves as a member of the Kansas State Employees Health Care Commission and the Capitol Area Plaza Authority. In addition, the Secretary serves as Secretary of the State Finance Council.

The Administration program estimates on-budget expenditures of \$651,203, including \$535,084 from the State General Fund, for FY 2018. The estimate is an all funds increase of \$2,333, or 0.4 percent, and a State General Fund decrease of \$243, or less than 0.1 percent, from the FY 2018 approved budget. The increase is attributable to shifting expenditures from computers to increase funding for travel and cost analysis studies.

The Administration program estimates off-budget expenditures of \$72,659, all from special revenue funds, in FY 2018. The estimate is an all funds increase of \$497, or 0.7 percent, above the FY 2018 approved budget.

The **Governor** recommends on-budget expenditures of \$759,203, including \$643,084 from the State General Fund, for the Administration program. This is an increase of \$108,000, or 16.6 percent, all from the State General Fund, above the FY 2018 agency request. The increase is attributable to an additional employee to assist in compliance with the Alvarez and Marsal recommendations. The Governor concurs with the agency off-budget expenditure request.

The Administration program estimates on-budget expenditures of \$660,557, including \$542,133 from the State General Fund, for FY 2019. The estimate is an all funds increase of \$43,679, or 7.1 percent, and a State General Fund increase of \$39,008, or 7.8 percent, above the FY 2019 approved budget. The increase is attributable to holding salaries and wages at the FY 2019 level, and shifting expenditures to from computers to increase funding for travel and cost analysis studies.

The Administration program estimates off-budget expenditures of \$74,203, all from special revenue funds, for FY 2019. The estimate is an all funds increase of \$1,544, or 2.1 percent, above the FY 2019 approved budget.

The **Governor** recommends on-budget expenditures of \$768,557, including \$650,133 from the State General Fund, for the Administration program. This is an increase of \$108,000, or 16.3 percent, all from the State General Fund, above the FY 2019 agency request. The increase is attributable to an additional employee to assist in compliance with the Alvarez and Marsal recommendations. The Governor concurs with the agency off-budget expenditure request.

**Administration Subprograms.** The Administration Program is comprised of four subprograms: Administration, Finance Council, Public Information, and Kansas Criminal Justice Information System (KCJIS) Administration. These are detailed below:

- The Secretary of Administration serves as Secretary of the State Finance Council;

- The State Finance Council is a joint committee comprised of the legislative leadership from the House and Senate and the Governor that is empowered to make some financial decisions while the Legislature is not in session;
- The Public Information Officer serves as the agency's legislative liaison and communication director; and
- The Secretary of Administration serves as the vice-chairperson of the KCJIS Committee. The Secretary administers the distribution of federal funds. KCJIS allows the criminal justice and law enforcement community access to the National Crime Information Center (NCIC), as well as delivers Kansas drivers' license information, vehicle registration information, and criminal history records.

### **Chief Financial Officer**

The Office of the Chief Financial Officer (OCFO) was established July 1, 2013. The Chief Financial Officer (CFO) has overall agency responsibility for preparing the State of Kansas' official Comprehensive Annual Financial Report (CAFR). The OCFO assists with the Statewide Single audit performed annually by independent auditors as a requirement of federal regulations. The OCFO is organized into three sections: 1) Statewide Controls, Reporting, and Collections; 2) Statewide Agency Audits and Municipals; and 3) Statewide Payroll and Accounting. Each section is comprised of teams responsible for specific programs and systems. A departmental reorganization in April 2015 moved the Statewide Accounting and Statewide Payroll teams to the OCFO along with the State Revolving Fund (SRF), Setoff Program, and Kansas Treasury Offset Program (KTOP).

The CFO program estimates on-budget expenditures of \$2.5 million, including \$2.2 million, from the State General Fund, in FY 2018. The estimate is an all funds increase of \$50,738, or 2.1 percent, and a State General Fund increase of \$37,695, or 1.7 percent, above the FY 2018 approved budget. The increase is attributable to salary and wage expenditures in the legislative pay plan.

The CFO program estimates off-budget expenditures of \$4.1 million, all from special revenue funds, in FY 2018. The estimate is an all funds increase of \$11,963, or 0.3 percent, above the FY 2018 approved budget. The program is shifting budgeted expenditures from salaries and wages to rent.

The **Governor** recommends on-budget and off-budget requests for the CFO program in FY 2018.

The CFO program estimates on-budget expenditures of \$2.5 million, including \$2.2 million from the State General Fund, for FY 2019. The estimate is an all funds increase of \$56,603, or 2.3 percent, and a State General Fund increase of \$44,292, or 2.0 percent, above the FY 2019 approved budget. The increase is attributable to salary and wage expenditures in the legislative pay plan.

The CFO program estimates off-budget expenditures of \$4.2 million, all from special revenue funds, for FY 2019. The estimate is an all funds increase of \$63,958, or 1.5 percent, above the FY 2019 approved budget. The program is shifting budgeted expenditures from salaries and wages to rent and communications costs.

The **Governor** recommends on-budget and off-budget requests for the CFO program for FY 2019.

**Chief Financial Officer Subprograms.** The CFO program is comprised of ten subprograms: Chief Financial Officer, Revolving Fund, Delegated Audit, Financial Integrity Team, Internal Controls, Federal Reporting, Municipal Services, Statewide Payroll, Statewide Accounting, and Setoff. These are detailed below:

- The Chief Financial Officer (CFO) has overall agency responsibility for preparing the State of Kansas' official Comprehensive Annual Financial Report (CAFR). The OCFO assists with the Statewide Single audit performed annually by independent auditors as a requirement of federal regulations. The CFO is a member of the Department of Administration Bond Disclosure Committee. The OCFO assists in preparing, analyzing, reviewing financial data and information related to the reporting of the State's financial condition for bond issuance and refunding, and continuing disclosures required under Securities and Exchange Commission rules;
- The State Revolving Fund Program provides accounting and reporting services for the Kansas Public Water Supply Loan Fund and the Kansas Water Pollution Control Revolving Fund. These are programs under the authority of the Kansas Department of Health and Environment and provide the funding necessary for low interest loans for qualifying water projects of local units of Kansas government. These services are part of a tri-party interagency agreement financed by the Kansas Department of Health and Environment, with other services provided by the Kansas Development Finance Authority;
- The Delegated Audit Program performs annual agency audits of expenditures, local funds, assets, accounts receivable, examination of bills, claims, refunds and other demands on state funds, and other financial activity. It also performs pre-audits on non-delegated transactions statewide for compliance with statutes, regulations, policies, and accepted accounting principles. The Audit Services Team develops and updates the statewide accounting Policy Manual. The Team also assists agencies with developing their agency-specific policies in accordance with these same statewide guidelines;
- The Financial Integrity Team is responsible for all aspects of the CAFR, which, by statute, is required to be presented to the Governor on or before December 31 following the close of the fiscal year. This includes requesting various agency financial confirmations, data reconciliations, and preparation of the CAFR in accordance with generally accepted accounting principles for government;
- The Internal Controls Team was established to assess risk at agency and central operating levels and to identify both internal control weaknesses, as well as potential weaknesses in accounting controls within the central accounting systems. The Team provides analysis and documentation of issues and proposes corrective actions for management consideration and prioritization. This work focuses on the central accounting system (SMART) but may also include both internal and accounting control issues within the central systems for payroll (SHARP) and debt recovery;
- The Federal Reporting Team is responsible for statewide coordination and development of educational opportunities to assist state agencies in compliance with provisions of the new Uniform Grant Guidance, also known as the Super

Circular. This Team works with state agencies at fiscal year-end to aggregate federal fund awards expenditures in order to create the schedule of expenditures of federal awards (SEFA), which is used by the external auditors to determine which federal programs will be audited;

- The Municipal Services Program this Office prescribes and develops a municipal audit guide that is to be followed by licensed municipal accountants and certified public accountants that engage in municipal audits. The Office partners with the Kansas Municipal Auditing and Accounting Guide (KMAAG) Board of Editors and the Kansas Society of Certified Public Accountants to annually review and edit the KMAAG. In addition, as required by KSA 75-1124, all audits required under the Municipal Audit Law are to be filed with the Office;
- The Statewide Payroll Team is responsible for the central statewide payroll system and processing, including payroll accounting, calculation, distribution, and analysis as required by KSA 75-5501 *et seq.* The Statewide Human Resources and Payroll system (SHARP) is a web-based Oracle/PeopleSoft Human Capital Management System that pays 53,750 employees bi-weekly and issues 72,000 W-2s annually with an annual payroll totaling \$2.8 billion;
- The Statewide Accounting Team is responsible for the centrally maintained and integrated system for the accounting functions of all state agencies as required by KSA 75-3728 *et seq.* The section operates in a diverse and complex multi-agency environment with frequently changing conditions and maintains two areas of focus: the accurate and timely processing of statewide daily accounting transactions, and the on-going maintenance/updates/enhancements to the statewide accounting system; and
- The Setoff Program is governed by KSA 75-6201 *et seq.* and began in early 1981 following the legislation that allowed the Department of Administration to set off moneys the State of Kansas owes vendors and individuals against debts those entities owe to the State of Kansas. Participation in the Setoff Program is voluntary. State agencies and district courts can immediately begin submitting debts while municipalities must enter into a written agreement with the Setoff Program. Agencies submitting debts to Setoff are referred to as the Creditor Agencies.

## Facilities

The Office of Facilities and Property Management (OFPM) centrally administers State-owned and State-leased facilities and protects the State's interest in all state facilities planning, design, and compliance activities. The Office of Facilities and Property Management provides: 1) Engineering Services, 2) Maintenance/Construction, 3) Building services (housekeeping), 4) Design and Compliance services, 5) Asset Management, and 6) State Employee Parking.

The OFPM estimates on-budget expenditures of \$608,283, all from special revenue funds, in FY 2018. The estimate is an all funds decrease of \$1.2 million, or 65.6 percent, below the FY 2018 approved budget. The decrease is attributable to breaking out the surplus property program as a separate budget item. Absent the program change, OFPM has increased the contractual services budget from the Buildings and Grounds Fund by \$181,950 (from \$2,700) due to rent being brought on-budget.

The OFPM estimates off-budget expenditures of \$21.4 million, all from special revenue funds, in FY 2018. The estimate is an all funds decrease of \$10.5 million, or 33.0 percent, below the FY 2018 approved budget. The decrease is attributable to breaking out Surplus Property, Printing, and Central Mail as a separate program.

The **Governor** recommends on-budget expenditures of \$808,283, including \$200,000 from the State General Fund, for OFPM in FY 2018. This is an increase of \$200,000, or 32.9 percent, all from the State General Fund, above the FY 2018 agency request. The increase is attributable to the Governor adding \$200,000 for costs associated with hosting events in the Capitol Building. The Governor concurs with the agency off-budget expenditure request.

The OFPM estimates on-budget expenditures of \$661,754, all from special revenue funds, for FY 2019. The estimate is an all funds decrease of \$1.1 million, or 63.0 percent, below the FY 2019 approved budget. The decrease is attributable to breaking out the surplus property program as a separate budget item. Absent the program change, OFPM has increased the contractual services budget from the Buildings and Grounds Fund by \$181,950 (from \$2,700) due to rent being brought on-budget.

The OFPM estimates off-budget expenditures of \$22.1 million, all from special revenue funds, for FY 2019. The estimate is an all funds decrease of \$10.6 million, or 32.4 percent, below the FY 2019 approved budget. The decrease is attributable to breaking out Surplus Property, Printing, and Central Mail as a separate program.

The **Governor** recommends on-budget expenditures of \$861,754, including \$200,000 from the State General Fund, for OFPM for FY 2019. This is an increase of \$200,000, or 30.2 percent, all from the State General Fund, above the FY 2019 agency request. The increase is attributable to the Governor adding \$200,000 for costs associated with hosting events in the Capitol Building. The Governor concurs with the agency off-budget expenditure request.

**Facilities Subprograms.** The OFPM is comprised of six subprograms: Administration, Construction, Building Services, Design and Compliance, Asset Management, and Parking. These are detailed below:

- **Administration.** The Office of Facilities and Property Management provides engineering services to protect the State's interest in all state facilities planning, design, and construction activities. The Engineering section assists in monitoring state buildings to keep them safe and comfortable for employees. This section also helps plan and oversee projects done by outside vendors on State-owned buildings to ensure quality of workmanship and adherence to contracts;
- **Construction.** The Maintenance/Construction subprogram maintains the buildings by providing plumbing, heating and cooling, painting, landscaping, carpentry, electrical work, and other services to help maintain the buildings. This is done mostly through a preventive maintenance schedule that helps ensure all building systems are operating normally and are in good working condition. These preventive maintenance schedules help find and fix problems before they cause issues or system failure. This subprogram also responds to customer concerns and complaints about building issues, such as temperature, lighting, and other miscellaneous items, in a timely and professional manner;
- **Building Services.** The Building Services subprogram provides housekeeping services for State-owned buildings and leased buildings in Topeka. State-owned

buildings include the Kansas Statehouse, Kansas Judicial Center, Docking, Landon, Memorial, Curtis, Eisenhower, Forbes, 1020 Kansas, Kansas Insurance Building, and Cedar Crest. Leased buildings include Zibell, Scott, Mills, and the State Defense Building. Tasks done by Building Services on a regular basis include emptying trash, cleaning restrooms, dusting, vacuuming carpets, mopping floors, stripping and waxing of floors, and other special cleaning projects as they arise or are assigned;

- **Design and Compliance.** The Design and Compliance subprogram provides planning, design reviews, and construction administration for all statewide capital improvement projects totaling approximately \$100 million annually. Design and Compliance administers architectural and engineering firm selection. KSA 75-1250 *et seq.* established the requirements for contracts for architectural services. KSA 75-5801 *et seq.* established the requirements for engineering services. This subprogram also performs Life Safety Code and Americans with Disabilities Act design reviews in addition to field inspection services for both code compliance and quality control during construction;
- **Asset Management.** The Asset Management subprogram administers and approves state leases for all state agencies, pursuant to KSA 75-3739, which requires that “. . .no state agency shall enter into any lease of real property without prior approval of the Secretary of Administration”; and
- **Parking.** The Office of Facilities and Property Management administers parking for the Capitol Complex. This includes waiting lists for free employee surface parking as well as waiting lists and billing for parking in the Curtis State Office Building parking garage. Surface lots are maintained through funds collected in the Monumental Building Surcharge, and the Curtis State Office Building Garage is maintained with fees collected through reserved parking fees.

## Office of Chief Counsel

The Office of Chief Counsel manages the legal affairs of the Department of Administration and serves as the chief legal adviser to the Secretary of Administration, Office Directors, and managers. The Office of Chief Counsel is responsible for all legal work arising from the activities of the Department and Administration and provides legal advice and services in a wide variety of areas of law, including legislation, finance, constitutional, commercial transactions, employment, real estate, litigation, contracts, and administrative regulations.

The Chief Counsel program estimates on-budget expenditures of \$315,755, including \$282,755 from the State General Fund, in FY 2018. The estimate is a State General Fund-only decrease of \$43,261, or 13.3 percent, below the FY 2018 approved budget. The decrease is attributable to salaries and wages. The agency reduced 1.0 FTE position funded primarily from the off-budget side.

The Chief Counsel program estimates off-budget expenditures of \$442,721, all from special revenue funds, in FY 2018. The estimate is an all funds decrease of \$63,338, or 12.5 percent, below the FY 2018 approved budget. The decrease is attributable to salaries and wages. The agency reduced 1.0 FTE position funded primarily from the off-budget side.

The **Governor** concurs with the agency on- and off-budget requests for the Chief Counsel program in FY 2018.

The Chief Counsel program estimates on-budget expenditures of \$291,094, including \$258,094 from the State General Fund, for FY 2019. The estimate is a State General Fund-only decrease of \$471,235, or 13.3 percent, below the FY 2018 approved budget. The decrease is attributable to salaries and wages and contractual services. The agency reduced 1.0 FTE position funded primarily from the off-budget side. The agency also reduced \$30,000 from rent.

The Chief Counsel program estimates off-budget expenditures of \$479,488, all from special revenue funds, for FY 2019. The estimate is an all funds decrease of \$32,121, or 6.3 percent, below the FY 2019 approved budget. The decrease is attributable to salaries and wages. The agency reduced 1.0 FTE position funded primarily from the off-budget side.

The **Governor** concurs with the agency on- and off-budget requests for the Chief Counsel program for FY 2019.

**Chief Counsel Subprograms.** The Chief Counsel Office is comprised of two subprograms: the Chief Counsel's Office and the Office of Labor Relations. The Office of the Chief Counsel is as described above. The Office of Labor Relations provides legal assistance in the negotiation of employee labor disputes in cooperation with the Department of Labor.

## **Personnel Services**

The Office of Human Resources administers the Kansas Civil Service Act and other related statutes to provide a comprehensive human resource (HR) program for the State. In 2011, Executive Order 11-04 directed that all non-Regents HR staff in agencies under the Governor's jurisdiction report to the Director of Human Resources, and also that the Office of Human Resources is to establish and implement consistent HR policies, procedures, and practices for the state workforce. The Office of Human Resources expanded its efforts in assisting state agencies by providing technical and expert assistance on recruitment, selection, performance management, position management, classification, compensation, employee relations, guidance and discipline, employee recognition, layoffs, furloughs, time and leave, payroll, benefits, the Family Medical Leave Act, the Americans with Disability Act, the Shared Leave program, and retirement.

The Personnel Services program estimates on-budget expenditures of \$1.5 million, including \$1.5 million from the State General Fund, in FY 2018. The estimate is an all funds increase of \$37,200, or 2.5 percent, and a State General Fund increase of \$6,638, or 0.5 percent, above the FY 2018 approved budget. The increase is attributable to salary and wage expenditures in the legislative pay plan. The agency moved 0.6 FTE positions from the off-budget side to the on-budget portion of the program.

The Personnel Services program estimates off-budget expenditures of \$523,887, all from special revenue funds, in FY 2018. The estimate is an all funds decrease of \$65,743, or 11.1 percent, below the FY 2018 approved budget. The decrease is in salaries and wages.

The **Governor** recommends on-budget expenditures of \$1.6 million, including \$1.6 million from the State General Fund, for the Personnel Services program in FY 2018. This is an increase of \$95,000, all from the State General Fund, or 6.3 percent, above the FY 2018 agency request. The increase is attributable to an additional employee to assist in compliance with the Alvarez and Marsal recommendations. The Governor concurs with the agency off-budget expenditure request.

The Personnel Services program estimates on-budget expenditures of \$1.5 million, including \$1.5 million from the State General Fund, for FY 2019. The estimate is an all funds increase of \$51,220, or 3.5 percent, and a State General Fund increase of \$20,206, or 2.0 percent, above the FY 2019 approved budget. The increase is attributable to salary and wage expenditures in the legislative pay plan. The increase is partially offset by eliminating \$8,300 in computer and software replacement that was budgeted for FY 2019.

The Personnel Services program estimates off-budget expenditures of \$534,598, all from special revenue funds, for FY 2019. The estimate is an all funds decrease of \$64,803, or 10.8 percent, below the FY 2019 approved budget. The program is shifting budgeted expenditures from salaries and wages to rent and communications costs.

The **Governor** recommends on-budget expenditures of \$1.6 million, including \$1.6 million from the State General Fund, for the Personnel Services program for FY 2019. This is an increase of \$95,000, or 6.2 percent, all from the State General Fund, above the FY 2019 agency request. The increase is attributable to an additional employee to assist in compliance with the Alvarez and Marsal recommendations. The Governor concurs with the agency off-budget expenditure request.

**Personnel Services Subprograms.** The Office of Personnel Services is comprised of three subprograms: Personnel Services, State Agency HR Management, and HR Information Services. These are detailed below:

- **Personnel Services.** Personnel Services is the policy and administrative head of the program;
- **State Agency HR Management.** The Office of Personnel Services (OPS) assists state agencies by providing technical and expert assistance on recruitment, selection, performance management, position management, organizational management, classification, compensation, employee relations, guidance and discipline, employee recognition, employee development and training, layoffs, furloughs, time and leave, payroll, benefits, FMLA, ADA, shared leave program, and retirement. Staff from OPS will continue to be available to assist agencies as they reassess and reorganize their operations and staffing needs in furtherance of efficiency. Partnering with agency management in these endeavors is critical as OPS staff will be able to provide valuable assistance and guidance as agencies work through the challenges presented by those undertakings; and
- **HR Information Services.** The Data Management Section of OPS administers the Statewide Human Resource and Payroll (SHARP) System, Data Warehouse and HR-related Internet application development, and maintenance. Data Management staff provide assistance to both employees and fellow OPS staff members on information requests and on transaction entry in SHARP. This subprogram also produces an annual Workforce Report and provides regular HR-related reports and *ad hoc* queries in support of the Department of Administration's efforts and in response to agency, legislative, and media requests.



## Office of Printing, Surplus, and Central Mail (Central Services)

The Central Services program provides printing, copying, binding, fulfillment, and mail services for state agencies and operates the Surplus Property program.

The Central Services program estimates on-budget expenditures of \$929,317, all from special revenue funds, in FY 2018. The revised estimate is identical to the approved budget. All on-budget expenditures from the Central Services program are from the Surplus Property subprogram.

The Central Services program estimates off-budget expenditures of \$9.8 million, all from special revenue funds, in FY 2018. The revised estimate is identical to the approved budget.

The **Governor** concurs with the agency on- and off-budget requests for the Central Services program in FY 2018.

The Central Services program estimates on-budget expenditures of \$935,282, all from special revenue funds, for FY 2019. The revised estimate is identical to the approved budget. All on-budget expenditures from the Central Services program are from the Surplus Property Subprogram.

The Central Services program estimates off-budget expenditures of \$10.0 million, all from special revenue funds, for FY 2019. The revised estimate is identical to the approved budget.

The **Governor** concurs with the agency on- and off-budget requests for the Central Services Program for FY 2019.

**Central Services Subprograms.** The Central Services program is comprised of three subprograms: Printing, Surplus, and Central Mail. These are detailed below:

- **Printing.** The State Printing Plant provides printing, copying, and binding services for state agencies. It produces a wide variety of printing, ranging from business cards and letterhead to bound statute volumes, legislative printing, maps, and tax forms. It also provides fulfillment services for agencies. “Quick copy” is also provided through the central digital center;
- **Surplus Property.** The Surplus Property subprogram facilitates the disposition and reallocation of excess and surplus state and federal property. Additionally, this subprogram enables and encourages the reutilization of agency excess property to reduce expenditures for supply and capital outlay items and provides a mechanism for state agencies, local units of government, and nonprofit organizations to acquire surplus materials and equipment in a cost-effective manner; and
- **Central Mail.** Central Mail provides various mail and packaging services and processes incoming/outgoing mail in Topeka for State of Kansas agencies. Services provided to those agencies include the following: pickup, sorting, and delivery of building mail; applying postage for letters, flats, and packages on outgoing United States Postal Service mail; sending flats and packages *via* United Parcel Service (UPS) and FedEx; inserter services; and pickup of already-stamped mail.

## Procurement and Contracts

In FY 2015, the Office of Procurement and Contracts was separated from the Office of Facilities and Procurement Management. Procurement and Contracts is a separate entity within the Department of Administration as it was prior to FY 2012.

The Division of Purchases was originally established in 1953 under the Department of Administration (KSA 75-3737a to 75-3744). In 1987, the Legislature provided specific authorization to use competitive negotiation as a source selection method for the acquisition of technical equipment and services, with the Director of Purchases as a statutory member of the negotiating committee (KSA 75-37,102, as amended). The 2000 Legislature established the Professional Services Sunshine Act. This act, KSA 75-37.130 *et seq.*, requires competitive contracts for professional and consulting services exceeding \$25,000 to be bid by the Office of Procurement and Contracts, formerly the Division of Purchases. In accordance with state statute, the Office of Procurement and Contracts posts potential sole source transactions over \$100,000 to its website for seven days prior to award, allowing potential competitors an opportunity to challenge the sole source nature of the transaction.

The Procurement and Contracts program estimates on-budget expenditures of \$1.3 million, all from special revenue funds, in FY 2018. The estimate is an all funds decrease of \$2.7 million, or 67.5 percent, below the FY 2018 approved budget. The decrease is attributable to moving the funding for the State Employee Health Clinic off-budget.

The Procurement and Contracts program estimates off-budget expenditures of \$2.7 million, all from special revenue funds, in FY 2018. The approved budget did not include any off-budget expenditures.

The **Governor** recommends on-budget expenditures of \$1.4 million, including \$80,000 from the State General Fund, for the Procurement and Contracts program in FY 2018. This is an increase of \$80,000, or 6.1 percent, all from the State General Fund, above the FY 2018 agency request. The increase is attributable to an additional employee to assist in compliance with the Alvarez and Marsal recommendations. The Governor concurs with the agency off-budget expenditure request.

The Procurement and Contracts program estimates on-budget expenditures of \$1.3 million, all from special revenue funds, for FY 2019. The estimate is an all funds increase of \$12,863, or 1.0 percent, above the FY 2019 approved budget. The increase is attributable to the legislative pay plan, partially offset by the elimination of budgeted expenditures for computer and software replacement.

The **Governor** recommends on-budget expenditures of \$1.4 million, including \$80,000 from the State General Fund, for the Procurement and Contracts program. This is an increase of \$80,000, or 6.0 percent, all from the State General Fund, above the FY 2019 agency request. The increase is attributable to an additional employee to assist in compliance with the Alvarez and Marsal recommendations. The Governor concurs with the agency off-budget expenditure request.

## Office of Financial Management

The Office of Financial Management was established during FY 2013 as part of the Department of Administration's reorganization. The three primary functions of the Office of Financial Management include: 1) State Agency Service Center; 2) Department of

Administration Accounting Services; and 3) Department of Administration Budgeting. An April 2015 reorganization moved the responsibilities for Setoff Collections and the State Revolving fund to the Chief Financial Officer program.

The Office of Financial Management estimates on-budget expenditures of \$464,695, including \$129,611 from the State General Fund, in FY 2018. The estimate is an all funds increase of \$31,938, or 7.4 percent, and a State General Fund increase of \$4,351, or 3.5 percent, above the FY 2018 approved budget. The increase is attributable to the legislative pay plan (\$5,949) and a revised estimate for Flood Control Project Planning (\$25,989).

The Office of Financial Management estimates off-budget expenditures of \$1.2 million, all from special revenue funds, in FY 2018. The estimate is an all funds increase of \$63,183, or 5.5 percent, above the FY 2018 approved budget. The increase is attributable to salaries (\$68,611), partially offset by eliminating computer and software replacement (\$5,000).

The **Governor** concurs with the agency on- and off-budget requests for the Office of Financial Management in FY 2018.

The Office of Financial Management estimates on-budget expenditures of \$468,047, including \$132,211 from the State General Fund, for FY 2019. The estimate is an all funds increase of \$32,565, or 7.5 percent, and a State General Fund increase of \$4,838, or 3.8 percent, above the FY 2019 approved budget. The increase is attributable to the legislative pay plan (\$6,576) and a revised estimate for Flood Control Project Planning (\$25,989).

The Office of Financial Management estimates off-budget expenditures of \$1.2 million, all from special revenue funds, for FY 2019. The estimate is an all funds increase of \$71,981, or 6.2 percent, above the FY 2019 approved budget. The increase is attributable to salaries (\$71,981). The agency also reallocated \$5,000 for computer hardware and software from capital outlay to contractual services due to hardware as a service from the Office of Information and Technology Services.

The **Governor** concurs with the agency on- and off-budget requests for the Office of Financial Management for FY 2019.

**Office of Financial Management Subprograms.** The Office of Financial Management is comprised of two subprograms: Financial Management and the Small State Agency Service Center. These are detailed below:

- **Financial Management.** The Financial Management main program handles accounting services for the Department of Administration and Budgeting for the Department of Administration; and
- **Small Agency Service Center.** The Service Center employs three accountants who provide accounting and financial management services for agencies. Each accountant is assigned a group of agencies and functions as each agency's accountant. The accountants are knowledgeable of the agency's operations, financial management, and statutory responsibilities. Services include entering contracts; creating requisitions and payments; entering assets, deposits, and general ledger entries; and travel and expense reimbursements.

## ***Systems Management***

The Office of Systems Management is tasked with providing technical, development, and help desk support for the major central Oracle/PeopleSoft Financials (SMART) and Human Capital Management (SHARP) systems used by all agencies. The responsibilities for these systems include the following: ensuring software versions are updated within Oracle supported levels; central security and workflow oversight and modifications; development and implementation of modifications needed to support user requirements, federal and state laws, and Kansas regulations; oversight of a central ticketing system for problem reporting and resolution; system infrastructure support; and providing quality customer service.

The Office is comprised of the following four teams that support these essential central system responsibilities:

- Systems Development, which includes PeopleSoft development for the SMART and SHARP systems;
- Service Desk, which supports agencies by maintaining a ticketing system for problem reporting and resolution;
- System Architecture, Security, and Workflow, which provides system infrastructure support, security, and workflow for the Office of Systems Management-supported systems, and batch job scheduling; and
- Governance of Managed Services and Hosting Partner, which ensures the Master Hosting Agreement is accurately provided by Sierra-Cedar.

The Office of Systems Management estimates on-budget expenditures of \$72,853, all from the State General Fund, in FY 2018. The estimate is an increase of \$2,963, or 4.2 percent, above the FY 2018 approved budget. The increase is attributable to the legislative pay plan.

The Office of Systems Management estimates off-budget expenditures of \$7.6 million, all from special revenue funds, in FY 2018. The estimate is an all funds increase of \$14,896, or 0.2 percent, above the FY 2018 approved budget. The increase is attributable to salaries (46,324). The increase is partially offset by eliminating budgeted capital outlay for computer systems and supplies and increasing projected expenditures for rent.

The **Governor** concurs with the agency on- and off-budget requests for the Office of Systems Management in FY 2018.

The Office of Systems Management estimates on-budget expenditures of \$74,568, all from the State General Fund, for FY 2019. The estimate is an increase of \$3,310, or 4.6 percent, above the FY 2019 approved budget. The increase is attributable to the legislative pay plan.

The Office of Systems Management estimates off-budget expenditures of \$7.6 million, all from special revenue funds, for FY 2019. The estimate is an all funds increase of \$33,350, or 0.4 percent, above the FY 2019 approved budget. The increase is attributable to salaries (\$60,350). The increase is partially offset by eliminating budgeted capital outlay for computer systems and supplies and increasing projected expenditures for rent.

The **Governor** concurs with the agency on- and off-budget requests for the Office of Systems Management for FY 2019.

**Office of Systems Management Subprograms.** The Office of Systems Management is comprised of two subprograms: Systems Management and the State Service Desk. These are detailed below:

- **Systems Management.** The Systems Management main program handles SMART, SHARP, and the Master Hosting Agreement described above; and
- **State Service Desk.** The State Service Desk handles the ticketing of SMART and SHARP business process issues.

## **Division of the Budget**

The Division of the Budget has central responsibility for the state budget process as well as management aspects of state government. Division staff analyze agency budget submissions and assist the Governor in the development of budget recommendations submitted to the Legislature. Included within the Division of the Budget is a policy analysis unit that supports the Governor's initiatives. The Division's budget does not include a non-reportable component.

The Division of the Budget estimates on-budget expenditures of \$1.7 million, all from the State General Fund, in FY 2018. The estimate is a State General Fund increase of \$5,562, or 0.3 percent, above the FY 2018 approved budget. The FY 2018 budget includes \$255,009 in State General Fund reappropriations.

The **Governor** concurs with the agency on-budget request for the Division of the Budget in FY 2018.

The Division of the Budget estimates on-budget expenditures of \$1.6 million, all from the State General Fund, for FY 2019. The estimate is a State General Fund increase of \$5,562, or 0.3 percent, above the FY 2019 approved budget. The Division of the Budget reallocated \$15,628 from salaries and wages to information technology equipment (\$5,000) and travel costs (\$7,000).

The **Governor** concurs with the agency on-budget request for the Division of the Budget for FY 2019.

## **Long Term Care Ombudsman Program**

The Kansas Long Term Care Ombudsman Program (KLTCOP) protects and improves the quality of care and quality of life for residents of long-term care communities through advocacy for and on behalf of residents. The KLTCOP is a resident-centered advocacy program. The resident of a long-term care community is the client regardless of the source of the complaint or request for service. The KLTCOP is funded by a combination of State General Funds and federal funds, including Medicaid under the Social Security Act and the Older American Act.

The KLTCOP operates one primary office in Topeka and eight regional offices, which manage 130 to 140 volunteers. The goal of the volunteers is to visit each Kansas facility weekly and build a relationship with the facility residents. Volunteers are not compensated for their time or expenses. In the event a volunteer is unable to resolve the resident's complaint, the ombudsman refers the complaint to the Kansas Department for Aging and Disability Services for investigation with the permission of the resident.

The KLTCOP estimates on-budget expenditures of \$741,153, including \$284,384 from the State General Fund, in FY 2018. The estimate is an all funds increase of \$66,256, or 9.8 percent, and a State General Fund increase of \$42,384, or 17.5 percent, above the FY 2018 approved budget. The increase is attributable to the legislative pay plan (\$17,743), a reduction in budgeted shrinkage (\$20,000), and \$22,688 to update the LTCO database.

The **Governor** recommends expenditures of \$743,608, including \$286,839 from the State General Fund, for KLTCOP in FY 2018. The recommendation is an increase of \$2,455, or 0.3 percent, from the FY 2018 agency request. The recommendation includes funding for the legislative pay plan, the reduction in shrinkage, the LTCO database and an additional \$2,455 for salaries.

The agency states the Kansas Ombudsman Program has used an access database program called OZBud to record statewide data on advocacy, education, and complaint-resolution services to individuals in long-term care facilities. The data collected is used to make program decisions, direct resources, and direct our advocacy efforts on a state and local level. The data we collect in this system is in turn uploaded into the National Ombudsman Reporting System (NORS) as required by the Older American's Act.

OmbudsManager is a comprehensive, web-based system currently used by 35 states. It will meet our requirements for nursing facility complaint management and the National Ombudsman Reporting System. In addition, OmbudsManager will allow staff to upload all case documents allowing us to move to paperless case management, document in real time, and allow for better management of the program across the state.

The KLTCOP estimates on-budget expenditures of \$749,192, including \$280,970 from the State General Fund, for FY 2019. The estimate is an all funds increase of \$67,488, or 9.9 percent, and a State General Fund increase of \$37,195, or 15.3 percent, above the FY 2019 approved budget. The increase is attributable to the legislative pay plan (\$24,289), a reduction in budgeted shrinkage (\$20,000), and \$17,200 for ongoing expenses in the updated LTCO database.

The **Governor** recommends expenditures of \$751,692, including \$283,470 from the State General Fund, for KLTCOP for FY 2019. The recommendation is an increase of \$2,500, or 0.3 percent, above the FY 2019 agency request. The recommendation includes funding for the legislative pay plan, the reduction in shrinkage, the LTCO database, and an additional \$2,500 for salaries.

### ***C. Debt Service***

The Department of Administration budgets and pays the debt service on a number of different bonds issued for a variety of reasons. Since 2001, the Department has been paying the debt service on bonds issued to assist Kansas public television stations to switch from analog to digital formats. Also beginning in 2001, the Department began paying debt service on bonds issued for renovation of the Kansas Statehouse.

In 2004, the Department began paying the debt service on \$500.0 million in bonds issued for KPERS. In 2006, \$210.0 million in bonds were issued for the Department of Transportation's Comprehensive Highway program, and the Department is scheduled to make annual payments on these bonds until FY 2027. In 2010, the Department began making debt service payments on bonds issued for the National Bio and Agro-defense Facility (NBAF). At that point in time, there had been over \$32.0 million in bonds issued for NBAF. In FY 2013, the

Department paid off four bond issuances from the Expanded Lottery Act Revenues Fund (ELARF): 2001 W-5, 2002-C, 2001-L, and 2001 W-4. Both 2001 W-5 and 2002-C were bonds issued for the Statehouse renovation. 2001-L was issued for Public Broadcasting digital conversion, and the bond series 2001-W4 was issued for improvements at the Kansas Judicial Center. The Department anticipates completing the payments on all four series by November 1, 2012.

In FY 2015, the Department became responsible for three additional bonds. The first was 2015A, which was for a total of \$230.5 million. This issuance refunded 2006A, originally issued for the Comprehensive Transportation System, and 2005H, 2006L, and 2007K, all of which were originally issued for the Statehouse renovation. In addition, 2015A funded new projects at the University of Kansas Medical Education Building and John Redmond Reservoir. The second bond issuance is 2015G, which was for a total of \$203.6 million, issued for the National Bio and Agro-defense Facility in Manhattan. The third is 2015H, which was for a total of \$1.0 billion, issued to provide additional funding for the Kansas Public Employees Retirement System (KPERs). In 2016, the Department became responsible for 2016H, which refunded several previous bonds issuance.

| <b>DEBT SERVICE INTEREST<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                       |                        |                       |                        |                       |
|----------------------------------------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item                                                                       | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
| <b>Expenditures:</b>                                                       |                       |                        |                       |                        |                       |
| KPERs Bonds                                                                | \$ 98,318,151         | \$ 100,136,918         | \$ 100,136,918        | \$ 100,134,802         | \$ 100,134,802        |
| Restructuring Bonds                                                        | 2,094,150             | 2,030,532              | 2,030,532             | 1,960,378              | 1,960,378             |
| NBAF Debt Service                                                          | 13,284,154            | 13,183,888             | 13,183,888            | 12,707,044             | 12,707,044            |
| John Redmond Res.                                                          | 828,000               | 785,750                | 785,750               | 741,500                | 741,500               |
| KU Medical Educ. Bldg.                                                     | 1,089,750             | 1,089,750              | 1,089,750             | 1,051,000              | 1,051,000             |
| Debt Refunding (2015 A)                                                    | 9,488,238             | 9,350,300              | 9,350,300             | 9,124,050              | 9,124,050             |
| Debt Refunding (2016 H)                                                    | 0                     | 1,931,675              | 1,931,675             | 1,918,225              | 1,918,225             |
| Statehouse Debt                                                            | 6,978,163             | 6,532,964              | 6,532,964             | 6,044,111              | 6,044,111             |
| KDOT CTP Plan                                                              | 620,959               | 204,600                | 204,600               | 0                      | 0                     |
| Public Broadcasting                                                        | 80,862                | 65,057                 | 65,057                | 47,375                 | 47,375                |
| <b>TOTAL</b>                                                               | <b>\$ 132,782,427</b> | <b>\$ 135,311,434</b>  | <b>\$ 135,311,434</b> | <b>\$ 133,728,485</b>  | <b>\$ 133,728,485</b> |
| <b>Financing:</b>                                                          |                       |                        |                       |                        |                       |
| State General Fund                                                         | \$ 92,213,605         | \$ 93,014,500          | \$ 93,014,500         | \$ 91,935,404          | \$ 91,935,404         |
| ELARF                                                                      | 33,229,178            | 35,763,970             | 35,763,970            | 35,748,970             | 35,748,970            |
| State Highway Funds                                                        | 7,339,644             | 6,532,964              | 6,532,964             | 6,044,111              | 6,044,111             |
| <b>TOTAL</b>                                                               | <b>\$ 132,782,427</b> | <b>\$ 135,311,434</b>  | <b>\$ 135,311,434</b> | <b>\$ 133,728,485</b>  | <b>\$ 133,728,485</b> |

In FY 2018, the agency requests \$135.3 million, including \$93.0 million from the State General Fund, which is the same as the approved budget for capital improvements.

The **Governor** concurs with the agency FY 2018 revised estimate for debt service interest.

For FY 2019, the agency requests \$133.7 million, including \$91.9 million from the State General Fund, which is the same as the approved budget for capital improvements. The final debt service payment on the Kansas Department of Transportation Comprehensive Transportation Plan was made in 2018. Otherwise, the reduction in debt service interest payments between FY 2018 and FY 2019 reflect the shift to principal payments as the bonds near maturity.

The **Governor** concurs with the agency FY 2019 revised estimate for debt service interest.

# CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS             |                        |                      |                        |                      |
|----------------------------------|------------------------|----------------------|------------------------|----------------------|
| Project                          | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Capital Projects:</b>         |                        |                      |                        |                      |
| Capitol Complex R&R              | \$ 3,000,000           | \$ 1,975,753         | \$ 3,000,000           | \$ 1,975,753         |
| Statehouse and Cedar Crest R&R   | 323,727                | 147,588              | 323,727                | 147,588              |
| Judicial Center R&R              | 126,273                | 73,861               | 126,273                | 73,861               |
| DSOB Asbestos Abatement          | 0                      | 0                    | 1,250,000              | 0                    |
| <i>Subtotal—Capital Projects</i> | <i>\$ 3,450,000</i>    | <i>\$ 2,197,202</i>  | <i>\$ 4,700,000</i>    | <i>\$ 2,197,202</i>  |
| <b>Debt Service Principal:</b>   |                        |                      |                        |                      |
| Restructuring Bonds              | \$ 1,515,000           | \$ 1,515,000         | \$ 1,580,000           | \$ 1,580,000         |
| NBAF Debt Service                | 10,300,000             | 10,300,000           | 10,750,000             | 10,750,000           |
| John Redmond Res.                | 885,000                | 885,000              | 930,000                | 930,000              |
| KU Medical Educ. Bldg.           | 775,000                | 775,000              | 815,000                | 815,000              |
| Debt Refunding (2015 A)          | 4,525,000              | 4,525,000            | 9,660,000              | 9,660,000            |
| Debt Refunding (2016 H)          | 335,000                | 335,000              | 1,010,000              | 1,010,000            |
| Statehouse Debt                  | 11,740,000             | 11,740,000           | 12,210,000             | 12,210,000           |
| KDOT CTP Plan                    | 10,230,000             | 10,230,000           | 0                      | 0                    |
| Public Broadcasting              | 375,000                | 375,000              | 390,000                | 390,000              |
| <i>Subtotal—Principal</i>        | <i>\$ 40,680,000</i>   | <i>\$ 40,680,000</i> | <i>\$ 37,345,000</i>   | <i>\$ 37,345,000</i> |
| <b>TOTAL</b>                     | <b>\$ 44,130,000</b>   | <b>\$ 42,877,202</b> | <b>\$ 42,045,000</b>   | <b>\$ 39,542,202</b> |
| <b>Financing:</b>                |                        |                      |                        |                      |
| State General Fund               | \$ 32,015,000          | \$ 30,762,202        | \$ 29,445,000          | \$ 26,942,202        |
| All Other Funds                  | 12,115,000             | 12,115,000           | 12,600,000             | 12,600,000           |
| <b>TOTAL</b>                     | <b>\$ 44,130,000</b>   | <b>\$ 42,877,202</b> | <b>\$ 42,045,000</b>   | <b>\$ 39,542,202</b> |

**FY 2018 – Current Year.** The **agency** requests a revised estimate for capital improvements in FY 2018 of \$44.1 million, including \$32.0 million from the State General Fund. The request is an increase of \$1.3 million, all from the State General Fund, due to supplemental requests for rehabilitation and repair. The debt service principal requests remain unchanged from the approved amount.

The **Governor** recommends expenditures of \$42.9 million, including \$30.8 million from the State General Fund, in FY 2018. This is a decrease of \$1.3 million below the FY 2018 agency request. The decrease is attributable to the Governor not including the agency supplemental requests for rehabilitation and repair.

**FY 2019 – Budget Year.** The agency requests a revised estimate for capital improvements for FY 2019 of \$42.0 million, including \$29.4 million from the State General Fund. The request is an increase of \$2.5 million, all from the State General Fund, due to \$1.3 million in supplemental requests for rehabilitation and repair and \$1.3 million in supplemental requests for asbestos abatement at the Docking State Office Building. The debt service principal requests remain unchanged from the approved amount.



The **Governor** recommends expenditures of \$39.5 million, including \$26.9 million from the State General Fund, for FY 2019. This is a decrease of \$2.5 million below the FY 2018 agency request. The decrease is attributable to the Governor not including the agency supplemental requests for rehabilitation and repair and asbestos abatement at the Docking State Office Building.

| <b>CAPITAL IMPROVEMENTS—OFF-BUDGET</b> |                            |                            |                            |                            |
|----------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Project                                | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Capital Improvements:</b>           |                            |                            |                            |                            |
| SMRI                                   | \$ 350,000                 | \$ 325,000                 | \$ 350,000                 | \$ 350,000                 |
| Printing Plant R&R                     | 75,000                     | 75,000                     | 75,000                     | 75,000                     |
| <i>Subtotal</i>                        | <u>\$ 425,000</u>          | <u>\$ 400,000</u>          | <u>\$ 425,000</u>          | <u>\$ 425,000</u>          |
| <b>Debt Service Principal:</b>         |                            |                            |                            |                            |
| Memorial Hall                          | \$ 385,000                 | \$ 340,000                 | \$ 400,000                 | \$ 360,000                 |
| Eisenhower                             | 1,525,000                  | 1,390,000                  | 1,590,000                  | 1,450,000                  |
| Facilities Improvement                 |                            |                            |                            |                            |
| Bonds                                  | 620,000                    | 525,000                    | 650,000                    | 590,000                    |
| <i>Subtotal</i>                        | <u>\$ 2,530,000</u>        | <u>\$ 2,255,000</u>        | <u>\$ 2,640,000</u>        | <u>\$ 2,400,000</u>        |
| <b>TOTAL</b>                           | <u><b>\$ 2,955,000</b></u> | <u><b>\$ 2,655,000</b></u> | <u><b>\$ 3,065,000</b></u> | <u><b>\$ 2,825,000</b></u> |
| <b>Financing:</b>                      |                            |                            |                            |                            |
| State General Fund                     | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds                            | 2,955,000                  | 2,655,000                  | 3,065,000                  | 2,825,000                  |
| <b>TOTAL</b>                           | <u><b>\$ 2,955,000</b></u> | <u><b>\$ 2,655,000</b></u> | <u><b>\$ 3,065,000</b></u> | <u><b>\$ 2,825,000</b></u> |

### **Debt Service Principal—Off-Budget**

**Memorial Hall.** In 1998, the Kansas Development Finance Authority issued bonds for the remodeling of Memorial Hall. Rents from tenant agencies are deposited in the State Buildings Operating Fund. The bonds will be fully paid off for FY 2019.

**Eisenhower State Office Building.** The Legislature gave statutory authority for the Secretary of Administration to purchase and remodel the Eisenhower State Office Building. Remodeling work included modifications for building code compliance and hazardous material abatement. Other work included structural modifications for high-density file storage, floor plan reconfigurations, telecommunications upgrades, security system upgrade, fire alarm upgrade, and uninterrupted-power-source (UPS) replacement. The bonds will be fully paid off in FY 2031.

**State of Kansas Project Refunding.** In FY 2010, the Kansas Development Finance Authority (KDFA) refinanced the bonds on the repairs to the Landon Building described above and the Topeka State Hospital. The refinancing was not related to the interest-only refinancing undertaken for budgetary reasons in FY 2009, but was done by the KDFA during its normal course of business as part of a interest rate refinance screening. The bonds will be fully paid off in FY 2034.

**Other Projects.** In any fiscal year, the Department of Administration makes ongoing rehabilitation and repair expenditures from the Architectural Services Recovery Fund and State Building Depreciation Fund. In FY 2017, the main project from available funds is the rehabilitation of the 12<sup>th</sup> floor of the Eisenhower Building.

The **Governor** concurs with the agency FY 2018 and FY 2019 off-budget capital improvements requests.

| PERFORMANCE MEASURES                                                                                        |                          |                   |                      |                      |
|-------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                                     | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of continuing legal seminar attendees                                                                | 400                      | 387               | 400                  | 400                  |
| Percent of municipal audit reports posted to the<br>municipal services website                              | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Number of transparency subject areas available on<br>KanView                                                | 17                       | 16                | 17                   | 17                   |
| Sales of Fixed Price Vehicle Program                                                                        | \$1,500,000              | \$1,500,000       | \$1,500,000          | \$1,500,000          |
| Reduce SMART nightly batch run times (hours:minutes)                                                        | N/A                      | 04:53:00 AM       | 04:50:00 AM          | 04:50:00 AM          |
| Reduce SHARP nightly batch run times (hours:minutes)                                                        | N/A                      | 05:42:00 AM       | 05:30:00 AM          | 05:30:00 AM          |
| Number of non-competitive bid requests                                                                      | 4,887                    | 4,072             | 4,072                | 4,072                |
| Percent of deviation of actual fiscal year expenditures<br>versus final approved State General Fund budgets | 0.2%                     | 0.4%              | 0.2%                 | 0.2%                 |
| Percent of fiscal notes completed by the bills' hearing<br>date                                             | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Percent of state agencies visited in the fiscal year                                                        | 100.0%                   | 88.8%             | 90.8%                | 83.7%                |
| Statewide salary savings from the reduction of human<br>resources positions                                 | \$2,775,000              | \$2,697,836       | \$2,797,648          | \$2,850,000          |
| Percent of adult care homes with assigned volunteer<br>ombudsman                                            | 17.0%                    | 11.0%             | 13.0%                | 15.0%                |
| Reduce reliance on outside contractors                                                                      | N/A                      | \$375,000         | \$350,000            | \$350,000            |
| Number of certified volunteer ombudsman                                                                     | 125                      | 86                | 106                  | 126                  |
| Total complaints investigated                                                                               | 1,475                    | 1,376             | 1,475                | 1,650                |

# OFFICE OF INFORMATION AND TECHNOLOGY SERVICES

| Expenditure             | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating Expenditures: |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 11,317,141               | \$ 3,471,138                | \$ 8,782,000                | \$ 3,509,230                |
| Other Funds             | 45,392,568                  | 45,250,710                  | 41,909,452                  | 41,840,156                  | 39,277,924                  |
| <i>Subtotal</i>         | <i>\$ 45,392,568</i>        | <i>\$ 56,567,851</i>        | <i>\$ 45,380,590</i>        | <i>\$ 50,622,156</i>        | <i>\$ 42,787,154</i>        |
| Capital Improvements:   |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal</i>         | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 |
| <b>TOTAL</b>            | <b><u>\$ 45,392,568</u></b> | <b><u>\$ 56,567,851</u></b> | <b><u>\$ 45,380,590</u></b> | <b><u>\$ 50,622,156</u></b> | <b><u>\$ 42,787,154</u></b> |

## Percentage Change:

|                        |       |         |         |          |       |
|------------------------|-------|---------|---------|----------|-------|
| Operating Expenditures |       |         |         |          |       |
| State General Fund     | 0.0 % | 100.0 % | 100.0 % | (22.4) % | 1.1 % |
| All Funds              | (7.0) | 24.6    | (0.0)   | (10.5)   | (5.7) |
| FTE Positions          | 88.7  | 110.7   | 84.2    | 109.7    | 83.2  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Office of Information Technology Services (OITS) is responsible for providing efficient and effective electronic information processing and technical management services to all state agencies in a uniform and cost-effective manner. OITS was established in 1972.

## MAJOR ISSUES FROM PRIOR YEARS

The **1992 Legislature** authorized the Division of Information Systems and Communications (DISC) to provide telecommunication services to units of local government. This change affords benefits to state and local government by sharing statewide network costs among a broader user base and by exchanging information among levels of government through a common telecommunications infrastructure.

The **1998 Legislature** (KSA 75-7201 *et seq.*) revised the State's approach to the governance of information technology. The bill created Chief Information Technology Officers (CITOs) for each branch of government, a Chief Information Technology Architect (CITA), and the Information Technology Executive Council (ITEC). The bill also established a \$250,000 level for approval of information technology projects with oversight provided by the renamed and reconstituted Joint Committee on Information Technology (JCIT).

In **August 2011**, the name of the Division of Information Systems and Communications was changed to the Office of Information Technology Services. The central mail service operation was transferred to the Department of Administration, Office of General Services.

During the **2015 Session**, the Legislature added \$2.5 million, all from the State General Fund, for a supplemental request from OITS to pay an order from the federal government for improper rate setting in the distribution of information technology services.

OITS continues to pursue a policy of reducing information technology expenditures. The **FY 2015 budget** includes savings of \$3.8 million for FY 2016 and \$15.0 million for FY 2017. The savings are to be accrued by consolidation of software licenses and services but are not reflected in any one agency budget. SB 112 (2015) grants the Department of Administration the authority to transfer funds from other cabinet-level state agencies to the Department of Administration to achieve the state reductions. In FY 2015, the agency lapsed \$200,000 from the Department for Children and Families and \$300,000 from the Kansas Department of Health and Environment's State General Fund accounts. The agency also transferred \$3.3 million from the State Highway Fund to the State General Fund for a total of \$3.8 million in reductions and increased revenue.

The **2017 Legislature** added \$2.6 million, including \$1.0 million from the State General Fund, for cybersecurity enhancements in FY 2018. These funds were not approved for FY 2019.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$56.6 million, including \$11.3 million from the State General Fund, which is an all funds increase of \$14.6 million, or 34.7 percent, and a State General Fund increase of \$11.3 million above the approved amount in FY 2018. The State General Fund increase is attributable to supplemental requests of \$11.3 million, including \$315,000 for Geographic Information Systems Support, \$1.5 million for cybersecurity, and \$9.5 million for technology modernization. The agency is also centralizing the State's information technology (IT) infrastructure and outsourcing Network Maintenance and Mainframe support, which increases expenditures in OITS with potential savings in other agencies. The agency requests 110.7 FTE positions, which is a decrease of 4.5 FTE positions from the approved number. The decrease is attributable to eliminating in-house mainframe support and relocating Tier 1 service centers into OITS.

The **Governor** recommends expenditures of \$45.4 million, including \$3.5 million from the State General Fund, in FY 2018. The recommendation is a decrease of \$11.2 million, or 19.8 percent, and a State General Fund decrease of \$7.8 million, or 69.3 percent, below the agency's FY 2018 revised estimate. The Governor recommends 84.2 FTE positions, which is a decrease of 26.5 FTE positions below the FY 2018 agency request. The decrease is attributable to a \$1.7 million reduction to agency IT expenditures to hold the agency at the approved level. The Governor also partially approved the agency supplemental requests of \$11.3 million. The recommendation includes \$3.5 million from the State General Fund for IT modernization (\$2.6 million) and unrequested supplemental funding to pay the Office 365 migration costs for the Department of Corrections (\$826,378).

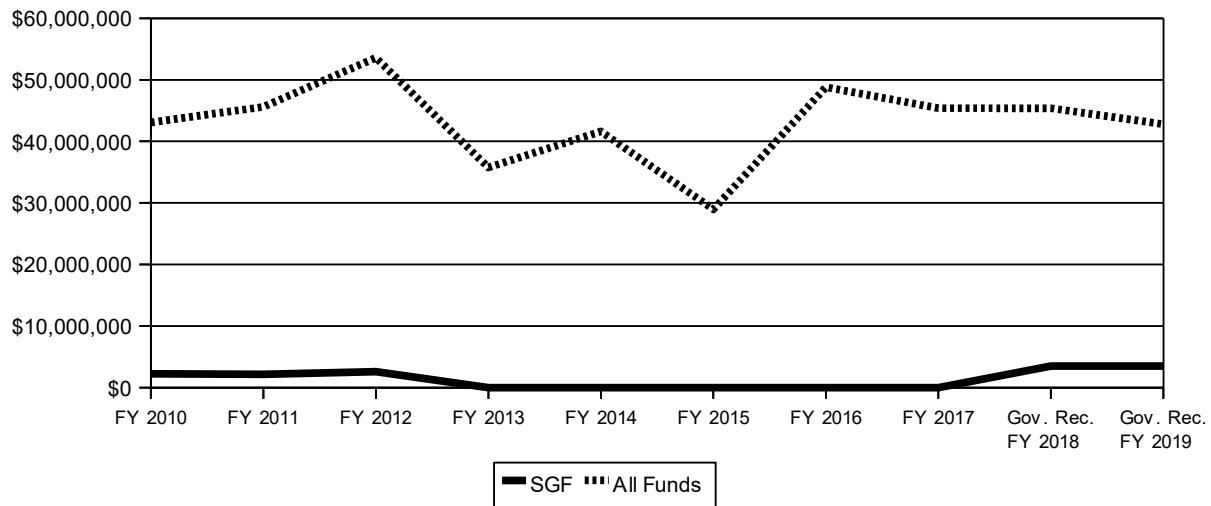
**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$50.6 million, including \$8.8 million from the State General Fund, for FY 2019. This is an all funds increase of \$11.3 million, or 28.9 percent, and a State General Fund increase of \$8.8 million above the approved amount for FY 2019. The State General Fund increase is attributable to supplemental

requests of \$8.8 million, including \$280,000 for Geographic Information Systems support, \$4.5 million for cybersecurity, and \$4.0 million for technology modernization. The agency is also centralizing the State's IT infrastructure and outsourcing Network Maintenance and Mainframe support, which increases expenditures in OITS with potential savings in other agencies. The agency requests 109.7 FTE positions, which is an increase of 11.5 FTE positions above the approved number. The request is comparable to the FY 2018 request; however, the FY 2019 approved budget did not include the cybersecurity personnel that had been approved in FY 2018.

The **Governor** recommends expenditures of \$42.8 million, including \$3.5 million from the State General Fund, for FY 2019. The recommendation is a decrease of \$7.8 million, or 15.5 percent, and a State General Fund decrease of \$5.3 million, or 60.0 percent, below the FY 2019 agency's revised estimate. The Governor recommends 83.2 FTE positions, which is a decrease of 26.5 FTE positions below the FY 2019 agency's revised estimate. The decrease is attributable to a \$766,562 reduction to agency IT expenditures to hold the agency at the approved level. The Governor recommends \$3.5 million, all from the State General Fund, for two supplemental requests, including \$2.7 million for cybersecurity and \$826,378 to pay the Office 365 migration costs for the Department of Corrections.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds     | % Change | FTE     |
|---------------------------------|--------------|----------|---------------|----------|---------|
| 2010                            | \$ 2,218,250 | (13.7)%  | \$ 43,074,442 | 3.0 %    | 239.7   |
| 2011                            | 2,149,228    | (3.1)    | 45,611,374    | 5.9      | 235.7   |
| 2012                            | 2,570,168    | 19.6     | 53,578,347    | 17.5     | 161.7   |
| 2013                            | 0            | (100.0)  | 35,760,551    | (33.3)   | 119.7   |
| 2014                            | 0            | --       | 41,607,463    | 16.4     | 130.7   |
| 2015                            | 0            | --       | 38,960,124    | (6.4)    | 124.7   |
| 2016                            | 0            | --       | 48,802,345    | 25.3     | 75.7    |
| 2017                            | 0            | --       | 45,392,568    | (7.0)    | 88.7    |
| 2018 Gov. Rec.                  | 3,471,138    | 100.0    | 45,380,590    | (0.0)    | 84.2    |
| 2019 Gov. Rec.                  | 3,509,230    | 1.1      | 42,787,154    | (5.7)    | 83.2    |
| Ten-Year Change Dollars/Percent | \$ 1,290,980 | 58.2 %   | \$ (287,288)  | (0.7)%   | (156.6) |

**Summary of Operating Budget FY 2017 - FY 2019**

|                                        |           | Agency Estimate   |                      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|-----------|-------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |           | Actual<br>FY 2017 | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |           |                   |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Admin – On Budget                      | \$        | 45,392,568        | \$ 11,498,253        | \$ 8,832,000         | \$ (2,666,253)                 | (23.2) %                        | \$ 3,652,250              | \$ 3,559,230         | \$ (93,020)                    | (2.5)%                          |
| GIS                                    |           | 0                 | 450,026              | 480,026              | 30,000                         | 6.7                             | 450,026                   | 480,026              | 30,000                         | 6.7                             |
| Professional Services                  |           | 0                 | 3,372,140            | 3,322,827            | (49,313)                       | (1.5)                           | 2,204,668                 | 2,135,523            | (69,145)                       | (3.1)                           |
| Information Services                   |           | 0                 | 8,282,342            | 8,233,988            | (48,354)                       | (0.6)                           | 6,597,090                 | 7,467,426            | 870,336                        | 13.2                            |
| Cloud/O365                             |           | 0                 | 3,504,100            | 3,552,294            | 48,194                         | 1.4                             | 3,453,771                 | 3,459,688            | 5,917                          | 0.2                             |
| KITO                                   |           | 0                 | 376,971              | 318,151              | (58,820)                       | (15.6)                          | 359,868                   | 300,989              | (58,879)                       | (16.4)                          |
| Security                               |           | 0                 | 4,444,930            | 3,454,277            | (990,653)                      | (22.3)                          | 4,114,007                 | 3,117,684            | (996,323)                      | (24.2)                          |
| Overhead                               |           | 0                 | 2,671,947            | 2,761,376            | 89,429                         | 3.3                             | 2,581,768                 | 2,599,371            | 17,603                         | 0.7                             |
| Network and Telecom                    |           | 0                 | 10,680,940           | 8,694,445            | (1,986,495)                    | (18.6)                          | 10,680,940                | 8,694,445            | (1,986,495)                    | (18.6)                          |
| Passthroughs                           |           | 0                 | 11,286,202           | 10,972,772           | (313,430)                      | (2.8)                           | 11,286,202                | 10,972,772           | (313,430)                      | (2.8)                           |
| <b>TOTAL</b>                           | <b>\$</b> | <b>45,392,568</b> | <b>\$ 56,567,851</b> | <b>\$ 50,622,156</b> | <b>\$ (5,945,695)</b>          | <b>(10.5) %</b>                 | <b>\$ 45,380,590</b>      | <b>\$ 42,787,154</b> | <b>\$ (2,593,436)</b>          | <b>(5.7)%</b>                   |
| <b>By Major Object of Expenditure:</b> |           |                   |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$        | 7,799,916         | \$ 8,274,715         | \$ 8,408,666         | \$ 133,951                     | 1.6 %                           | \$ 6,618,709              | \$ 6,612,996         | \$ (5,713)                     | (0.1)%                          |
| Contractual Services                   |           | 30,868,261        | 43,310,408           | 36,876,363           | (6,434,045)                    | (14.9)                          | 34,279,153                | 32,337,031           | (1,942,122)                    | (5.7)                           |
| Commodities                            |           | 37,967            | 147,881              | 132,847              | (15,034)                       | (10.2)                          | 147,881                   | 132,847              | (15,034)                       | (10.2)                          |
| Capital Outlay                         |           | 6,674,658         | 4,834,247            | 5,203,680            | 369,433                        | 7.6                             | 4,334,247                 | 3,703,680            | (630,567)                      | (14.5)                          |
| Debt Service                           |           | 0                 | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$</i> | <i>45,380,802</i> | <i>\$ 56,567,251</i> | <i>\$ 50,621,556</i> | <i>\$ (5,945,695)</i>          | <i>(10.5) %</i>                 | <i>\$ 45,379,990</i>      | <i>\$ 42,786,554</i> | <i>\$ (2,593,436)</i>          | <i>(5.7) %</i>                  |
| Aid to Local Units                     |           | 0                 | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Other Assistance                       |           | 11,766            | 600                  | 600                  | 0                              | --                              | 600                       | 600                  | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$</b> | <b>45,392,568</b> | <b>\$ 56,567,851</b> | <b>\$ 50,622,156</b> | <b>\$ (5,945,695)</b>          | <b>(10.5) %</b>                 | <b>\$ 45,380,590</b>      | <b>\$ 42,787,154</b> | <b>\$ (2,593,436)</b>          | <b>(5.7)%</b>                   |
| <b>Financing:</b>                      |           |                   |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$        | 0                 | \$ 11,317,141        | \$ 8,782,000         | \$ (2,535,141)                 | (22.4) %                        | \$ 3,471,138              | \$ 3,509,230         | \$ 38,092                      | 1.1 %                           |
| All Other Funds                        |           | 45,392,568        | 45,250,710           | 41,840,156           | (3,410,554)                    | (7.5)                           | 41,909,452                | 39,277,924           | (2,631,528)                    | (6.3)                           |
| <b>TOTAL</b>                           | <b>\$</b> | <b>45,392,568</b> | <b>\$ 56,567,851</b> | <b>\$ 50,622,156</b> | <b>\$ (5,945,695)</b>          | <b>(10.5) %</b>                 | <b>\$ 45,380,590</b>      | <b>\$ 42,787,154</b> | <b>\$ (2,593,436)</b>          | <b>(5.7)%</b>                   |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's approved budget did not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 11,317,141                 | \$ 11,317,141                     | \$ 3,471,138                | \$ 3,471,138                        |
| All Other Funds             | 41,988,619                         | 45,250,710                    | 3,262,091                         | 41,909,452                  | (79,167)                            |
| <b>TOTAL</b>                | <b>\$ 41,988,619</b>               | <b>\$ 56,567,851</b>          | <b>\$ 14,579,232</b>              | <b>\$ 45,380,590</b>        | <b>\$ 3,391,971</b>                 |
| FTE Positions               | 115.2                              | 110.7                         | (4.6)                             | 84.2                        | (31.1)                              |

The **agency** requests a revised estimate of \$56.6 million, including \$11.3 million from the State General Fund, in FY 2018. This is an all funds increase of \$14.6 million, or 34.7 percent, and a State General Fund increase of \$11.3 million above the approved amount in FY 2018. The State General Fund increase is attributable to supplemental requests of \$11.3 million, including \$315,000 for Geographic Information Systems support, \$1.5 million for cybersecurity, and \$9.5 million for technology modernization. The agency also is centralizing the State's IT infrastructure and outsourcing Network Maintenance and Mainframe support, which increases expenditures in OITS with potential savings in other agencies. The agency requests 110.7 FTE positions, which is a decrease of 4.5 FTE positions from the approved number. The decrease is attributable to eliminating in-house mainframe support and relocating Tier 1 service centers into OITS.

The special revenue fund increase is attributable to the following:

- An increase of \$1.1 million, or 48.7 percent, in Professional Services for the consolidation of Tier 1 tech support in OITS. The increase may be offset by reductions for tech support in other agencies, particularly for the Department for Children and Families and the Department of Revenue;
- An increase of \$2.4 million, or 40.1 percent, in Information Services for Mainframe as a Service. Contractual services is increased by \$3.1 million for the Ensono contract, which is partially offset by a decrease of \$609,488 in salaries for remaining mainframe staff whose last day was December 1, 2017;
- An increase of \$212,076, or 6.4 percent, in the Cloud/Office 365 Program for an increased number of licenses due to higher-than-anticipated demand. There has been no change in the contract rate for this service;
- A decrease of \$907,051, or 16.9 percent, for the IT Security Program. The Legislature funded the 2017 Governor's Budget Amendment at 50.0 percent and the



agency is spreading the available funds over two years to avoid hiring security personnel at an unsustainable level;

- A decrease of \$566,963, or 17.5 percent, from the Overhead Program due to the Geographic Information Systems costs requested as a State General Fund enhancement;
- A decrease of \$306,918, or 2.8 percent, from the Network and Telecommunications Program due to paying off financing agreements for VOIP (voice over Internet protocol) equipment. The program has also seen substantial retirements that have not been replaced due to efficiency gains; and
- An increase of \$1.3 million, or 13.4 percent, in the passthrough program due to revised expenditures for long-distance service, partially offset by increased budgeted expenditures for Hardware as a Service.

The **Governor** recommends expenditures of \$45.4 million, including \$3.5 million from the State General Fund, for FY 2019. The recommendation is a decrease of \$11.2 million, or 19.8 percent, and a State General Fund decrease of \$7.8 million, or 69.3 percent, below the agency's FY 2018 request. The Governor recommends 84.2 FTE positions, which is a decrease of 26.5 FTE positions below the FY 2018 agency request. The decrease is attributable to a \$1.7 million reduction to agency IT expenditures to hold the agency at the approved level. The Governor also partially approved the agency supplemental requests of \$11.3 million. The recommendation includes \$3.5 million from the State General Fund for IT modernization (\$2.6 million) and unrequested supplemental funding to pay the Office 365 migration costs for the Department of Corrections (\$826,378).

### Supplemental Detail

| FY 2018 SUPPLEMENTALS          |                      |                      |            |                           |                     |            |
|--------------------------------|----------------------|----------------------|------------|---------------------------|---------------------|------------|
| Supplementals                  | Agency Estimate      |                      |            | Governor's Recommendation |                     |            |
|                                | SGF                  | All Funds            | FTE        | SGF                       | All Funds           | FTE        |
| Geographic Information Systems | \$ 315,000           | \$ 315,000           | 0.0        | \$ 0                      | \$ 0                | 0.0        |
| Cybersecurity                  | 1,500,000            | 1,500,000            | 0.0        | 0                         | 0                   | 0.0        |
| Hospitality                    | 2,000                | 2,000                | 0.0        | 0                         | 0                   | 0.0        |
| Modernization                  | 9,500,141            | 9,500,141            | 0.0        | 2,644,760                 | 2,644,760           | 0.0        |
| KDOC - O365 Costs              | 0                    | 0                    | 0.0        | 826,378                   | 826,378             | 0.0        |
| <b>TOTAL</b>                   | <b>\$ 11,317,141</b> | <b>\$ 11,317,141</b> | <b>0.0</b> | <b>\$ 3,471,138</b>       | <b>\$ 3,471,138</b> | <b>0.0</b> |

The **agency** requests \$11.3 million, all from the State General Fund, in supplemental enhancements to the Geographic Information Systems Program, the Cybersecurity Initiative, and technology modernization for FY 2018. Additional details are below:

- **Geographic Information Systems (GIS).** OITS requests \$315,000, all from the State General Fund, for the GIS program in FY 2018. OITS is required by statute to support state geographic information systems for the GIS user community in Kansas. The statutory requirement is performed by the Kansas Geological Survey at the University of Kansas under the direction of the Kansas GIS Policy Board. Kansas Data Access and Support Center (DASC) has established and continues to maintain a GIS online digital data library that is accessible to all

federal/state/municipal tax-supported agencies/entities. Presently, annual cost covered by OITS has been added to overhead and spread across fees charged by OITS for unrelated services. This practice was cited in a December 2013 review completed by the Legislative Division of Post Audit (LPA). Funding the GIS program in this manner results in higher rates for other services.

- **Cybersecurity Initiative.** OITS requests \$1.5 million, all from the State General Fund, for the Cybersecurity Initiative in FY 2018 to support an effort to maximize the level of security for State of Kansas systems. In both FY 2018 and FY 2019 only, OITS temporarily adjusted collected revenues from network/security node rate to help expand the \$10 million Cybersecurity Initiative. In FY 2018, three additional staff, logging hardware and software, and training packages will be purchased to achieve security controls. Should funding levels be brought to \$10 million and maintained, all 20 critical security controls will be addressed, along with 24 hours security monitoring, remediation, and investigation;
- **Hospitality.** The agency requests \$2,000, all from the State General Fund, for official hospitality. The agency does not currently have the authority to expend from existing resources for hospitality; and
- **Modernization Strategy.** OITS requests \$9.5 million, all from the State General Fund, for technology modernization in FY 2018. The \$9.5 million is comprised of approximately \$4.0 million in non-OITS programming costs and \$5.5 million in consulting fees. The strategy is clustered around five initiatives or functional areas:
  - *Finance and Administration.* Consolidate IT spending under one entity; standardizing titles and duties of staff, software licensing to eliminate duplication, and reducing the number of vendor contracts to increase state efficiencies;
  - *Data Center as a Service (DcaaS).* Eliminate over-capacity data center issues, modernize the State's computer infrastructure *via* external "cloud" solutions, and gain the ability to recover all state IT systems in the event of a disaster;
  - *Network as a Service (NwaaS).* Modernize the State's outdated network infrastructure will improve reliability while reducing the cost to operate the State's KanWIN network while consolidating and standardizing the State's communication solution;
  - *Enterprise Project Management Office (EPMO).* Establish an office to manage all projects and reduce project budget and cost overruns without sacrificing project quality; and
  - *Centralized Service Desk.* Implement a centralized service desk for all IT incidents with standardized support and resolution processes for both internal and external vendors.

The **Governor** recommends \$3.5 million from the State General Fund for IT modernization (\$2.6 million) and unrequested supplemental funding to pay the Office 365 migration costs for the Department of Corrections (\$826,378).

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's approved budget did not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 8,782,000                  | \$ 8,782,000                      | \$ 3,509,230                | \$ 3,509,230                        |
| All Other Funds             | 39,277,924                         | 41,840,156                    | 2,562,232                         | 39,277,924                  | 0                                   |
| <b>TOTAL</b>                | <b>\$ 39,277,924</b>               | <b>\$ 50,622,156</b>          | <b>\$ 11,344,232</b>              | <b>\$ 42,787,154</b>        | <b>\$ 3,509,230</b>                 |
| FTE Positions               | 98.2                               | 109.7                         | 11.5                              | 83.2                        | (15.0)                              |

The **agency** requests a revised estimate of \$50.6 million, including \$8.8 million from the State General Fund, which is an all funds increase of \$11.3 million, or 28.9 percent, and a State General Fund increase of \$8.8 million above the approved amount for FY 2019. The State General Fund increase is attributable to supplemental enhancements of \$8.8 million, including \$280,000 for Geographic Information Systems Support, \$4.5 million for cybersecurity, and \$4.0 million for technology modernization. The agency is also centralizing the State's IT infrastructure and outsourcing Network Maintenance and Mainframe support, which increases expenditures in OITS with potential savings in other agencies. The agency requests 109.7 FTE positions, which is an increase of 11.5 FTE positions from the approved number. The request is comparable to the FY 2018 request; however, the FY 2019 approved budget did not include the cybersecurity personnel that had been approved in FY 2018.

The special revenue fund increase is attributable to the following:

- An increase of \$1.0 million, or 444.5 percent, in Professional Services for the consolidation of Tier 1 tech support in OITS. The increase may be offset by reductions for tech support in other agencies, particularly for the Department for Children and Families and the Department of Revenue;
- An increase of \$2.3 million, or 39.4 percent, in Information Services for Mainframe as a Service. Contractual services are increased by \$3.1 million for the Ensono contract, which is partially offset by a decrease of \$596,004 in salaries and 9.0 FTE positions for remaining mainframe staff whose last day was December 1, 2017;
- An increase of \$253,645, or 7.7 percent, in the Cloud/Office 365 Program for an increased number of licenses due to higher-than-anticipated demand. There has been no change in the contract rate for this service;
- An increase of \$789,916, or 29.6 percent, for the IT Security Program. The Legislature funded the 2017 Governor's Budget Amendment at 50.0 percent and the agency is spreading the available funds over two years to avoid hiring security personnel at an unsustainable level;

- A decrease of \$566,963, or 17.5 percent, from the Overhead Program due to the Geographic Information Systems costs requested as a State General Fund enhancement;
- A decrease of \$2.3 million, or 21.0 percent, from the Network and Telecommunications Program due to paying off financing agreements for VOIP equipment, software licenses, the Smartnet Project and the State Fiber project. The program has also seen substantial retirements that have not been replaced due to efficiency gains; and
- An increase of \$1.0 million, or 10.2 percent, in the passthrough program due to revised expenditures for long-distance service, partially offset by increased budgeted expenditures for Hardware as a Service.

The **Governor** recommends expenditures of \$42.8 million, including \$3.5 million from the State General Fund, for FY 2019. The recommendation is a decrease of \$7.8 million, or 15.5 percent, and a State General Fund decrease of \$5.3 million, or 60.0 percent, below the agency's FY 2019 revised estimate. The Governor recommends 83.2 FTE positions, which is a decrease of 26.5 FTE positions below the FY 2019 agency request. The decrease is attributable to a \$766,562 reduction to agency IT expenditures to hold the agency at the approved level. The Governor recommends \$3.5 million, all from the State General Fund, for two supplemental requests, including \$2.7 million for cybersecurity and \$826,378 to pay the Office 365 migration costs for the Department of Corrections.

## Supplemental Detail

| FY 2019 SUPPLEMENTALS          |                     |                     |            |                           |                     |            |
|--------------------------------|---------------------|---------------------|------------|---------------------------|---------------------|------------|
| Supplementals                  | Agency Estimate     |                     |            | Governor's Recommendation |                     |            |
|                                | SGF                 | All Funds           | FTE        | SGF                       | All Funds           | FTE        |
| Geographic Information Systems | \$ 280,000          | \$ 280,000          | 0.0        | \$ 0                      | \$ 0                | 0.0        |
| Hospitality                    | 2,000               | 2,000               | 0.0        | 0                         | 0                   | 0.0        |
| Cybersecurity                  | 4,500,000           | 4,500,000           | 0.0        | 2,682,852                 | 2,682,852           | 0.0        |
| Modernization                  | 4,000,000           | 4,000,000           | 0.0        | 0                         | 0                   | 0.0        |
| KDOC - O365 Costs              | 0                   | 0                   | 0.0        | 826,378                   | 826,378             | 0.0        |
| <b>TOTAL</b>                   | <b>\$ 8,782,000</b> | <b>\$ 8,782,000</b> | <b>0.0</b> | <b>\$ 3,509,230</b>       | <b>\$ 3,509,230</b> | <b>0.0</b> |

The **agency** requests \$8.8 million, all from the State General Fund, in supplemental enhancements to the Geographic Information Systems Program, the Cybersecurity Initiative, and technology modernization for FY 2019. Additional details are below:

- **Geographic Information Systems (GIS).** OITS requests \$280,000, all from the State General Fund, for the GIS program for FY 2019. OITS is required by statute to support state geographic information systems for the GIS user community in Kansas. The statutory requirement is performed by the Kansas Geological Survey at the University of Kansas under the direction of the Kansas GIS Policy Board. DASC has established and continues to maintain a GIS online digital data library that is accessible to all federal/state/municipal tax-supported agencies/entities. Presently, annual cost covered by OITS has been added to overhead and spread across fees charged by OITS for unrelated services. This

practice was cited in a December 2013 review completed by LPA. Funding the GIS program in this manner results in higher rates for other services;

- **Hospitality.** The agency requests \$2,000, all from the State General Fund, for official hospitality. The agency does not currently have the authority to expend from existing resources for hospitality;
- **Cybersecurity Initiative.** OITS requests \$4.5 million, all from the State General Fund, for the Cybersecurity Initiative for FY 2019 to support an effort to maximize the level of security for State of Kansas systems. In both FY 2018 and FY 2019 only, OITS temporarily adjusted collected revenues from network/security node rate to help expand the \$10 million Cybersecurity Initiative. Should funding levels be brought to \$10 million and maintained, all 20 critical security controls will be addressed, along with 24 hours security monitoring, remediation, and investigation. For FY 2019, the request includes additional salaries of \$900,000, \$500,000 for non-OITS programming costs, and \$3.1 million for new hardware and software; and
- **Modernization Strategy.** OITS requests \$4.0 million, all from the State General Fund, for technology modernization for FY 2019. The \$4.0 million is for non-OITS programming costs. The strategy is clustered around five initiatives or functional areas:
  - *Finance and Administration.* Consolidate IT spending under one entity; standardizing titles and duties of staff, software licensing to eliminate duplication, and reducing the number of vendor contracts to increase state efficiencies;
  - *Data Center as a Service (DcaaS).* Eliminate over-capacity data center issues, modernize the State's computer infrastructure *via* external "cloud" solutions, and gain the ability to recover all state IT systems in the event of a disaster;
  - *Network as a Service (NwaaS).* Modernize the State's outdated network infrastructure will improve reliability while reducing the cost to operate the State's KanWIN network while consolidating and standardizing the State's communication solution;
  - *Enterprise Project Management Office (EPMO).* Establish an office to manage all projects and reduce project budget and cost overruns without sacrificing project quality; and
  - *Centralized Service Desk.* Implement a centralized service desk for all IT incidents with standardized support and resolution processes for both internal and external vendors.

The **Governor** recommends \$3.5 million, all from the State General Fund, for two supplemental requests, including \$2.7 million for cybersecurity and \$826,378 to pay the Office 365 migration costs for the Department of Corrections.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$18,640, all from special revenue funds, and FY 2019 longevity payments total \$19,080, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

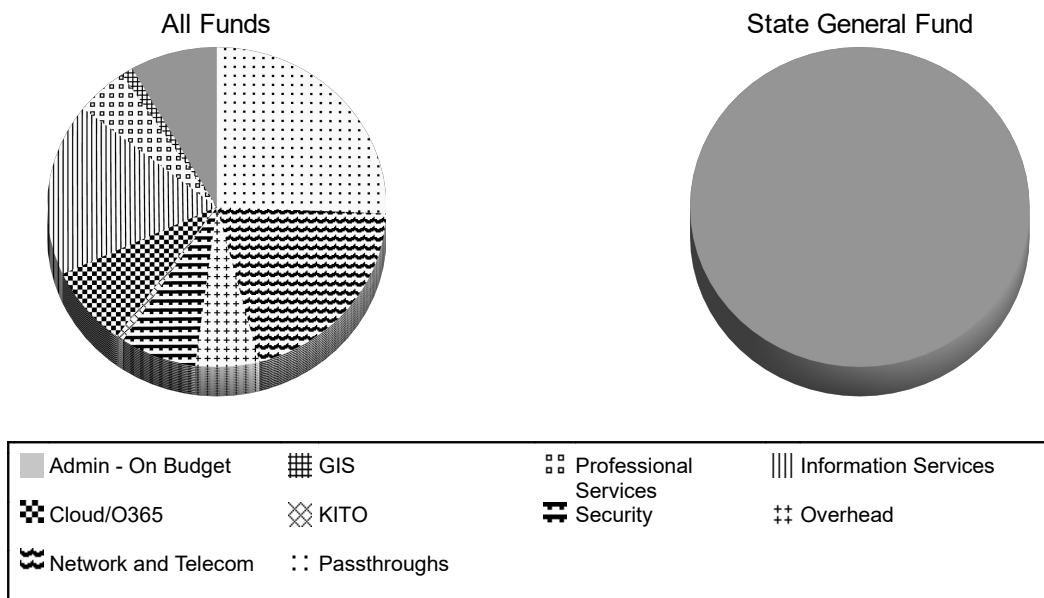
| Funding Source       | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------|--------------------------------------------|------------------------------------------|
| State General Fund   | 17.3 %                                     | 8.2 %                                    |
| GIS Contracting Fund | 0.1                                        | 0.1                                      |
| Off Budget Funds     | 82.6                                       | 91.7                                     |
| <b>TOTAL</b>         | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Admin – On Budget     | \$ 3,559,230                      | 8.3 %               | \$ 3,509,230                | 100.0 %             |
| GIS                   | 480,026                           | 1.1                 | 0                           | 0.0                 |
| Professional Services | 2,135,523                         | 5.0                 | 0                           | 0.0                 |
| Information Services  | 7,467,426                         | 17.5                | 0                           | 0.0                 |
| Cloud/O365            | 3,459,688                         | 8.1                 | 0                           | 0.0                 |
| KITO                  | 300,989                           | 0.7                 | 0                           | 0.0                 |
| Security              | 3,117,684                         | 7.3                 | 0                           | 0.0                 |
| Overhead              | 2,599,371                         | 6.1                 | 0                           | 0.0                 |
| Network and Telecom   | 8,694,445                         | 20.3                | 0                           | 0.0                 |
| Passthroughs          | 10,972,772                        | 25.6                | 0                           | 0.0                 |
| <b>TOTAL</b>          | <b>\$ 42,787,154</b>              | <b>100.0 %</b>      | <b>\$ 3,509,230</b>         | <b>100.0 %</b>      |



### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program               | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-----------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Admin – On Budget     | 1.0               | 1.0                    | 1.0                  | 0.0                    | 0.0                  |
| GIS                   | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Professional Services | 17.0              | 36.5                   | 16.5                 | 36.5                   | 16.5                 |
| Information Services  | 8.0               | 8.0                    | 8.0                  | 8.0                    | 8.0                  |
| Cloud/O365            | 5.0               | 6.0                    | 5.0                  | 6.0                    | 5.0                  |
| KITO                  | 3.5               | 4.0                    | 3.5                  | 4.0                    | 3.5                  |
| Security              | 9.0               | 12.0                   | 9.0                  | 12.0                   | 9.0                  |
| Overhead              | 12.5              | 14.5                   | 12.5                 | 14.5                   | 12.5                 |
| Network and Telecom   | 32.7              | 28.7                   | 28.7                 | 28.7                   | 28.7                 |
| Passthroughs          | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>          | <b>88.7</b>       | <b>110.7</b>           | <b>84.2</b>          | <b>109.7</b>           | <b>83.2</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Program and Subprograms

| PROGRAMS AND SUBPROGRAMS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                      |                        |                      |                        |                      |
|-----------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                  | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                  |                      |                        |                      |                        |                      |
| Administration                                                        | \$ 496,226           | \$ 11,448,253          | \$ 3,602,250         | \$ 8,782,000           | \$ 3,509,230         |
| GIS                                                                   | 90,408               | 50,000                 | 50,000               | 50,000                 | 50,000               |
| <i>On-Budget Subtotal</i>                                             | <i>\$ 586,634</i>    | <i>\$ 11,498,253</i>   | <i>\$ 3,652,250</i>  | <i>\$ 8,832,000</i>    | <i>\$ 3,559,230</i>  |
| Administration                                                        | 44,805,934           | 450,026                | 450,026              | 480,026                | 480,026              |
| Professional Services                                                 | 0                    | 3,372,140              | 2,204,668            | 3,322,827              | 2,135,523            |
| Information Services                                                  | 0                    | 8,282,342              | 6,597,090            | 8,233,988              | 7,467,426            |
| Cloud/O365                                                            | 0                    | 3,504,100              | 3,453,771            | 3,552,294              | 3,459,688            |
| KITO                                                                  | 0                    | 376,971                | 359,868              | 318,151                | 300,989              |
| Security                                                              | 0                    | 4,444,930              | 4,114,007            | 3,454,277              | 3,117,684            |
| Overhead                                                              | 0                    | 2,671,947              | 2,581,768            | 2,761,376              | 2,599,371            |
| Network and Telecom                                                   | 0                    | 10,680,940             | 10,680,940           | 8,694,445              | 8,694,445            |
| Passthroughs                                                          | 0                    | 11,286,202             | 11,286,202           | 10,972,772             | 10,972,772           |
| <b>TOTAL</b>                                                          | <b>\$ 45,392,568</b> | <b>\$ 56,567,851</b>   | <b>\$ 45,380,590</b> | <b>\$ 50,622,156</b>   | <b>\$ 42,787,154</b> |
| <b>Financing:</b>                                                     |                      |                        |                      |                        |                      |
| State General Fund                                                    | \$ 0                 | \$ 11,317,141          | \$ 3,471,138         | \$ 8,782,000           | \$ 3,509,230         |
| All Other Funds                                                       | 45,392,568           | 45,250,710             | 41,909,452           | 41,840,156             | 39,277,924           |
| <b>TOTAL</b>                                                          | <b>\$ 45,392,568</b> | <b>\$ 56,567,851</b>   | <b>\$ 45,380,590</b> | <b>\$ 50,622,156</b>   | <b>\$ 42,787,154</b> |
| FTE Positions                                                         | 88.7                 | 110.7                  | 84.2                 | 109.7                  | 83.2                 |

### OITS Administration—On-Budget Program

The Office of Information Technology Services On-Budget program contains funds not reflected as expenditures within other agency budgets. The two main programs are the State and Local Implementation Grant (SLIGP) Federal Program and the GIS program. In February 2012, Congress enacted The Middle Class Tax Relief and Job Creation Act of 2012, which contains landmark provisions to create a nationwide interoperable broadband network. The Act provides \$135.0 million in funding for a SLIGP to support state, regional, tribal, and local jurisdictions' efforts to ensure the network meets their wireless public safety communications needs.

For FY 2018 and FY 2019, the Administration Program includes the State General Fund supplemental requests a revised estimate of \$11.3 million in FY 2018 and \$8.8 million for FY 2019. Additionally, the federal SLIGP grant expires in FY 2018, so FY 2019 is reduced by the amount of that grant.

In FY 2018, the **Governor** recommends expenditures of \$3.7 million, including \$3.5 million from the State General Fund, for the Administration program. The recommendation includes the \$2.6 million supplemental for IT modernization and \$826,378 for the Office 365 migration for the Department of Corrections. The Governor did not recommend \$315,000 for the GIS program to be spent from the State General Fund and reallocated \$1.0 million in cybersecurity funding from the Administration program to the Cybersecurity program.

For FY 2019, the **Governor** recommends expenditures of \$3.6 million, including \$3.5 million from the State General Fund, for the Administration program. The recommendation includes the \$2.7 million supplemental for cybersecurity and \$826,378 for the Office 365 migration for the Department of Corrections. The Governor did not recommend \$315,000 for the GIS program to be spent from the State General Fund and reallocated \$1.0 million in cybersecurity funding from the Administration program to the Cybersecurity program.

#### *Geographic and Information Services (GIS) Program—On-Budget Subprogram*

The Kansas GIS Policy Board works to ensure a technological environment where GIS is recognized as an integral and indispensable tool for government and businesses to serve the information needs of citizens and customers. Kansas provides a broad contingency of GIS users with open access to complete an accurate framework data with appropriate guidelines to protect individual privacy and other sensitive information. The Kansas GIS Policy Board formed a cooperative relationship with the Federal Geographic Data Committee (FGDC) by becoming a Cooperating Partner of the FGDC in support of the National Spatial Data Infrastructure (NSDI), resulting in the establishment of the DASC.

The Kansas GIS Policy Board is responsible for the development of standards, strategies, and policies that emphasize cooperation and coordination among agencies, organizations, and government entities in order to maximize the cost effectiveness of GIS by creating public and private partnerships throughout Kansas. The Board consists of 23 members from state and local government agencies as well as public, private, and academic interests. It provides review, coordination, and recommendations for GIS programs and investments. Currently, partnerships, within and among levels of government and private entities, provide the basis for assigning roles and responsibilities for the development and maintenance of data themes.

In FY 2018, the **agency** requests \$315,000, all from the State General Fund, in supplemental requests, \$50,000 from the on-budget GIS Contracting Services Fund, and \$407,000 from the off-budget GIS Contracting Services Fund. The off-budget portion is billed to other state agencies for the GIS program.

For FY 2019, the **agency** requests \$280,000, all from the State General Fund, in supplemental requests, \$50,000 from the on-Budget GIS Contracting Services Fund, and \$437,000 from the off-budget GIS Contracting Services Fund for the GIS program. The off-budget portion is billed to other state agencies.

For FY 2018 and FY 2019, the **Governor** did not recommend funding the supplemental request to shift GIS funding to the State General Fund.

### **Professional Services**

The Professional Services Program provides technical support to various agencies throughout the State of Kansas, including:

- Enterprise Technical Support provides IT technical assistance and consulting for government organizations in Kansas. Enterprise Technical Support is responsible for supporting the gateway for the user to access the server network and desktop systems. They administer mission critical systems used by agencies such as the Office of the Governor, Department of Administration, Division of the Budget, and OITS, as well as smaller agencies that do not have their own IT staff;

- Enterprise Infrastructure Services establishes and maintains stable and secure infrastructure server environments for Enterprise Web Application Services and other state agencies. They provide architecture, consulting, installation and configuration, back-up support for local area networks, applications, and virtual and physical server environments; and
- Enterprise Web Application Services provides professional web development services to government organizations in Kansas and support web-based vendor written applications. The Enterprise Web Application Services team is directly responsible for the overall development, configuration, and support of new and existing web applications and vendor written applications.

The **agency** requests a revised estimate of \$3.4 million, all from special revenue funds, for the Professional Services program in FY 2018. The request is an increase of \$1.1 million, or 48.7 percent, above the FY 2018 approved budget for the consolidation of Tier 1 tech support in OITS. The increase may be offset by reductions for tech support in other agencies, particularly for the Department for Children and Families and the Department of Revenue.

The **Governor** recommends \$2.2 million, all from special revenue funds, for the Professional Services program in FY 2018. The request is a decrease of \$1.2 million, or 34.6 percent, and an FTE decrease of 20.0 FTE positions. The decrease is attributable to holding the agency IT expenditures at the approved level in FY 2018.

The **agency** requests a revised estimate of \$3.3 million, all from special revenue funds, for the Professional Services program for FY 2019. The request is an increase of \$1.0 million, or 44.5 percent, above the FY 2019 approved budget for the consolidation of Tier 1 tech support in OITS. The increase may be offset by reductions for tech support in other agencies, particularly for the Department for Children and Families and the Department of Revenue.

The **Governor** recommends \$2.1 million, all from special revenue funds, for the Professional Services Program for FY 2019. The request is a decrease of \$1.2 million, or 35.7 percent, and an FTE reduction of 20.0 FTE positions. The reduction is attributable to holding the agency IT expenditures at the approved level for FY 2019.

## Information Services

The Information Services program manages the mainframe for the State of Kansas, including hosting mainframe Services and Data Center Hosting; managing the mainframe hardware, licensing of numerous software products, and system administration of the operating system and systems software; providing OITS-managed data center space to multiple state agencies; and managing the physical work within the data center such as equipment rack installation and electrical connections.

In FY 2017, OITS began transition to Mainframe as a Service and signed a contract with Ensono. The agency indicates the contract will allow the State to eliminate the “last man standing” business, where fixed costs lead to higher rates for the remaining agencies after one agency migrates off mainframe. The agency further states the initiative has improved attention to maintenance, performance, information security, and long-term cost of operations reductions.

For FY 2018, the **agency** is requesting an increase of \$2.4 million, or 40.1 percent, in Information Services for Mainframe as a Service. Contractual services is increased by \$3.1 million for the Ensono contract, which is partially offset by a decrease of \$609,488 in salaries and 9.0 FTE positions for remaining mainframe staff whose last day was December 1, 2017.

The **Governor** recommends \$6.6 million, all from special revenue funds, for the Information Services program in FY 2018. The recommendation is a decrease of \$1.7 million, or 20.3 percent, below the FY 2018 agency request. The decrease is partially attributable to holding the agency IT expenditures at the approved level for FY 2018; however, the Governor does recommend an increase of \$686,922 for funding associated with the Ensono contract.

For FY 2019, the **agency** is requesting an increase of \$2.3 million, or 39.4 percent, in Information Services for Mainframe as a Service. Contractual services is increased by \$3.1 million for the Ensono contract, which is partially offset by a decrease of \$59,004 in salaries and 9.0 FTE positions for remaining mainframe staff whose last day was December 1, 2017.

The **Governor** recommends \$7.5 million, all from special revenue funds, for the Information Services program for FY 2019. The recommendation is a decrease of \$766,562, or 9.3 percent, below the FY 2019 agency's revised estimate. The decrease is partially attributable to holding the agency IT expenditures at the approved level for FY 2019; however, the Governor does recommend an increase of \$1.6 million for funding associated with the Ensono contract.

## **Cloud/Office 365**

The Cloud/Office 365 program is responsible for the development and management of the Executive Branch Office 365 migration and service, which will comply with Criminal Justice Information Services rulings. In its current iteration, the program is only responsible for the Office 365 rollover.

In FY 2018, the **agency** requests an increase of \$212,076, or 6.4 percent, due to higher-than-anticipated licenses. There has been no change in the license fee structure. This increase is carried forward into FY 2019 with an increase of \$253,645, or 7.7 percent, above the FY 2019 approved budget.

The **Governor** recommends \$3.5 million for FY 2018 and FY 2019 for the Cloud/Office 365 program. The recommendation funds the program at the approved level but does not provide an increase for increased license fees collections.

## **Kansas Information Technology Office**

The Kansas Information Technology Office (KITO) provides various IT project management services and assistance to state agencies such as project planning assistance, review of request for proposals prior to release, execution, monitoring and reporting, and training.

In FY 2018, the **agency** requests a revised estimate that is a decrease of \$69,787, or 15.6 percent, and an increase of 0.5 FTE positions from the FY 2018 approved budget for KITO. The decrease is attributable to establishing a shrinkage rate of 6.9 percent for \$22,154 and eliminating \$50,400 in other fees.

The **Governor** recommends expenditures of \$359,868, which is a decrease of \$17,103, or 4.5 percent, below the FY 2018 agency request. The Governor increased the shrinkage rate for the program.

For FY 2019, the **agency** requests a revised estimate that is a decrease of \$135,800, or 29.9 percent, and an increase of 0.5 FTE positions from the FY 2019 approved budget for KITO. The decrease is attributable to establishing a shrinkage rate of 6.9 percent for \$21,153, reducing salaries by \$56,242, and eliminating \$50,400 in other fees.

The **Governor** recommends expenditures of \$300,989, which is a decrease of \$17,162, or 5.4 percent, below the FY 2019 agency's revised estimate. The Governor increased the shrinkage rate for the program.

## Security Program

The Security program provides IT security services as requested by agencies. These services are both technical and nontechnical. Technical services include such things as management of firewalls, IPS, SIEM, and forensics, while nontechnical services include Information Security Officers (as a service), audits, and security consulting. The Security program also is responsible for:

- Engineering and managing of enterprise infrastructure security controls (firewalls, intrusion protection systems, and other such items);
- Responding to IT security incidents across all state agencies (and, where possible, local governments);
- Functioning as the State's point of contact with federal and national IT security organizations with regard to cybersecurity issues affecting local and county governments in Kansas and the CISO works with these other government entities when they are called for assistance;
- Overseeing the state security contracts; and
- Reselling Entrust SSL Certificates, ID tokens, and smart cards.

In FY 2018, the **agency** requests a revised estimate that is a decrease of \$907,051, or 16.9 percent, the approved budget for the Security program. The Legislature funded the 2017 Governor's Budget Amendment at 50.0 percent and the agency is spreading the available funds over two years to avoid hiring security personnel at an unsustainable level. The Legislature approved \$2.6 million, including \$1.0 million from the State General Fund, in FY 2018. The additional appropriations are provided to non-OITS agencies and are recovered *via* a cybersecurity fee.

The **Governor** recommends expenditures of \$4.1 million, all from special revenue funds, which is a decrease of \$330,923, or 7.4 percent, below the FY 2018 agency's revised estimate. The Governor's decrease was for unfilled FTE positions.

For FY 2019, the **agency** requests a revised estimate that is an increase of \$789,916, or 29.6 percent, above the approved budget for the Security program. The Legislature funded the 2017 Governor's Budget Amendment at 50.0 percent and the agency is spreading the available funds over two years to avoid hiring security personnel at an unsustainable level.

The **Governor** recommends expenditures of \$3.2 million, all from special revenue funds, which is a decrease of \$336,593, or 9.7 percent, below the FY 2019 agency's revised estimate. The Governor's decrease was for unfilled FTE positions.

## OITS Overhead

The Office of Information Technology Services (OITS), previously known as the Division of Information Systems and Communications (DISC), was established in 1972 for centralized computer data processing for all state agencies except Board of Regents institutions.

The responsibilities of the Overhead program include:

- Maintaining dependable account management through the life cycle of our assets;
- Preparing and submitting the agency budget on or before the September 15 deadline each year;
- Preparing the OITS portion of the Statewide Cost Allocation Plan (SWCAP) for inclusion in the Department of Administration submission to the Federal Department of Health and Human Services by December 31 each year;
- Paying invoices and minimizing late payments to vendors;
- Negotiating new contracts;
- Organizing and assisting departments with request for proposals;
- Conducting audits of service-related IT vendors;
- Modifying current contract templates and exhibits to comport with IT industry standards;
- Creating and updating risk registry based upon audit results;
- Assisting departments in Gartner and industry research related to vendor agreements and performance; and
- Organizing and conducting vendor/client meetings to discuss service goals and performance.

In FY 2018, the **agency** requests a revised estimate that is a decrease of \$566,963, or 17.5 percent, from the Overhead program due to the Geographic Information Systems costs requested as a State General Fund enhancement. The agency also budgeted shrinkage of \$86,215, or 6.6 percent. The program did not previously have a shrinkage allocation.

The **Governor** recommends expenditures of \$2.6 million, all from special revenue funds, which is a decrease of \$90,179, or 3.4 percent, below the FY 2018 agency's revised estimate. The Governor's decrease was for unfilled FTE positions.

For FY 2019, the **agency** requests a revised estimate that is a decrease of \$487,506, or 15.0 percent, from the Overhead Program due to the Geographic Information Systems costs requested as a State General Fund enhancement. The agency also budgeted shrinkage of \$92,539, or 6.6 percent. The program did not previously have a shrinkage allocation.

The **Governor** recommends expenditures of \$2.6 million, all from special revenue funds, which is a decrease of \$162,005, or 5.9 percent, below the FY 2019 agency's revised estimate. The Governor's decrease was for unfilled FTE positions.

## **Networks and Telecommunications Program**

The Networks and Telecommunications Program manages the state phone system in Topeka and a few sites outside of Topeka (approximately 11,000 phones) and the KanWIN network, which carries the state information traffic. The KanWIN network includes a campus network, a metropolitan area network in Topeka, and a wide area network supporting over 500 locations across the state.

The program provides network engineering and management of firewalls, load balancers, switches, and routers. It also manages Internet connectivity into the various state facilities and switching equipment in those locations to ensure KanWIN security.

The Network Operations Center includes:

- Daytime Tier One Support for Telephone and Network Services;
- After-hours support and monitoring for Professional Services and Telephone and Network Services;
- Off-hour batch job processing (SMART, SHARP, and mainframe operations); and
- Security and environmental monitoring of on-site and off-site data centers.

In FY 2018, the **agency** requests a revised estimate that is a decrease of \$306,918, or 2.8 percent, from the Network and Telecommunications program due to paying off financing agreements for VOIP equipment. The program has also seen substantial retirements that have not been replaced due to efficiency gains.

For FY 2019, the **agency** requests a revised estimate that is a decrease of \$2.3 million, or 21.0 percent, from the Network and Telecommunications Program due to paying off financing agreements for VOIP equipment, software licenses, the Smartnet Project, and the State Fiber project. The program has also seen substantial retirements that have not been replaced due to efficiency gains.

The **Governor** concurs with the agency request for FY 2018 and FY 2019.

## **Passthrough**

Upon establishment in 1972, the Division of Information Systems and Communications (now OITS) was charged with providing data processing services for other divisions, departments, and agencies of the state.

In FY 2018, the **agency** requests a revised estimate that is an increase of \$1.3 million, or 13.4 percent, in the Passthrough program due to revised expenditures for long-distance service, partially offset by increased budgeted expenditures for Hardware as a Service. Hardware as a Service is a partnership established to work with state agencies to distribute



desktop and laptop computers to state agencies on an as-needed basis. Hardware in the Executive Branch will no longer be owned by the State but leased on an as-needed basis.

For FY 2019, the **agency** requests a revised estimate that is an increase of \$1.0 million, or 10.2 percent, in the Passthrough program due to revised expenditures for long-distance service, partially offset by increased budgeted expenditures for Hardware as a Service.

The **Governor** concurs with the agency's request for FY 2018 and FY 2019.

| PERFORMANCE MEASURES                                          |                          |                   |                      |                      |
|---------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                       | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of device supported (workstations and laptops)         | N/A                      | 800               | 810                  | 810                  |
| Number of telecommunication service requests completed        | N/A                      | 4,000             | 4,000                | 4,000                |
| Percent of project plans reviewed and approved within 20 days | N/A                      | 100.0%            | 100.0%               | 100.0%               |

# KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 47,276,464           | 45,967,780             | 45,967,780           | 47,585,539             | 47,585,539           |
| Subtotal                | \$ 47,276,464        | \$ 45,967,780          | \$ 45,967,780        | \$ 47,585,539          | \$ 47,585,539        |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| Subtotal                | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| <b>TOTAL</b>            | <b>\$ 47,276,464</b> | <b>\$ 45,967,780</b>   | <b>\$ 45,967,780</b> | <b>\$ 47,585,539</b>   | <b>\$ 47,585,539</b> |

## Percentage Change:

### Operating Expenditures

|                    |       |       |       |      |      |
|--------------------|-------|-------|-------|------|------|
| State General Fund | -- %  | -- %  | -- %  | -- % | -- % |
| All Funds          | (5.3) | (2.8) | (2.8) | 3.5  | 3.5  |
| FTE Positions      | 98.4  | 98.4  | 98.4  | 98.4 | 98.4 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Public Employees Retirement System (KPERs) administers three statewide coverage groups: KPERs State, School, and Local (for regular state and local public employees, school district, technical college, and community college employees, Regents classified employees and certain Regents unclassified staff with pre-1962 service, and state correctional officers); the Kansas Police and Firemen's Retirement System (for certain designated state and local public safety employees); and the Kansas Retirement System for Judges (for the State's judicial system judges and justices). All coverage groups are defined benefit, contributory retirement plans and have most public employees in Kansas as members. KPERs also administers other employee benefit programs, including the State Deferred Compensation program; a public employee death and long-term disability benefits plan; an optional term life insurance program; a Kansas City, Kansas, annuitant program; and a legislative session-only employees retirement program.

KPERs also performs non-KPERs duties in managing investments of non-KPERs moneys that include two funds: the Kansas Endowment for Youth Fund and the Treasurer's Unclaimed Property Fund. A nine-member Board of Trustees is the governing body for KPERs. Four members are appointed by the Governor and confirmed by the Senate, one member is appointed by the President of the Senate, one member is appointed by the Speaker of the House, two members are elected by KPERs members, and one member is the State Treasurer. The Board appoints the Executive Director who administers the agency operations for the Board.

**Death and Disability Benefits.** Since 1966, the Death and Long-Term Disability Benefits program has provided death and disability benefits for active KPERS members and unclassified employees of the Board of Regents and its institutions. Employers currently contribute a statutory rate of 1.0 percent of covered payroll to pay for basic group life insurance and long-term disability protection. Employees do not pay for the basic benefits, but may choose to purchase optional term life insurance on an individual basis. The 2005 Legislature adopted a number of changes in the program in order to make it self-sustaining on a pay-as-you-go basis, including an increase in the employer contribution rate from 0.6 to 1.0 percent, effective in FY 2007.

**State Deferred Compensation Program.** The 2007 Legislature transferred administration of the program from the Department of Administration to KPERS. The KPERS Board of Trustees is assigned responsibility to administer the plan. The Director of Accounts and Reports retains responsibility for payroll deferrals and deductions for state employees who participate in the plan. The Administrative Oversight Committee on Deferred Compensation was abolished and the KPERS Board of Trustees assumed the responsibilities of monitoring the plan. Local units of government also are authorized for their employees to participate in the program. Only the administrative cost portion of this program is included in the agency's budget request since it operates as an employee savings plan, with a small portion of those revenues used to finance operating expenditures of the plan for personnel and service provider contracts.

**Retirement Contributions.** During recent years, the Legislature has taken action to increase state and local employer contributions to provide enhanced resources for the long-term financing of KPERS. In 2004, the Legislature authorized issuance of \$500.0 million in pension obligation bonds to be repaid from the State General Fund in order to augment state employer contributions. In 2015, the Legislature authorized issuance of \$1.0 billion in pension obligation bonds. The pension obligation bonds are reflected in the Department of Administration's budget rather than in the KPERS budget.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **2003 Legislature** authorized issuance of \$500.0 million in pension obligation bonds, and KPERS received net proceeds of \$440.2 million in March of 2004 that were invested. The 30-year bond issue is being repaid from the State General Fund and is included in the Department of Administration budget. A three-year graduated schedule of interest-only payments concluded in FY 2008 with a \$26.1 million State General Fund expenditure. In FY 2009, both principal and interest began to be paid annually, with expenditures averaging \$36.1 million per year.

The **2011 Legislature** passed Senate Sub. for HB 2194, which created the KPERS Study Commission that was charged with reviewing changes to KPERS. The Commission submitted a report to the 2012 Legislature with proposed changes and recommendations.

The **2012 Legislature** added \$2,750,000, all from the Kansas Public Employees Retirement System Trust Fund, and 11.0 FTE positions to implement HB 2333, which created a new defined benefit retirement plan, or cash balance plan, for state employees who began in 2015. The bill added a new Tier 3 for new hires on or after January 1, 2015. New employees pay an employee contribution rate of 6.0 percent and the employer contribution would be set at 3.0 percent to 6.0 percent based upon years of service. Interest credits would be set at an annual 5.25 percent guaranteed interest on employee and employer account balances. Possible additional interest credits of up to 4.0 percent may be granted by the KPERS Board based on KPERS' actual investment returns and funding. The bill also increased some current employee

contributions from 4.0 percent to 5.0 percent in 2014 and then to 6.0 percent in 2015. If allowed by the Internal Revenue Service, current employees could maintain 4.0 percent contribution rate with a lower benefit in the future.

The **2015 Legislature** passed SB 228, which allowed the Kansas Development Finance Authority (KDFA) to issue bonds, in one or more series, of \$1.0 billion plus all amounts required to pay the costs of issuance. The proceeds from the bonds were applied to the unfunded actuarial pension liability as directed by the Kansas Public Employees Retirement System. Debt service is payable from appropriations. Additionally, the employer contribution rate for the State-School Group was decreased from 12.37 percent to 10.91 percent in FY 2016 and from 13.57 percent to 10.81 percent in FY 2017.

The **2016 Legislature** passed House Sub. for SB 168, which revises statutes of the Kansas Public Employee Retirement System pertaining to working after retirement. The bill also makes technical and clarifying amendments to statutes pertaining to death and disability contributions, Tier 3 members, the tax status of 457 Roth accounts, optional 401(a) plans for local public employers, retirement income planning, and the Deferred Retirement Option Program (DROP).

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$46.0 million, all from special revenue funds, in FY 2018. The request is a decrease of \$681,218, or 1.5 percent, below the approved number. The agency requests 98.4 FTE positions, which is the same as the approved amount. The all funds decrease is primarily attributable to reduced contractual service expenditures; to the liquidation of the Treasurer’s Unclaimed Property Fund, as specified in 2017 HB 2002; and to the elimination of the investment management fees paid by the agency. This decrease is partially offset by increases in salary and wage expenditures.

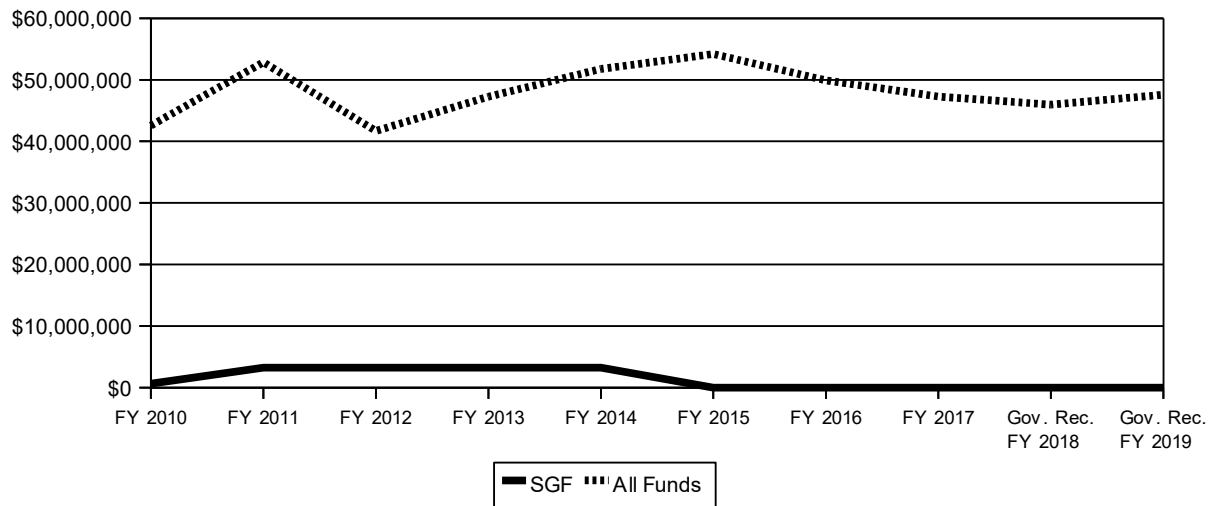
The **Governor** concurs with the agency’s FY 2018 revised estimate.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$47.6 million, all from special revenue funds, for FY 2019. The request is a decrease of \$630,304, or 1.3 percent, below the approved amount. The agency requests 98.4 FTE positions, the same as the approved number. The all funds decrease is primarily attributable to reduced contractual service expenditures; to the liquidation of the Treasurer’s Unclaimed Property Fund, as specified in 2017 HB 2002; and to the elimination of the investment management fees paid by the agency. This decrease is partially offset by increases in salary and wage expenditures.

The **Governor** concurs with the agency’s FY 2019 revised estimate.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds     | % Change | FTE  |
|---------------------------------|--------------|----------|---------------|----------|------|
| 2010                            | \$ 638,812   | (93.8)%  | \$ 42,562,194 | (4.5)%   | 87.3 |
| 2011                            | 3,213,611    | 403.1    | 52,862,734    | 24.2     | 87.3 |
| 2012                            | 3,210,083    | (0.1)    | 41,693,311    | (21.1)   | 86.3 |
| 2013                            | 3,208,979    | (0.0)    | 47,260,785    | 13.4     | 97.4 |
| 2014                            | 3,206,401    | (0.1)    | 51,768,215    | 9.5      | 98.4 |
| 2015                            | 0            | (100.0)  | 54,197,298    | 4.7      | 98.4 |
| 2016                            | 0            | --       | 49,910,068    | (7.9)    | 98.4 |
| 2017                            | 0            | --       | 47,276,464    | (5.3)    | 98.4 |
| 2018 Gov. Rec.                  | 0            | --       | 45,967,780    | (2.8)    | 98.4 |
| 2019 Gov. Rec.                  | 0            | --       | 47,585,539    | 3.5      | 98.4 |
| Ten-Year Change Dollars/Percent | \$ (638,812) | (100.0)% | \$ 5,023,345  | 11.8 %   | 11.1 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                         | \$ 12,349,236        | \$ 12,444,216        | \$ 12,582,430        | \$ 138,214                     | 1.1 %                           | \$ 12,444,216             | \$ 12,582,430        | \$ 138,214                     | 1.1 %                           |
| KPERS Investments                      | 33,940,128           | 33,125,398           | 34,593,466           | 1,468,068                      | 4.4                             | 33,125,398                | 34,593,466           | 1,468,068                      | 4.4                             |
| Non-KPERS<br>Investments               | 987,100              | 398,166              | 409,643              | 11,477                         | 2.9                             | 398,166                   | 409,643              | 11,477                         | 2.9                             |
| <b>TOTAL</b>                           | <b>\$ 47,276,464</b> | <b>\$ 45,967,780</b> | <b>\$ 47,585,539</b> | <b>\$ 1,617,759</b>            | <b>3.5 %</b>                    | <b>\$ 45,967,780</b>      | <b>\$ 47,585,539</b> | <b>\$ 1,617,759</b>            | <b>3.5 %</b>                    |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 9,558,119         | \$ 10,388,637        | \$ 11,038,420        | \$ 649,783                     | 6.3 %                           | \$ 10,388,637             | \$ 11,038,420        | \$ 649,783                     | 6.3 %                           |
| Contractual Services                   | 36,929,904           | 34,975,693           | 35,943,669           | 967,976                        | 2.8                             | 34,975,693                | 35,943,669           | 967,976                        | 2.8                             |
| Commodities                            | 111,626              | 153,450              | 153,450              | 0                              | --                              | 153,450                   | 153,450              | 0                              | --                              |
| Capital Outlay                         | 673,679              | 450,000              | 450,000              | 0                              | --                              | 450,000                   | 450,000              | 0                              | --                              |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$ 47,273,328</i> | <i>\$ 45,967,780</i> | <i>\$ 47,585,539</i> | <i>\$ 1,617,759</i>            | <i>3.5 %</i>                    | <i>\$ 45,967,780</i>      | <i>\$ 47,585,539</i> | <i>\$ 1,617,759</i>            | <i>3.5 %</i>                    |
| Aid to Local Units                     | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Other Assistance                       | 3,136                | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 47,276,464</b> | <b>\$ 45,967,780</b> | <b>\$ 47,585,539</b> | <b>\$ 1,617,759</b>            | <b>3.5 %</b>                    | <b>\$ 45,967,780</b>      | <b>\$ 47,585,539</b> | <b>\$ 1,617,759</b>            | <b>3.5 %</b>                    |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                      | \$ 0                 | \$ 0                           | -- %                            |
| Non-Retirement Admin<br>Fund           | 687,679              | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Deferred Compensation<br>Fee Fund      | 309,471              | 398,166              | 409,643              | 11,477                         | 2.9                             | 398,166                   | 409,643              | 11,477                         | 2.9                             |
| KPERS Retirement<br>Fund               | 46,265,314           | 45,569,614           | 47,175,896           | 1,606,282                      | 3.5                             | 45,569,614                | 47,175,896           | 1,606,282                      | 3.5                             |
| Optional Death Benefit<br>Reserve Fund | 14,000               | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 47,276,464</b> | <b>\$ 45,967,780</b> | <b>\$ 47,585,539</b> | <b>\$ 1,617,759</b>            | <b>3.5 %</b>                    | <b>\$ 45,967,780</b>      | <b>\$ 47,585,539</b> | <b>\$ 1,617,759</b>            | <b>3.5 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 46,648,998                         | 45,967,780                    | (681,218)                         | 45,967,780                  | (681,218)                           |
| <b>TOTAL</b>                | <b>\$ 46,648,998</b>               | <b>\$ 45,967,780</b>          | <b>\$ (681,218)</b>               | <b>\$ 45,967,780</b>        | <b>\$ (681,218)</b>                 |
| FTE Positions               | 98.4                               | 98.4                          | 0.0                               | 98.4                        | 0.0                                 |

The **agency** requests revised FY 2018 operating expenditures of \$46.0 million, all from special revenue funds. The request is a decrease of \$681,218, or 1.5 percent, below the approved amount. The agency requests 98.4 FTE positions, which is the same as the approved number. The all funds decrease is primarily attributable to reduced contractual service expenditures; to the liquidation of the Treasurer's Unclaimed Property Fund, as specified in 2017 HB 2002; and to the elimination of the investment management fees paid by the agency. This decrease is partially offset by increases in salary and wage expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$10.4 million, all from special revenue funds, for salaries and wages. The request is an increase of \$249,793, or 2.5 percent, above the approved amount. The increase is attributable to increased unclassified temporary wage expenditures for an accounting specialist, an internal auditor, an education officer and an application developer;
- **Contractual Services.** The agency requests expenditures of \$35.0 million, all from special revenue funds, for contractual services. The request is a decrease of \$931,011, or 2.6 percent, below the approved amount. The decrease is primarily attributable to the liquidation of the Treasurer's Unclaimed Property Fund, as specified in 2017 HB 2002, and the elimination of the investment management fees paid by the agency;
- **Commodities.** The agency requests expenditures of \$153,400, all from special revenue funds, for commodities. The request is the same as the approved amount; and

- **Capital Outlay.** The agency requests expenditures of \$450,000, all from special revenue funds, for capital outlay. The request is the same as the approved amount.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 48,215,843                         | 47,585,539                    | (630,304)                         | 47,585,539                  | (630,304)                           |
| <b>TOTAL</b>                | <b>\$ 48,215,843</b>               | <b>\$ 47,585,539</b>          | <b>\$ (630,304)</b>               | <b>\$ 47,585,539</b>        | <b>\$ (630,304)</b>                 |
| FTE Positions               | 98.4                               | 98.4                          | 0.0                               | 98.4                        | 0.0                                 |

The **agency** requests revised FY 2019 operating expenditures of \$47.6 million, all from special revenue funds. The request is a decrease of \$630,304, or 1.3 percent, below the approved amount. The agency requests 98.4 FTE positions, which is the same as the approved number. The all funds decrease is primarily attributable to reduced contractual service expenditures; to the liquidation of the Treasurer's Unclaimed Property Fund, as specified in 2017 HB 2002; and to the elimination of the investment management fees paid by the agency. This decrease is partially offset by increases in salary and wage expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$11.0 million, all from special revenue funds, for salaries and wages. The request is an increase of \$309,944, or 2.9 percent, above the approved amount. The increase is attributable to increased unclassified temporary wage expenditures;
- **Contractual Services.** The agency requests expenditures of \$36.0 million, all from special revenue funds, for contractual services. The request is a decrease of \$940,248, or 2.5 percent, below the approved amount. The decrease is primarily attributable to the liquidation of the Treasurer's Unclaimed Property Fund, as specified in 2017 HB 2002, and the elimination of the investment management fees paid by the agency;
- **Commodities.** The agency requests expenditures of \$153,400, all from special revenue funds, for commodities. The request is the same as the approved amount; and



- **Capital Outlay.** The agency requests expenditures of \$450,000, all from special revenue funds, for capital outlay. The request is the same as the approved amount.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **This agency has no longevity expenditures for FY 2018 or FY 2019.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

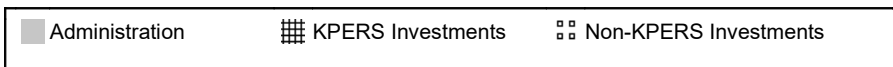
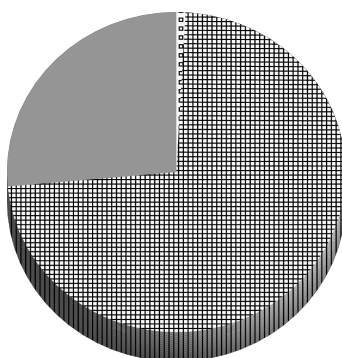
| Funding Source                         | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                     | -- %                                       | -- %                                     |
| Non-Retirement Admin Fund              | --                                         | --                                       |
| Deferred Compensation Fee<br>Fund      | 0.9                                        | 0.9                                      |
| KPERS Retirement Fund                  | 99.1                                       | 99.1                                     |
| Optional Death Benefit<br>Reserve Fund | --                                         | --                                       |
| <b>TOTAL</b>                           | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Expenditures by Program

### Governor's FY 2019 Recommendation

All Funds



| Program               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration        | \$ 12,582,430                     | 26.4 %              | \$ 0                        | -- %                |
| KPERS Investments     | 34,593,466                        | 72.7                | 0                           | --                  |
| Non-KPERS Investments | 409,643                           | 0.9                 | 0                           | --                  |
| <b>TOTAL</b>          | <b>\$ 47,585,539</b>              | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program                  | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|--------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration           | 87.6              | 87.6                   | 87.6                 | 87.6                   | 87.6                 |
| KPERS Investments        | 9.0               | 9.0                    | 9.0                  | 9.0                    | 9.0                  |
| Non-KPERS<br>Investments | 1.8               | 1.8                    | 1.8                  | 1.8                    | 1.8                  |
| <b>TOTAL</b>             | <b>98.4</b>       | <b>98.4</b>            | <b>98.4</b>          | <b>98.4</b>            | <b>98.4</b>          |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Administration

This program provides a centralized agency to accumulate funds and statistical information on active, inactive, and retired members of the various systems under its jurisdictions. Additionally, this program provides operations support, excluding investments, for management, statistical information, service records, contributions, payments, and customer service. The Executive Director administers this program and reports to the KPERS Board of Trustees.

KPERS projections reflect increasing numbers of new retirements and net new retirees as baby boomers begin to retire in increasing numbers. The KPERS actuary, reporting in a three-year experience study completed during Fall 2016, points out that KPERS retirees also are living longer and that the actuarial tables for longevity will need to be adjusted. An increase in KPERS staffing is anticipated within the next few years to meet the additional workload that will result from more retirees requiring services. Likewise, retirement benefit payments will continue to increase, surpassing \$1.4 billion in payments during FY 2016. Approximately 85.0 percent to 90.0 percent of those payments are made to persons residing in Kansas.

| ADMINISTRATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                      |                        |                      |                        |                      |
|-------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                        | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                        |                      |                        |                      |                        |                      |
| Salaries and Wages                                          | \$ 7,557,965         | \$ 8,122,828           | \$ 8,122,828         | \$ 8,628,704           | \$ 8,628,704         |
| Contractual Services                                        | 4,004,544            | 3,718,388              | 3,718,388            | 3,350,726              | 3,350,726            |
| Commodities                                                 | 111,274              | 153,000                | 153,000              | 153,000                | 153,000              |
| Capital Outlay                                              | 672,317              | 450,000                | 450,000              | 450,000                | 450,000              |
| Debt Service                                                | 0                    | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations                                       | \$ 12,346,100        | \$ 12,444,216          | \$ 12,444,216        | \$ 12,582,430          | \$ 12,582,430        |
| Aid to Local Units                                          | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                            | 3,136                | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                | <b>\$ 12,349,236</b> | <b>\$ 12,444,216</b>   | <b>\$ 12,444,216</b> | <b>\$ 12,582,430</b>   | <b>\$ 12,582,430</b> |
| <b>Financing:</b>                                           |                      |                        |                      |                        |                      |
| State General Fund                                          | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                             | 12,349,236           | 12,444,216             | 12,444,216           | 12,582,430             | 12,582,430           |
| <b>TOTAL</b>                                                | <b>\$ 12,349,236</b> | <b>\$ 12,444,216</b>   | <b>\$ 12,444,216</b> | <b>\$ 12,582,430</b>   | <b>\$ 12,582,430</b> |
| FTE Positions                                               | 87.6                 | 87.6                   | 87.6                 | 87.6                   | 87.6                 |

The **agency** requests FY 2018 operating expenses of \$12.4 million, all from special revenue funds, for Administration. The request is an increase of \$55,602, or 0.4 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures for an Information Technology developer, partially offset by reduced contractual service expenditures. The contractual services reduction is due to the completion of various coding projects by Sagitec, which maintains the KPERS benefits database.

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

The **agency** requests FY 2019 operating expenses of \$12.6 million, all from special revenue funds, for Administration. The request is an increase of \$55,602, or 0.4 percent, above

the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures, partially offset by reduced contractual service expenditures. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$8.6 million, all from special revenue funds, for salaries and wages. The request is an increase of \$269,936, or 3.2 percent, above the approved amount. The increase is attributable to increased unclassified temporary wage expenditures;
- **Contractual Services.** The agency requests \$3.4 million, all from special revenue funds, for contractual services. The request is a decrease of \$214,334, or 6.0 percent, below the approved amount. This is due to the completion of various coding projects by Sagitec, which maintains the KPERS benefits database.

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

## B. KPERS Investments

This program coordinates investment-related activities, including supervision of investment managers under contract to the KPERS Board of Trustees and management of a portion of the investment portfolio not assigned to the outside investment managers. This unit is supervised by the Chief Investment Officer who reports to the Executive Director. KPERS staff charge a portion of their time and operating expenditures for non-KPERS investment management in order to secure reimbursement for managing investments of the State's Unclaimed Property Fund and the Kansas Endowment for Youth Fund.

| <b>KPERS INVESTMENTS</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|------------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                         | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                         |                      |                        |                      |                        |                      |
| Salaries and Wages                                                           | \$ 1,728,698         | \$ 2,084,368           | \$ 2,084,368         | \$ 2,216,798           | \$ 2,216,798         |
| Contractual Services                                                         | 32,210,016           | 31,041,030             | 31,041,030           | 32,376,668             | 32,376,668           |
| Commodities                                                                  | 52                   | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                                               | 1,362                | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                 | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                 | <i>\$ 33,940,128</i> | <i>\$ 33,125,398</i>   | <i>\$ 33,125,398</i> | <i>\$ 34,593,466</i>   | <i>\$ 34,593,466</i> |
| Aid to Local Units                                                           | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                             | 0                    | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                 | <b>\$ 33,940,128</b> | <b>\$ 33,125,398</b>   | <b>\$ 33,125,398</b> | <b>\$ 34,593,466</b>   | <b>\$ 34,593,466</b> |
| <b>Financing:</b>                                                            |                      |                        |                      |                        |                      |
| State General Fund                                                           | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                              | 33,940,128           | 33,125,398             | 33,125,398           | 34,593,466             | 34,593,466           |
| <b>TOTAL</b>                                                                 | <b>\$ 33,940,128</b> | <b>\$ 33,125,398</b>   | <b>\$ 33,125,398</b> | <b>\$ 34,593,466</b>   | <b>\$ 34,593,466</b> |
| FTE Positions                                                                | 9.0                  | 9.0                    | 9.0                  | 9.0                    | 9.0                  |

The **agency** requests FY 2018 operating expenses of \$33.1 million, all from special revenue funds, for KPERS Investments. The request is an increase of \$194,518, or 0.6 percent,

above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures for an accounting specialist, an internal auditor and an education officer, partially offset by reduced contractual service expenditures. The contractual services reduction is due to fees paid to KPERS investment consultants. The reduction in the assumed rate of return will reduce the asset levels resulting in reduced projected investment fees.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests FY 2019 operating expenses of \$34.6 million, all from special revenue funds, for KPERS Investments. The request is an increase of \$194,518, or 0.6 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures, partially offset by reduced contractual service expenditures. Major changes from the approved amounts include the following:

- **Salaries and wages.** The agency requests \$2.2 million, all from special revenue funds, for salaries and wages. The request is an increase of \$243,982, or 12.4 percent, above the approved amount. The increase is attributable to increased unclassified employee salary expenditures; and
- **Contractual Services.** The agency requests \$32.4 million, all from special revenue funds, for contractual services. The request is a decrease of \$49,464, or 0.2 percent, below the approved amount.

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

### ***C. Non-KPERS Investments***

The Kansas Deferred Compensation program is a voluntary, tax-deferred retirement program for state employees. In addition, many local public employers offer the plan to their employees. Since 2007, the management of the Kansas Deferred Compensation program has been administered by KPERS. The management provides state and local employees with coordinated retirement education and planning information and facilitates an increased emphasis on personal savings for retirement.

The KPERS Board of Trustees created a Deferred Compensation Committee to oversee administration of the Plan and make recommendations to the full Board for consideration and action. The oversight and recommendations relate to management of plan assets, selection and monitoring of investment options, and selection and evaluation of service providers. KPERS staff manages operations in conjunction with the plan's service provider, Empower. Empower is responsible for participant account recordkeeping and direct services such as enrollments, phone inquiries, and investment transactions.

The Plan has more than 24,000 participants with total assets of approximately \$996.0 million.

| <b>NON-KPERS INVESTMENTS</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|----------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                             |                   |                        |                      |                        |                      |
| Salaries and Wages                                                               | \$ 271,456        | \$ 181,441             | \$ 181,441           | \$ 192,918             | \$ 192,918           |
| Contractual Services                                                             | 715,344           | 216,275                | 216,275              | 216,275                | 216,275              |
| Commodities                                                                      | 300               | 450                    | 450                  | 450                    | 450                  |
| Capital Outlay                                                                   | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                     | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                     | <i>\$ 987,100</i> | <i>\$ 398,166</i>      | <i>\$ 398,166</i>    | <i>\$ 409,643</i>      | <i>\$ 409,643</i>    |
| Aid to Local Units                                                               | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                     | <b>\$ 987,100</b> | <b>\$ 398,166</b>      | <b>\$ 398,166</b>    | <b>\$ 409,643</b>      | <b>\$ 409,643</b>    |
| <b>Financing:</b>                                                                |                   |                        |                      |                        |                      |
| State General Fund                                                               | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                  | 987,100           | 398,166                | 398,166              | 409,643                | 409,643              |
| <b>TOTAL</b>                                                                     | <b>\$ 987,100</b> | <b>\$ 398,166</b>      | <b>\$ 398,166</b>    | <b>\$ 409,643</b>      | <b>\$ 409,643</b>    |
| FTE Positions                                                                    | 1.8               | 1.8                    | 1.8                  | 1.8                    | 1.8                  |

The **agency** requests FY 2018 operating expenses of \$409,643, all from special revenue funds, for non-KPERS Investments. The request is a decrease of \$822,988, or 66.8 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced salary and wage expenditures accompanied by reduced contractual service expenditures. The reduction is attributable to liquidation of the Treasurer's Unclaimed Property Portfolio (TUP).

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests FY 2019 operating expenses of \$409,643, all from special revenue funds, for non-KPERS Investments. The request is a decrease of \$822,988, or 66.8 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced salary and wage expenditures accompanied by reduced contractual service expenditures. Major changes from the approved amounts include the following:

- **Salaries and wages.** The agency requests \$192,918, all from special revenue funds, for salaries and wages. The request is a decrease of \$146,538, or 43.2 percent, above the approved amount. The increase is attributable to increased unclassified employee salary expenditures; and
- **Contractual Services.** The agency requests \$216,275, all from special revenue funds, for contractual services. The request is a decrease of \$676,450, or 75.8 percent, below the approved amount. The decrease is primarily attributable to the liquidation of the Treasurer's Unclaimed Property Fund, as specified in 2017 HB 2002, and the elimination of the investment management fees paid by the agency.

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



| PERFORMANCE MEASURES                           |                          |                   |                      |                      |
|------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                        | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Administrative Expenses/Benefit Payment Ratio  | 0.7%                     | 0.7%              | 0.7%                 | 0.7%                 |
| Investment Related Expenses/Asset Ratio        | 0.2%                     | 0.2%              | 0.2%                 | 0.2%                 |
| Number of individuals receiving KPERS benefits |                          |                   |                      |                      |
| payments per year                              | 97,937                   | 97,937            | 101,678              | 105,568              |
| Benefits paid (in millions)                    | \$1,732                  | \$1,686           | \$1,796              | \$1,913              |

# KANSAS DEPARTMENT OF REVENUE

| Expenditure             | Actual<br>FY 2017           | Agency Est.<br>FY 2018       | Gov. Rec.<br>FY 2018         | Agency Est.<br>FY 2019       | Gov. Rec.<br>FY 2019         |
|-------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Operating Expenditures: |                             |                              |                              |                              |                              |
| State General Fund      | \$ 16,874,650               | \$ 18,573,705                | \$ 15,844,406                | \$ 18,102,593                | \$ 15,469,625                |
| Other Funds             | 77,325,850                  | 86,687,639                   | 87,320,607                   | 87,684,946                   | 88,317,914                   |
| <i>Subtotal</i>         | <i>\$ 94,200,500</i>        | <i>\$ 105,261,344</i>        | <i>\$ 103,165,013</i>        | <i>\$ 105,787,539</i>        | <i>\$ 103,787,539</i>        |
| Capital Improvements:   |                             |                              |                              |                              |                              |
| State General Fund      | \$ 0                        | \$ 0                         | \$ 0                         | \$ 0                         | \$ 0                         |
| Other Funds             | 0                           | 0                            | 0                            | 0                            | 0                            |
| <i>Subtotal</i>         | <i>\$ 0</i>                 | <i>\$ 0</i>                  | <i>\$ 0</i>                  | <i>\$ 0</i>                  | <i>\$ 0</i>                  |
| <b>TOTAL</b>            | <b><u>\$ 94,200,500</u></b> | <b><u>\$ 105,261,344</u></b> | <b><u>\$ 103,165,013</u></b> | <b><u>\$ 105,787,539</u></b> | <b><u>\$ 103,787,539</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |         |         |         |         |         |
|--------------------|---------|---------|---------|---------|---------|
| State General Fund | 29.3 %  | 10.1 %  | (6.1) % | (2.5) % | (2.4) % |
| All Funds          | (13.0)  | 11.7    | 9.5     | 0.5     | 0.6     |
| FTE Positions      | 1,019.1 | 1,019.1 | 1,019.1 | 1,019.1 | 1,019.1 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Department of Revenue (KDOR) collects taxes and fees, administers Kansas tax laws, issues a variety of licenses, and provides assistance to Kansas citizens and units of government. The Department of Revenue is divided into six major divisions, which reflect the four statutory programs the agency is charged with administering and the support functions that serve the regular programs. The present organizational structure includes the following units:

- Administrative Services provides management and support services to the other programs;
- Aid to Local Units of Government provides for the distribution of certain State-collected taxes and fees to local units of government as aid;
- Alcoholic Beverage Control (ABC) regulates the sale and distribution of alcoholic beverages and enforces bingo and tobacco regulations;

- Tax Operations administers and enforces the major state taxes and conducts a program of audits to identify and substantiate under-reporting of Kansas taxes;
- Property Valuation (PVD) appraises state property and exercises supervision over local appraisers; and
- Motor Vehicles (DOV) issues titles, registers vehicles, and licenses drivers.

## MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** reduced the FY 2008 transfer from the Economic Development Initiatives Fund (EDIF) to the Kansas Qualified Biodiesel Fuel Producer Incentive Fund from \$3,500,000 to \$400,000. The Legislature increased the transfer from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund from \$3,500,000 to \$4,500,000. Lastly, the Legislature approved \$250,160, including \$86,634 from the State General Fund, for the purchase of 20 vehicles.

The **2008 Legislature** added \$351,572, all from the State General Fund, for salaries and wages for 5.0 additional FTE tax fraud investigators for FY 2009.

The **2008 Legislature** also added \$1.0 million from the Division of Vehicles Operating Fund for FY 2009 to begin the integration and modernization of the Vehicle Information Processing System (VIPS), the Kansas Driver's License System (KDLS), and the Kansas Vehicle Inventory System (KVIS). The agency estimated the total cost to be \$40.0 million over the next five years. As a means to fund the remaining cost of the project, the Legislature passed Senate Sub. for HB 2542, which temporarily increased vehicle registration fees by \$4 for calendar years 2009–2012.

The **2009 Legislature** made the following one-time transfers to the State General Fund for FY 2009:

- \$298,300 from the Cigarette and Tobacco Products Regulation Fund to the State General Fund;
- \$314,000 from the County Drug Tax Fund to the State General Fund; and
- \$1,570,000 from the Special County Mineral Production Tax Fund to the State General Fund.

The **2009 Legislature** also reduced the transfer from the EDIF to the Kansas Qualified Biodiesel Fuel Producer Incentive Fund by \$26,000, or 6.5 percent, from \$400,000 to \$374,000 for FY 2009.

The **2010 Legislature** deleted \$401,897, 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 **2010 Legislature** also provided an amnesty for all delinquent taxes received from September 1, 2010, to October 15, 2010, and appropriated the Tax Amnesty Recovery Fund for

FY 2011. The Legislature authorized the agency to fill 7.0 vacant FTE positions for FY 2011 with the first \$350,000 collected as a result of the Tax Amnesty program transferred from the State General Fund to the Tax Amnesty Recovery Fund. The amnesty applied to delinquent tax liabilities for tax periods that ended on or before December 31, 2008. The amnesty did not apply if the taxpayer had received a notice of an audit or assessment or if the time for an appeal had not yet expired. The Department of Revenue could waive penalties and interest during the amnesty period.

The **2012 Legislature** deleted \$6,751,952, all from the Division of Vehicles Modernization Fee Fund, and transferred the funds to the State General Fund for FY 2013.

The **2013 Legislature** passed House Sub. for SB 83 that assessed watercraft at 11.5 percent for 2014 and 5.0 percent for 2015 and all years after. The Legislature passed 2013 SB 164, which allows the Department of Revenue to appoint contractors to perform any services associated with vehicle functions.

The **2014 Legislature** passed House Sub. for SB 245, which amended law to credit 12.41 percent of FY 2013, FY 2014, and FY 2015 mineral severance taxes collected in counties with receipts in excess of \$100,000 to the Oil and Gas Valuation Depletion Trust Fund (OGVDTF) for distribution in FY 2014, FY 2015, and FY 2016, respectively. The bill abolished the OGVDTF on July 1, 2016. The bill also created the Mineral Production Education Fund (MPEF) on July 1, 2016. Beginning in FY 2017, the bill credited the Fund with 20.00 percent of mineral severance taxes collected during the previous fiscal year in counties with receipts in excess of \$100,000. The moneys in the MPEF subsequently will be transferred twice each year to the State School District Finance Fund (SSDFF).

The **2015 Legislature** passed House Sub. for SB 112, which, among other things, included language to deposit \$1 of the \$4 Division of Vehicles Modernization Surcharge for total receipts not to exceed \$1.0 million in the Division of Vehicles Modernization Fund for FY 2016 and FY 2017.

The **2016 Legislature** made numerous changes to the agency's budget for FY 2017. The Legislature deleted \$3.5 million, all from special revenue funds, for FY 2017 to reduce expenditures from the Qualified Agricultural Ethyl Alcohol Producer Fund. The Legislature then transferred this amount to the State General Fund. The Legislature concurred with the Governor's Budget Amendment and added \$450,000, all from the State General Fund, and 3.0 FTE positions to meet enforcement requirements of the Master Settlement Agreement (MSA) from the 1998 tobacco settlement for FY 2017. The Legislature also passed House Sub. for SB 280, which makes a number of changes relating to property taxation, many of which require additional responsibilities to be assumed by the Property Valuation Division.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$105.3 million, including \$18.6 million from the State General Fund, in FY 2018. The all funds request is an increase of \$13.5 million, or 14.7 percent, and a State General Fund increase of \$3.2 million, or 20.6 percent, above the approved amount. The agency requests 1,019.1 FTE positions, which is an increase of 34.9 positions above the number approved by the 2017 Legislature. The all funds increase is primarily attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years. The State General Fund increase is attributable to the agency's supplemental requests.

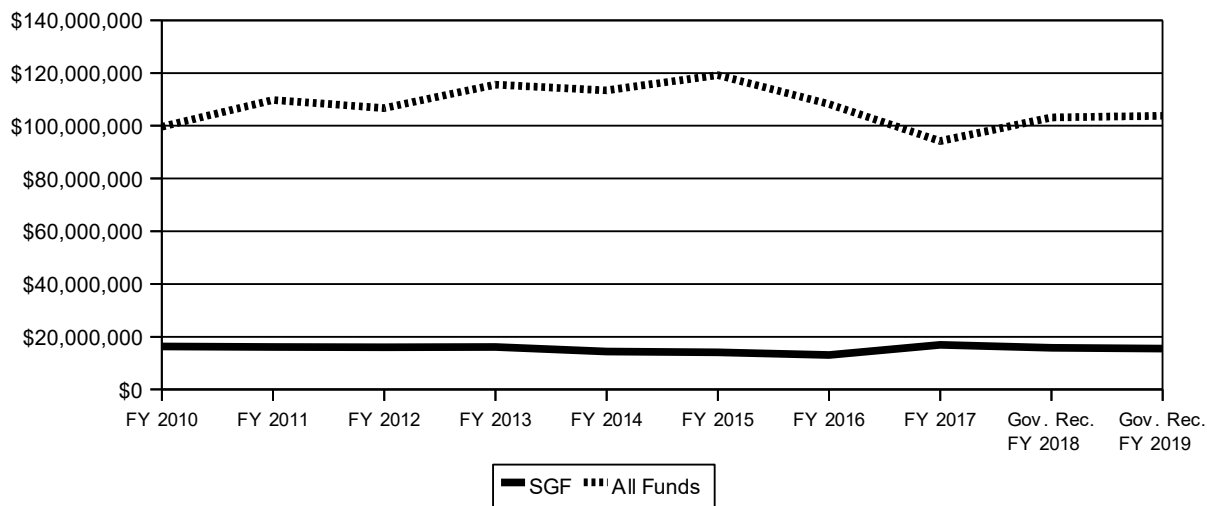
The **Governor** recommends FY 2018 operating expenditures of \$103.2 million, including \$15.8 million from the State General Fund. This is an increase of \$11.4 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$439,669, all from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$439,669).

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$105.8 million, including \$18.1 million from the State General Fund, for FY 2019. The all funds request is an increase of \$13.9 million, or 15.1 percent, and the State General Fund request is an increase of \$2.9 million, or 18.7 percent, above the amount approved by the 2017 Legislature. The agency requests 1,019.1 FTE positions, which is an increase of 32.9 FTE positions above the number approved by the 2017 Legislature. The State General Fund increase is due to the supplemental requests detailed later in this document. The remaining all funds increase is mainly attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years.

The **Governor** recommends FY 2019 operating expenditures of \$103.8 million, including \$15.5 million from the State General Fund. This is an increase of \$11.9 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$224,000 from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and for State General Fund expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$224,000).

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF           | % Change | All Funds     | % Change | FTE     |
|---------------------------------|---------------|----------|---------------|----------|---------|
| 2010                            | \$ 16,332,472 | (18.0)%  | \$ 99,620,545 | 4.9 %    | 1,012.0 |
| 2011                            | 16,161,193    | (1.0)    | 109,779,648   | 10.2     | 984.0   |
| 2012                            | 16,027,866    | (0.8)    | 106,713,078   | (2.8)    | 1,046.0 |
| 2013                            | 16,059,454    | 0.2      | 115,594,905   | 8.3      | 994.0   |
| 2014                            | 14,333,666    | (10.7)   | 113,400,633   | (1.9)    | 944.0   |
| 2015                            | 14,083,288    | (1.7)    | 119,223,988   | 5.1      | 944.0   |
| 2016                            | 13,046,466    | (7.4)    | 108,238,598   | (9.2)    | 941.7   |
| 2017                            | 16,874,650    | 29.3     | 94,200,500    | (13.0)   | 1,019.1 |
| 2018 Gov. Rec.                  | 15,844,406    | (6.1)    | 103,165,013   | 9.5      | 1,019.1 |
| 2019 Gov. Rec.                  | 15,469,625    | (2.4)    | 103,787,539   | 0.6      | 1,019.1 |
| Ten-Year Change Dollars/Percent | \$ (862,847)  | (5.3)%   | \$ 4,166,994  | 4.2 %    | 7.1     |

**Summary of Operating Budget FY 2017 - FY 2019**

|                                        |                      | Agency Estimate       |                       |                                |                                 |                       | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|----------------------|-----------------------|-----------------------|--------------------------------|---------------------------------|-----------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |                      | Estimate<br>FY 2018   | Estimate<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018       | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |                      |                       |                       |                                |                                 |                       |                           |                                |                                 |  |  |
| Administration                         | \$ 30,042,267        | \$ 27,327,701         | \$ 27,838,197         | \$ 510,496                     | 1.9 %                           | \$ 27,327,701         | \$ 27,838,197             | \$ 510,496                     | 1.9 %                           |  |  |
| Aid to Locals                          | 3,585,198            | 3,595,000             | 3,595,000             | 0                              | --                              | 3,595,000             | 3,595,000                 | 0                              | --                              |  |  |
| Alcoholic Beverage<br>Control          | 2,777,393            | 2,799,027             | 2,846,666             | 47,639                         | 1.7                             | 2,799,027             | 2,846,666                 | 47,639                         | 1.7                             |  |  |
| Tax Administration                     | 26,225,087           | 38,097,897            | 39,015,013            | 917,116                        | 2.4                             | 38,097,897            | 39,015,013                | 917,116                        | 2.4                             |  |  |
| Property Valuation                     | 3,450,140            | 3,792,894             | 3,884,000             | 91,106                         | 2.4                             | 3,792,894             | 3,884,000                 | 91,106                         | 2.4                             |  |  |
| Motor Vehicles                         | 28,120,415           | 29,648,825            | 28,608,663            | (1,040,162)                    | (3.5)                           | 27,552,494            | 26,608,663                | (943,831)                      | (3.4)                           |  |  |
| <b>TOTAL</b>                           | <b>\$ 94,200,500</b> | <b>\$ 105,261,344</b> | <b>\$ 105,787,539</b> | <b>\$ 526,195</b>              | <b>0.5 %</b>                    | <b>\$ 103,165,013</b> | <b>\$ 103,787,539</b>     | <b>\$ 622,526</b>              | <b>0.6 %</b>                    |  |  |
| <b>By Major Object of Expenditure:</b> |                      |                       |                       |                                |                                 |                       |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 58,011,919        | \$ 58,888,957         | \$ 59,992,086         | \$ 1,103,129                   | 1.9 %                           | \$ 58,888,957         | \$ 59,992,086             | \$ 1,103,129                   | 1.9 %                           |  |  |
| Contractual Services                   | 28,314,435           | 37,967,647            | 37,631,611            | (336,036)                      | (0.9)                           | 35,871,316            | 35,631,611                | (239,705)                      | (0.7)                           |  |  |
| Commodities                            | 3,155,398            | 3,864,786             | 3,731,489             | (133,297)                      | (3.4)                           | 3,864,786             | 3,731,489                 | (133,297)                      | (3.4)                           |  |  |
| Capital Outlay                         | 1,070,510            | 944,954               | 837,353               | (107,601)                      | (11.4)                          | 944,954               | 837,353                   | (107,601)                      | (11.4)                          |  |  |
| Debt Service                           | 0                    | 0                     | 0                     | 0                              | --                              | 0                     | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 90,552,262        | \$ 101,666,344        | \$ 102,192,539        | \$ 526,195                     | 0.5 %                           | \$ 99,570,013         | \$ 100,192,539            | \$ 622,526                     | 0.6 %                           |  |  |
| Aid to Local Units                     | 3,585,198            | 3,595,000             | 3,595,000             | 0                              | --                              | 3,595,000             | 3,595,000                 | 0                              | --                              |  |  |
| Other Assistance                       | 63,040               | 0                     | 0                     | 0                              | --                              | 0                     | 0                         | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 94,200,500</b> | <b>\$ 105,261,344</b> | <b>\$ 105,787,539</b> | <b>\$ 526,195</b>              | <b>0.5 %</b>                    | <b>\$ 103,165,013</b> | <b>\$ 103,787,539</b>     | <b>\$ 622,526</b>              | <b>0.6 %</b>                    |  |  |
| <b>Financing:</b>                      |                      |                       |                       |                                |                                 |                       |                           |                                |                                 |  |  |
| State General Fund                     | \$ 16,874,650        | \$ 18,573,705         | \$ 18,102,593         | \$ (471,112)                   | (2.5)%                          | \$ 15,844,406         | \$ 15,469,625             | \$ (374,781)                   | (2.4)%                          |  |  |
| Div of Vehicles<br>Operating Fund      | 47,440,836           | 46,052,242            | 45,635,560            | (416,682)                      | (0.9)                           | 46,685,210            | 46,268,528                | (416,682)                      | (0.9)                           |  |  |
| Electronic Databases<br>Fee Fund       | 10,577,821           | 14,279,664            | 12,487,421            | (1,792,243)                    | (12.6)                          | 14,279,664            | 12,487,421                | (1,792,243)                    | (12.6)                          |  |  |
| Automated Tax System<br>Fund           | 0                    | 7,757,984             | 8,511,785             | 753,801                        | 9.7                             | 7,757,984             | 8,511,785                 | 753,801                        | 9.7                             |  |  |
| Photo Fee Fund                         | 6,132,275            | 5,615,327             | 6,043,428             | 428,101                        | 7.6                             | 5,615,327             | 6,043,428                 | 428,101                        | 7.6                             |  |  |
| VIPS/CAMA Technology<br>Fund           | 2,243,305            | 3,127,367             | 3,051,742             | (75,625)                       | (2.4)                           | 3,127,367             | 3,051,742                 | (75,625)                       | (2.4)                           |  |  |
| All Other Funds                        | 10,931,613           | 9,855,055             | 11,955,010            | 2,099,955                      | 21.3                            | 9,855,055             | 11,955,010                | 2,099,955                      | 21.3                            |  |  |
| <b>TOTAL</b>                           | <b>\$ 94,200,500</b> | <b>\$ 105,261,344</b> | <b>\$ 105,787,539</b> | <b>\$ 526,195</b>              | <b>0.5 %</b>                    | <b>\$ 103,165,013</b> | <b>\$ 103,787,539</b>     | <b>\$ 622,526</b>              | <b>0.6 %</b>                    |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$15,347,435 in FY 2018. One adjustment has subsequently been made to that amount. The adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$57,302, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$15,404,737. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 15,404,737                      | \$ 18,573,705                 | \$ 3,168,968                      | \$ 15,844,406               | \$ 439,669                          |
| All Other Funds             | 76,375,409                         | 86,687,639                    | 10,312,230                        | 87,320,607                  | 10,945,198                          |
| <b>TOTAL</b>                | <b>\$ 91,780,146</b>               | <b>\$ 105,261,344</b>         | <b>\$ 13,481,198</b>              | <b>\$ 103,165,013</b>       | <b>\$ 11,384,867</b>                |
| FTE Positions               | 984.2                              | 1,019.1                       | 34.9                              | 1,019.1                     | 34.9                                |

The **agency** requests revised FY 2018 operating expenditures of \$105.3 million, including \$18.6 million from the State General Fund. The all funds request is an increase of \$13.5 million, or 14.7 percent, and a State General Fund increase of \$3.2 million, or 20.6 percent, above the approved amount. The agency requests 1,019.1 FTE positions, which is an increase of 34.9 positions above the number approved by the 2017 Legislature. The all funds increase is primarily attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years. The State General Fund increase is attributable to the supplemental requests detailed later in this document. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$58.9 million, including \$11.8 million from the State General Fund, for salaries and wages. The all funds request is an increase of \$3.4 million, or 6.2 percent, above the approved amount. The State General Fund request is a decrease of \$447,306, or 3.6 percent, below the approved amount. The all funds increase and the State General Fund decrease are attributable to the funding mechanism the agency is using, but increasing the amount of special revenue funds used for salaries and wages;



- **Contractual Services.** The agency requests expenditures of \$38.0 million, including \$6.4 million from the State General Fund, for contractual services. The all funds request is an increase of \$8.5 million, or 30.9 percent, and the State General Fund request is an increase of \$3.5 million, or 121.8 percent, above the approved amount. The increases are attributable to the Automated Tax System Fund and the supplemental request for digital license plate production;
- **Commodities.** The agency requests expenditures of \$3.9 million, including \$224,323 from the State General Fund, for commodities. The all funds request is a decrease of \$196,723, or 4.8 percent, below the approved amount. The State General Fund request is an increase of \$63,230, or 39.3 percent, above the approved amount. The all funds decrease and the State General Fund increase are attributable to the agency using Division of Vehicles Modernization Fund moneys for contractual services, in lieu of commodities, as requested last year; and
- **Capital Outlay.** The agency requests expenditures of \$944,954, including \$78,145 from the State General Fund, for capital outlay. The request is an all funds decrease of \$210,454, or 18.2 percent, below the approved amount. The State General Fund request is an increase of \$71,035, or 999.1 percent, above the approved amount. The all funds decrease and the State General Fund increase are attributable to the funding mechanism and the increased use of special revenue funds. The all funds decrease is primarily attributable to reduced software expenditures for the Property Valuation Program.

The **Governor** recommends FY 2018 operating expenditures of \$103.2 million, including \$15.8 million from the State General Fund. This is an increase of \$11.4 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$439,669, all from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$439,669).

## Supplemental Detail

| FY 2018 SUPPLEMENTALS            |                     |                     |            |                           |                   |            |
|----------------------------------|---------------------|---------------------|------------|---------------------------|-------------------|------------|
| Supplementals                    | Agency Estimate     |                     |            | Governor's Recommendation |                   |            |
|                                  | SGF                 | All Funds           | FTE        | SGF                       | All Funds         | FTE        |
| Salary Adjustment                | \$ 632,968          | \$ 632,968          | 0.0        | \$ 0                      | \$ 0              | 0.0        |
| REAL ID                          | 536,000             | 536,000             | 0.0        | 439,669                   | 439,669           | 0.0        |
| Digital License Plate Production | 2,000,000           | 2,000,000           | 0.0        | 0                         | 0                 | 0.0        |
| <b>TOTAL</b>                     | <b>\$ 3,168,968</b> | <b>\$ 3,168,968</b> | <b>0.0</b> | <b>\$ 439,669</b>         | <b>\$ 439,669</b> | <b>0.0</b> |

The **agency** requests \$632,968, all from the State General Fund, for implementation of the legislative pay plan approved by the 2017 Legislature. The all funds impact to KDOR was \$1.1 million, which included \$632,968 from the Division of Vehicles Operating Fund. The source of revenue for this fund is a transfer from the State Highway Fund, and while the expenditure

limitation for the fund itself was increased, the transfer from the State Highway Fund was not adjusted for the needed amount. The lack of the increase in the transfer from the State Highway Fund results in the Division of Vehicles Operating Fund not having a sufficient balance to cover the additional salary and wage expenditures. The agency requests these funds be appropriated from the State General Fund.

The agency further requests \$536,000, all from the State General Fund, for expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017. REAL ID compliance mandates participation in a program called State to State (S2S), which is a nationwide software system that enables states to verify identities and drivers licenses issued in other states. Participation in the program includes one-time implementation fee and modifications to the existing KanLicense program. The \$536,000 in requested State General Fund expenditures includes \$312,000 in implementation costs and \$224,000 in annual maintenance fees.

Finally, the agency requests \$2.0 million, all from the State General Fund, for implementation and production costs related to digital license plate conversion and distribution scheduled to begin August 1, 2018. The system is to replace the current inventory system that is utilized by the State. Implementation costs include modifications to the current vehicle registration system and an increase in per-plate production costs. The agency expects out-year production costs to be offset by the savings generated from on-demand printing and elimination of overproduction, which occurs in the current system. The agency estimates \$700,000 has been spent over the previous two fiscal year to maintain inventory levels in excess of actual plates issued.

The **Governor** recommends supplemental requests for FY 2018 totaling \$439,669, all from the State General Fund. The requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of State General Fund expenditures and for expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$439,669).

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$15,245,625 for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 15,245,625                      | \$ 18,102,593                 | \$ 2,856,968                      | \$ 15,469,625               | \$ 224,000                          |
| All Other Funds             | 76,644,254                         | 87,684,946                    | 11,040,692                        | 88,317,914                  | 11,673,660                          |
| <b>TOTAL</b>                | <b>\$ 91,889,879</b>               | <b>\$ 105,787,539</b>         | <b>\$ 13,897,660</b>              | <b>\$ 103,787,539</b>       | <b>\$ 11,897,660</b>                |
| FTE Positions               | 986.2                              | 1,019.1                       | 32.9                              | 1,019.1                     | 32.9                                |

The **agency** requests a revised FY 2019 estimate of \$105.8 million, including \$18.1 million from the State General Fund. The all funds request is an increase of \$13.9 million, or 15.1 percent, and the State General Fund request is an increase of \$2.9 million, or 18.7 percent, above the amount approved by the 2017 Legislature. The agency requests 1,019.1 FTE positions, which is an increase of 32.9 FTE positions above the amount approved by the 2017 Legislature. The State General Fund increase is due to the supplemental requests detailed later in this document. The remaining all funds increase is mainly attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$60.0 million, including \$13.0 million from the State General Fund, for salaries and wages. The all funds request is an increase of \$3.5 million, or 6.3 percent, above the approved amount. The State General Fund request is an increase of \$484,027, or 3.9 percent, above the approved amount. The all funds increase is attributable to reduced shrinkage, which occurs as a result of positions being filled for the entirety of the year;
- **Contractual Services.** The agency requests expenditures of \$37.6 million, including \$4.8 million from the State General Fund, for contractual services. The all funds request is an increase of \$11.1 million, or 41.8 percent, and the State General Fund request is an increase of \$2.2 million, or 86.2 percent, above the approved amount. The increases are attributable to the supplemental requests, including more than \$8.0 million in expenditures associated with Automated Tax System Fund and expenses associated with digital license plate production;
- **Commodities.** The agency requests expenditures of \$3.7 million, including \$217,465 from the State General Fund, for commodities. The all funds request is a decrease of \$133,297, or 3.4 percent, below the approved amount. The State General Fund request is an increase of \$58,796, or 37.1 percent, above the approved amount. The all funds decrease is largely attributable to a decrease in stationery and office supplies; and
- **Capital Outlay.** The agency requests expenditures of \$837,353, including \$79,580 from the State General Fund, for capital outlay. The request is an all funds decrease of \$318,055, or 27.5 percent, below the approved amount. The State General Fund request is an increase of \$72,470, or 1,019.3 percent, above the approved amount. The all funds decrease and the State General Fund increase are attributable to the funding mechanism used by the agency. The all funds increase is attributable to reduced computer hardware and software replacement costs.

The **Governor** recommends FY 2019 operating expenditures of \$103.8 million, including \$15.5 million from the State General Fund. This is an increase of \$11.9 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$224,000 from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and for State General Fund expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$224,000).

## Supplemental Detail

| FY 2019 SUPPLEMENTALS            |                     |                     |            |                           |                   |            |
|----------------------------------|---------------------|---------------------|------------|---------------------------|-------------------|------------|
| Supplementals                    | Agency Estimate     |                     |            | Governor's Recommendation |                   |            |
|                                  | SGF                 | All Funds           | FTE        | SGF                       | All Funds         | FTE        |
| Salary Adjustment                | \$ 632,968          | \$ 632,968          | 0.0        | \$ 0                      | \$ 0              | 0.0        |
| REAL ID                          | 224,000             | 224,000             | 0.0        | 224,000                   | 224,000           | 0.0        |
| Digital License Plate Production | 2,000,000           | 2,000,000           | 0.0        | 0                         | 0                 | 0.0        |
| <b>TOTAL</b>                     | <b>\$ 2,856,968</b> | <b>\$ 2,856,968</b> | <b>0.0</b> | <b>\$ 224,000</b>         | <b>\$ 224,000</b> | <b>0.0</b> |

The **agency** requests \$632,968, all from the State General Fund, for implementation of the legislative pay plan approved by the 2017 Legislature. The all funds impact to KDOR was \$1.1 million, which included \$632,968 from the Division of Vehicles Operating Fund. The source of revenue for this fund is a transfer from the State Highway Fund, and while the expenditure limitation for the fund itself was increased, the transfer from the State Highway Fund was not adjusted. The lack of the increase in the transfer from the State Highway Fund results in the Division of Vehicles Operating Fund not having a sufficient balance to cover the additional salary and wage expenditures. The agency requests these funds be appropriated from the State General Fund.

The agency further requests \$224,000, all from the State General Fund, for expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017. REAL ID compliance mandates participation in a program called State to State (S2S), which is a nationwide software system that enables states to verify identities and drivers licenses issued in other states. Participation in the program includes a one-time implementation fee and modifications to the existing KanLicense program. The \$224,000 requested for FY 2019 is for annual maintenance fees.

Finally, the agency requests \$2.0 million, all from the State General Fund, for implementation and production costs related to digital license plate conversion and distribution scheduled to begin August 1, 2018. The system is to replace the current inventory system that is utilized by the State. Implementation costs include modifications to the current vehicle registration system and an increase in per-plate production costs. The agency expects out-year production costs to be offset by the saving generated from on-demand printing and elimination of overproduction, which occurs in the current system. The agency estimates \$700,000 has been spent over the previous two fiscal year to maintain inventory levels in excess of actual plates issued.

The **Governor** recommends supplemental requests for FY 2019 totaling \$224,000, all from the State General Fund. The requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and State General Fund expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$224,000).

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$313,488, including \$59,588 from the State General Fund, and FY 2019 longevity payments total \$328,678, including \$67,549 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                            | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                        | 17.1 %                                     | 14.9 %                                   |
| Division of Vehicles Operating<br>Fund    | 43.1                                       | 44.6                                     |
| Electronic Databases Fee<br>Fund          | 11.8                                       | 12.0                                     |
| Photo Fee Fund                            | 5.7                                        | 8.2                                      |
| VIPS/CAMA Technology Fund                 | 2.9                                        | 5.8                                      |
| Special County Mineral<br>Production Fund | 2.8                                        | 2.9                                      |
| All Other Funds                           | 16.5                                       | 11.5                                     |
| <b>TOTAL</b>                              | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Division of Vehicles Operating Fund Analysis

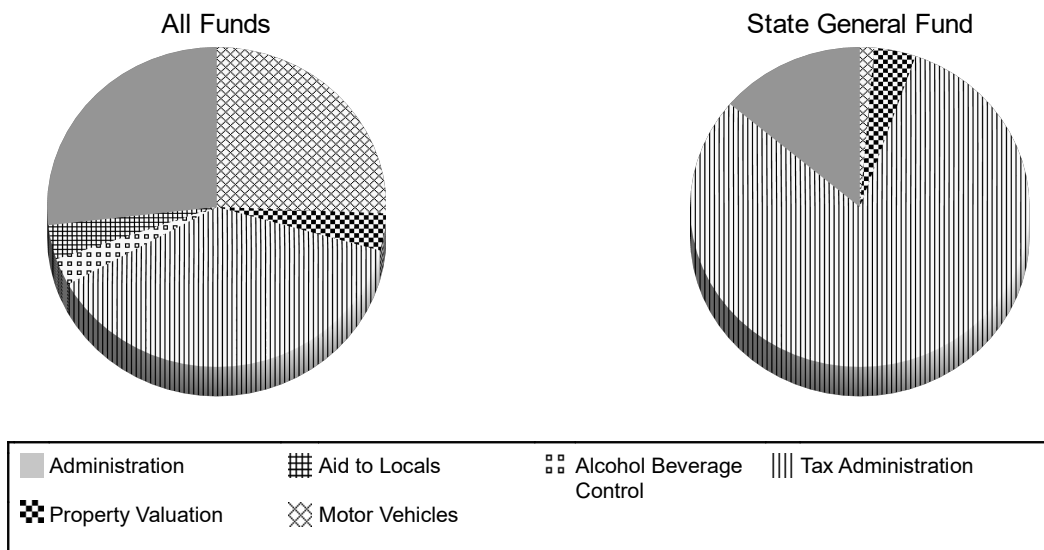
The two principal non-State General Fund financing sources for the agency are included in this review of fee funds: the Division of Vehicles Operating Fund and the Electronic Databases Fee Fund. The Division of Vehicles Operating Fund is funded through charges assessed for copies, fines, penalties, and forfeitures. The largest single source of revenue for the Division of Vehicles Operating Fund is from the State Highway Fund, which is made in quarterly transfers under annual appropriation acts.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|-----------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 2,163,994          | \$ 416,682                    | \$ 416,682             | \$ 0                          | \$ 0                   |
| Revenue                                      | 1,808,685             | 1,753,000                     | 1,753,000              | 1,753,000                     | 1,753,000              |
| Transfers in                                 | 46,054,968            | 46,054,968                    | 46,687,936             | 46,054,968                    | 46,687,936             |
| <b>Funds Available</b>                       | <b>\$ 50,027,647</b>  | <b>\$ 48,224,650</b>          | <b>\$ 48,857,618</b>   | <b>\$ 47,807,968</b>          | <b>\$ 48,440,936</b>   |
| Less:                                        |                       |                               |                        |                               |                        |
| Expenditures                                 | 47,440,836            | 46,052,242                    | 46,685,210             | 45,635,560                    | 46,268,528             |
| Transfers Out                                | 2,168,729             | 2,172,408                     | 2,172,408              | 2,172,408                     | 2,172,408              |
| Off Budget Expenditures                      | 1,400                 | 0                             | 0                      | 0                             | 0                      |
| <b>Ending Balance</b>                        | <b>\$ 416,682</b>     | <b>\$ 0</b>                   | <b>\$ 0</b>            | <b>\$ 0</b>                   | <b>\$ 0</b>            |
| Ending Balance as Percent of<br>Expenditures | 0.9%                  | 0.0%                          | 0.0%                   | 0.0%                          | 0.0%                   |
| Month Highest Ending<br>Balance              | April<br>\$ 8,092,638 | April<br>\$ 8,000,000         | April<br>\$ 8,000,000  | April<br>\$ 8,000,000         | April<br>\$ 8,000,000  |
| Month Lowest Ending<br>Balance               | December<br>\$ 85,396 | December<br>\$ 200,000        | December<br>\$ 200,000 | December<br>\$ 200,000        | December<br>\$ 200,000 |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program                    | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration             | \$ 27,838,197                     | 26.8 %              | \$ 2,282,496                | 14.8 %              |
| Aid to Locals              | 3,595,000                         | 3.5                 | 0                           | 0.0                 |
| Alcoholic Beverage Control | 2,846,666                         | 2.7                 | 0                           | 0.0                 |
| Tax Administration         | 39,015,013                        | 37.6                | 12,307,862                  | 79.6                |
| Property Valuation         | 3,884,000                         | 3.7                 | 655,267                     | 4.2                 |
| Motor Vehicles             | 26,608,663                        | 25.6                | 224,000                     | 1.4                 |
| <b>TOTAL</b>               | <b>\$ 103,787,539</b>             | <b>100.0 %</b>      | <b>\$ 15,469,625</b>        | <b>100.0 %</b>      |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b>                                                                                                                                                                                                                   |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                                                                                                                                                                                                                                             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Administration                                                                                                                                                                                                                                                      | 201.3             | 201.3                  | 201.3                | 201.3                  | 201.3                |
| Aid to Locals                                                                                                                                                                                                                                                       | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Alcoholic Beverage<br>Control                                                                                                                                                                                                                                       | 36.8              | 36.8                   | 36.8                 | 36.8                   | 36.8                 |
| Tax Administration                                                                                                                                                                                                                                                  | 441.5             | 441.5                  | 441.5                | 441.5                  | 441.5                |
| Property Valuation                                                                                                                                                                                                                                                  | 36.5              | 36.5                   | 36.5                 | 36.5                   | 36.5                 |
| Motor Vehicles                                                                                                                                                                                                                                                      | 303.0             | 303.0                  | 303.0                | 303.0                  | 303.0                |
| <b>TOTAL</b>                                                                                                                                                                                                                                                        | <b>1,019.1</b>    | <b>1,019.1</b>         | <b>1,019.1</b>       | <b>1,019.1</b>         | <b>1,019.1</b>       |
| <i>Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.</i> |                   |                        |                      |                        |                      |

## **A. Administration**

The Administrative Services Division is comprised of the Office of the Secretary of Revenue, Resources Management, Legal Services, Policy and Research, and Informational Services. The Secretary is responsible for the Department of Revenue fulfilling its mission. Resources Management oversees the budgeting, logistics, human resources, and routine administration for the agency. A Criminal Fraud Control Unit also is organized within Resources Management, which investigates both external and internal fraud and works to prevent identity theft. The Policy and Research Section provides tax analysis and revenue estimates. Information Services develops and maintains the Department's automated information systems.

| <b>ADMINISTRATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|---------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                |                      |                        |                      |                        |                      |
| Salaries and Wages                                                  | \$ 14,908,948        | \$ 14,658,208          | \$ 14,658,208        | \$ 14,859,633          | \$ 14,859,633        |
| Contractual Services                                                | 14,471,547           | 12,051,431             | 12,051,431           | 12,358,702             | 12,358,702           |
| Commodities                                                         | 171,241              | 202,411                | 202,411              | 205,111                | 205,111              |
| Capital Outlay                                                      | 456,564              | 415,651                | 415,651              | 414,751                | 414,751              |
| Debt Service                                                        | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                        | <i>\$ 30,008,300</i> | <i>\$ 27,327,701</i>   | <i>\$ 27,327,701</i> | <i>\$ 27,838,197</i>   | <i>\$ 27,838,197</i> |
| Aid to Local Units                                                  | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                    | 33,967               | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                        | <b>\$ 30,042,267</b> | <b>\$ 27,327,701</b>   | <b>\$ 27,327,701</b> | <b>\$ 27,838,197</b>   | <b>\$ 27,838,197</b> |
| <b>Financing:</b>                                                   |                      |                        |                      |                        |                      |
| State General Fund                                                  | \$ 3,992,011         | \$ 3,274,937           | \$ 3,274,937         | \$ 2,282,496           | \$ 2,282,496         |
| All Other Funds                                                     | 26,050,256           | 24,052,764             | 24,052,764           | 25,555,701             | 25,555,701           |
| <b>TOTAL</b>                                                        | <b>\$ 30,042,267</b> | <b>\$ 27,327,701</b>   | <b>\$ 27,327,701</b> | <b>\$ 27,838,197</b>   | <b>\$ 27,838,197</b> |
| FTE Positions                                                       | 201.3                | 201.3                  | 201.3                | 201.3                  | 201.3                |



The **agency** requests FY 2018 operating expenditures of \$27.3 million, including \$2.3 million from the State General Fund, for the Administration function. The request is an all funds decrease of \$4.5 million, or 14.1 percent, and a State General Fund increase of \$280,318, from the amount approved by the 2017 Legislature. The all funds decrease is attributable to a decrease in expenditures largely for contractual services.

The **Governor** concurs with the agency's request for FY 2018 operating expenditures of \$27.3 million, including \$2.3 million from the State General Fund.

The **agency** requests FY 2019 operating expenditures of \$27.8 million, including \$2.3 million from the State General Fund, for the Administration function. The request is an all funds decrease of \$4.0 million, or 12.7 percent, and a State General Fund decrease of \$413,788, or 15.3 percent, below the amount approved by the 2017 Legislature. The all funds decrease is largely attributable to a decrease in contractual services expenditures. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$14.9 million, including \$1.4 million from the State General Fund, for salaries and wages. The request is an all funds decrease of \$394,712, or 2.6 percent, below the approved amount. The decrease is attributable to increased shrinkage, which occurs as a result of positions not being filled for the entirety of the year; and
- **Contractual Services.** The agency requests \$12.4 million, including \$870,400 from the State General Fund, for contractual services. The request is an all funds decrease of \$3.1 million, or 20.2 percent, below the approved amount. The decrease is attributable to reduced expenditures for rent below the amount estimated last year.

The **Governor** concurs with the agency's request for FY 2019 operating expenditures of \$27.8 million, including \$2.3 million from the State General Fund.

## ***B. Aid to Local Units of Government***

The Department of Revenue distributes revenue from certain State-collected taxes, fees, and penalties to local units of government. Those distributions include sand royalties, full-privilege license plates to manufacturers and dealer license fees, mineral severance taxes, and taxes on controlled substances.

| <b>AID TO LOCAL UNITS OF GOVERNMENT<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|---------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                                  | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                                  |                            |                            |                            |                            |                            |
| Salaries and Wages                                                                    | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Contractual Services                                                                  | 0                          | 0                          | 0                          | 0                          | 0                          |
| Commodities                                                                           | 0                          | 0                          | 0                          | 0                          | 0                          |
| Capital Outlay                                                                        | 0                          | 0                          | 0                          | 0                          | 0                          |
| Debt Service                                                                          | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                                          | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                |
| Aid to Local Units                                                                    | 3,585,198                  | 3,595,000                  | 3,595,000                  | 3,595,000                  | 3,595,000                  |
| Other Assistance                                                                      | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                                                                          | <b><u>\$ 3,585,198</u></b> | <b><u>\$ 3,595,000</u></b> | <b><u>\$ 3,595,000</u></b> | <b><u>\$ 3,595,000</u></b> | <b><u>\$ 3,595,000</u></b> |
| <b>Financing:</b>                                                                     |                            |                            |                            |                            |                            |
| State General Fund                                                                    | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                                       | 3,585,198                  | 3,595,000                  | 3,595,000                  | 3,595,000                  | 3,595,000                  |
| <b>TOTAL</b>                                                                          | <b><u>\$ 3,585,198</u></b> | <b><u>\$ 3,595,000</u></b> | <b><u>\$ 3,595,000</u></b> | <b><u>\$ 3,595,000</u></b> | <b><u>\$ 3,595,000</u></b> |
| FTE Positions                                                                         | 0.0                        | 0.0                        | 0.0                        | 0.0                        | 0.0                        |

The **agency** requests FY 2018 operating expenses of \$3.6 million, all from special revenue funds, for Aid to Local Units of Government program. The request is a decrease of \$89,506, or 2.4 percent, below the amount approved by the 2017 Legislature. The all funds decrease is attributable to revised Consensus Revenue Estimate of oil and gas severance tax receipts, which, in turn, reduces the amount of revenue from this source that is remitted to local units of government.

The **Governor** concurs with the agency's request for FY 2018 operating expenditures of \$3.6 million, all from special revenue funds.

The **agency** requests FY 2019 operating expenses of \$3.6 million, all from special revenue funds, for Aid to Local Units of Government program. The request is a decrease of \$89,506, or 2.4 percent, below the amount approved by the 2017 Legislature. The all funds decrease is attributable to revised Consensus Revenue Estimate of oil and gas severance tax receipts, which, in turn, reduces the amount of revenue from this source that is remitted to local units of government.

The **Governor** concurs with the agency's request for FY 2019 operating expenditures of \$3.6 million, all from special revenue funds.

### ***C. Alcohol Beverage Control***

The Alcoholic Beverage Control (ABC) Division administers the state's liquor, cigarette, and tobacco licenses. ABC conducts controlled "buy" investigations to help determine the rate of licensee compliance. The Division provides training to local law enforcement agencies on means to enforce liquor and tobacco laws. In April 2007, the agency entered into an interagency agreement with the Department for Children and Families (DCF) to create the Cigarette and Tobacco Enforcement (CATE) Team. The CATE Team is primarily concerned with enforcing the laws relating to the sale of cigarettes and tobacco products to minors and to identify other

licensee violations in the process. The Division also cooperates with nongovernmental organizations concerned with reducing underage consumption.

| <b>ALCOHOL BEVERAGE CONTROL<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|-------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                          | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                          |                     |                        |                      |                        |                      |
| Salaries and Wages                                                            | \$ 2,346,313        | \$ 2,226,073           | \$ 2,226,073         | \$ 2,266,187           | \$ 2,266,187         |
| Contractual Services                                                          | 224,045             | 375,805                | 375,805              | 409,030                | 409,030              |
| Commodities                                                                   | 64,321              | 69,050                 | 69,050               | 68,150                 | 68,150               |
| Capital Outlay                                                                | 142,714             | 128,099                | 128,099              | 103,299                | 103,299              |
| Debt Service                                                                  | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                                  | <b>\$ 2,777,393</b> | <b>\$ 2,799,027</b>    | <b>\$ 2,799,027</b>  | <b>\$ 2,846,666</b>    | <b>\$ 2,846,666</b>  |
| Aid to Local Units                                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                  | <b>\$ 2,777,393</b> | <b>\$ 2,799,027</b>    | <b>\$ 2,799,027</b>  | <b>\$ 2,846,666</b>    | <b>\$ 2,846,666</b>  |
| <b>Financing:</b>                                                             |                     |                        |                      |                        |                      |
| State General Fund                                                            | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                               | 2,777,393           | 2,799,027              | 2,799,027            | 2,846,666              | 2,846,666            |
| <b>TOTAL</b>                                                                  | <b>\$ 2,777,393</b> | <b>\$ 2,799,027</b>    | <b>\$ 2,799,027</b>  | <b>\$ 2,846,666</b>    | <b>\$ 2,846,666</b>  |
| FTE Positions                                                                 | 36.8                | 36.8                   | 36.8                 | 36.8                   | 36.8                 |

The **agency** requests FY 2018 operating expenses of \$2.8 million, all from special revenue funds, for Alcohol Beverage Control function. The request is a decrease of \$228,584, or 7.5 percent, below the amount approved by the 2017 Legislature. The decrease is largely attributable to reduced salary and wage expenditures, partially offset by increased contractual services and capital outlay expenditures.

The **Governor** concurs with the agency's request for FY 2018 operating expenditures of \$2.8 million, all from special revenue funds.

The **agency** requests FY 2019 operating expenses of \$2.8 million, all from special revenue funds, for Alcohol Beverage Control function. The request is a decrease of \$205,565, or 6.7 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced salary and wage expenditures, partially offset by increased contractual services and capital outlay expenditures. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$2.3 million, all from special revenue funds, for salaries and wages. The request is a decrease of \$333,529, or 12.8 percent, below the approved amount. The decrease is attributable to increased shrinkage, which occurs as a result of positions not being filled for the entirety of the year.
- **Contractual Services.** The agency requests \$409,303, all from special revenue funds, for contractual services. The request is an increase of \$102,586, or 33.5 percent, above the approved amount. The increase is attributable to increased computer software rental expenditures.

The **Governor** concurs with the agency's request for FY 2019 operating expenditures of \$2.8 million, all from special revenue funds.

#### ***D. Tax Administration***

Tax Administration has the largest operating budget for a division within the Department of Revenue. The Division collects the various taxes for the State. There are four units within Tax Administration: the Revenue Accounting Unit, the Administrative Support Unit, the System Administrator and Testing Unit, and the Design and Development Unit. The units work together to administer the five subprograms for which the Division is responsible. These subprograms are Channel Management, Customer Relations, Collections, Field Services, and Electronic Services.

Channel Management is concerned with collecting information, both in hard copy and electronic form, and moving it to its appropriate user; the program works toward creating a paperless environment. Customer Relations works with customers, both within and outside of the agency, to build trust. The program deals with general business, wage earners, motor and other special taxes, and general taxpayer assistance. The Collections subprogram works to verify tax payers are not under-reporting or under-paying their taxes. The goal of Field Services is to ensure the equitable payment of taxes under the law. Electronic Services coordinates the transmittal of electronic data into the Department's accounting systems; this may include the development of software, including web-based software and interactive voice response systems.

The Audit Services Bureau investigates the under-reporting of Kansas taxes. The Bureau's work is accomplished through four methods: file analysis, field analysis, desk audits, and self-audits. File analysis involves evaluating individual tax payer information to determine if there is a risk of underpayment. Field audits are conducted in person by appointment to review and analyze tax and revenue records. Desk audits are similar to field audits but information is communicated by written or electronic correspondence. Self-audits are applied to groups of taxpayers in a particular industry; individual tax payers are requested to go back through three years of tax and revenue data and to submit any schedule of errors that would then be used for calculating any late taxes and interest owed.

| <b>TAX ADMINISTRATION</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                             |                             |                             |                             |                             |
|-------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                          | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                          |                             |                             |                             |                             |                             |
| Salaries and Wages                                                            | \$ 23,507,567               | \$ 24,664,139               | \$ 24,664,139               | \$ 25,108,574               | \$ 25,108,574               |
| Contractual Services                                                          | 2,423,292                   | 12,831,228                  | 12,831,228                  | 13,396,311                  | 13,396,311                  |
| Commodities                                                                   | 233,804                     | 490,927                     | 490,927                     | 421,525                     | 421,525                     |
| Capital Outlay                                                                | 35,227                      | 111,603                     | 111,603                     | 88,603                      | 88,603                      |
| Debt Service                                                                  | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                                  | <i>\$ 26,199,890</i>        | <i>\$ 38,097,897</i>        | <i>\$ 38,097,897</i>        | <i>\$ 39,015,013</i>        | <i>\$ 39,015,013</i>        |
| Aid to Local Units                                                            | 0                           | 0                           | 0                           | 0                           | 0                           |
| Other Assistance                                                              | 25,197                      | 0                           | 0                           | 0                           | 0                           |
| <b>TOTAL</b>                                                                  | <b><u>\$ 26,225,087</u></b> | <b><u>\$ 38,097,897</u></b> | <b><u>\$ 38,097,897</u></b> | <b><u>\$ 39,015,013</u></b> | <b><u>\$ 39,015,013</u></b> |
| <b>Financing:</b>                                                             |                             |                             |                             |                             |                             |
| State General Fund                                                            | \$ 12,083,946               | \$ 12,304,189               | \$ 11,671,221               | \$ 12,940,830               | \$ 12,307,862               |
| All Other Funds                                                               | 14,141,141                  | 25,793,708                  | 26,426,676                  | 26,074,183                  | 26,707,151                  |
| <b>TOTAL</b>                                                                  | <b><u>\$ 26,225,087</u></b> | <b><u>\$ 38,097,897</u></b> | <b><u>\$ 38,097,897</u></b> | <b><u>\$ 39,015,013</u></b> | <b><u>\$ 39,015,013</u></b> |
| FTE Positions                                                                 | 441.5                       | 441.5                       | 441.5                       | 441.5                       | 441.5                       |

The **agency** requests FY 2018 operating expenses of \$38.1 million, including \$12.3 million from the State General Fund, for Tax Administration function. The request is an all funds increase of \$12.7 million, or 51.2 percent, and a State General Fund increase of \$1.0 million, or 9.0 percent, above the amount approved by the 2017 Legislature. The all funds increase largely is attributable to increased salary and wage and contractual service expenditures.

The **Governor** recommends FY 2018 operating expenditures of \$38.1 million, including \$11.7 million from the State General Fund. This is an increase of \$12.7 million, including \$387,465 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes an additional \$632,968 transfer from the State Highway Fund above the agency's request for implementation of the legislative pay plan approved by the 2017 Legislature in lieu of adding that same amount from the State General Fund.

The **agency** requests FY 2019 operating expenses of \$39.0 million, including \$12.9 million from the State General Fund, for Tax Administration function. The request is an increase of \$13.2 million, or 51.2 percent, and a State General Fund increase of \$1.5 million, or 12.9 percent, above the amount approved by the 2017 Legislature. The all funds increase is attributable to increased salary and wage and contractual service expenditures. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$25.1 million, including \$11.2 million from the State General Fund, for salaries and wages. The request is an all funds increase of \$2.9 million, or 12.9 percent, above the approved amount. The increase is namely attributable to decreased shrinkage, which occurs as a result of positions being filled for the entirety of the year; and
- **Contractual Services.** The agency requests \$13.4 million, including \$1.6 million from the State General Fund, for contractual services. The request is an all funds increase of \$10.3 million, or 337.9 percent, above the approved amount. The

increase is primarily attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years.

The **Governor** recommends FY 2019 operating expenditures of \$39.0 million, including \$12.3 million from the State General Fund. This is an increase of \$13.2 million, including \$843,912 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes an additional \$632,968 transfer from the State Highway Fund above the agency's request for implementation of the legislative pay plan approved by the 2017 Legislature in lieu of adding that same amount from the State General Fund.

### ***E. Property Valuation Division***

The Property Valuation Division works to promote accurate, uniform appraisals and compliance with the property assessment laws and rules of the State. The Division is organized into three bureaus: Administration, State Appraisal, and County Assistance.

The Administration Bureau provides overall direction and policy guidelines for the Division and for the counties. It administers the eligibility standards for county appraisers and provides education for counties and the public. The Computer Assisted Mass Appraisal (CAMA) System is the responsibility of the Administration Bureau. The State Appraisal Bureau centrally assesses public utilities and motor carriers; the Bureau publishes valuation guidelines used by the counties to assess oil and gas properties, as well as personal property. County Assistance provides technical assistance to the county appraisers and publishes data on overall uniformity and accuracy of appraisals.

| PROPERTY VALUATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-----------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                            | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                            |                     |                        |                      |                        |                      |
| Salaries and Wages                                              | \$ 2,294,189        | \$ 2,256,617           | \$ 2,256,617         | \$ 2,296,035           | \$ 2,296,035         |
| Contractual Services                                            | 1,111,069           | 1,456,381              | 1,456,381            | 1,508,065              | 1,508,065            |
| Commodities                                                     | 14,573              | 33,896                 | 33,896               | 33,901                 | 33,901               |
| Capital Outlay                                                  | 30,309              | 46,000                 | 46,000               | 45,999                 | 45,999               |
| Debt Service                                                    | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                    | <i>\$ 3,450,140</i> | <i>\$ 3,792,894</i>    | <i>\$ 3,792,894</i>  | <i>\$ 3,884,000</i>    | <i>\$ 3,884,000</i>  |
| Aid to Local Units                                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                    | <b>\$ 3,450,140</b> | <b>\$ 3,792,894</b>    | <b>\$ 3,792,894</b>  | <b>\$ 3,884,000</b>    | <b>\$ 3,884,000</b>  |
| <b>Financing:</b>                                               |                     |                        |                      |                        |                      |
| State General Fund                                              | \$ 798,693          | \$ 458,579             | \$ 458,579           | \$ 655,267             | \$ 655,267           |
| All Other Funds                                                 | 2,651,447           | 3,334,315              | 3,334,315            | 3,228,733              | 3,228,733            |
| <b>TOTAL</b>                                                    | <b>\$ 3,450,140</b> | <b>\$ 3,792,894</b>    | <b>\$ 3,792,894</b>  | <b>\$ 3,884,000</b>    | <b>\$ 3,884,000</b>  |
| FTE Positions                                                   | 36.5                | 36.5                   | 36.5                 | 36.5                   | 36.5                 |

The **agency** requests FY 2018 operating expenses of \$3.8 million, including \$458,579 from the State General Fund, for the Property Valuation function. The request is an all funds decrease of \$47,096, or 1.2 percent, and a State General Fund decrease of \$373,372, or 44.9

percent, below the amount approved by the 2017 Legislature. The all funds decrease is largely attributable to increased contractual service expenditures, partially offset by reduced capital outlay expenditures.

The **Governor** concurs with the agency's request for FY 2018 operating expenditures of \$3.8 million, including \$458,579 from the State General Fund.

The **agency** requests FY 2019 operating expenses of \$3.9 million, including \$655,267 from the State General Fund, for the Property Valuation function. The request is an all funds increase of \$4,382, or 0.1 percent, and a State General Fund decrease of \$193,015, or 22.8 percent, from the amount approved by the 2017 Legislature. The all funds increase is attributable to increased contractual service expenditures, partially offset by reduced capital outlay expenditures.

The **Governor** concurs with the agency's request for FY 2019 operating expenditures of \$3.9 million, including \$655,267 from the State General Fund.

## ***F. Division of Motor Vehicles***

The Division of Motor Vehicles is comprised of the Vehicle Director's Office and four bureaus. The Title and Registration Bureau helps citizens to title and register personal vehicles; it also is responsible for the licensing and monitoring of automobile dealers. The Motor Carrier Services Bureau oversees the title and registration process for large commercial vehicles. The Driver's License Bureau is responsible for licensing drivers, and the Driver Control Bureau enforces penalties and driver restrictions.

| <b>DIVISION OF MOTOR VEHICLES<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                             |                             |                             |                             |                             |
|---------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                            | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                            |                             |                             |                             |                             |                             |
| Salaries and Wages                                                              | \$ 14,954,902               | \$ 15,083,920               | \$ 15,083,920               | \$ 15,461,657               | \$ 15,461,657               |
| Contractual Services                                                            | 10,084,482                  | 11,252,802                  | 9,156,471                   | 9,959,503                   | 7,959,503                   |
| Commodities                                                                     | 2,671,459                   | 3,068,502                   | 3,068,502                   | 3,002,802                   | 3,002,802                   |
| Capital Outlay                                                                  | 405,696                     | 243,601                     | 243,601                     | 184,701                     | 184,701                     |
| Debt Service                                                                    | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                                    | <i>\$ 28,116,539</i>        | <i>\$ 29,648,825</i>        | <i>\$ 27,552,494</i>        | <i>\$ 28,608,663</i>        | <i>\$ 26,608,663</i>        |
| Aid to Local Units                                                              | 0                           | 0                           | 0                           | 0                           | 0                           |
| Other Assistance                                                                | 3,876                       | 0                           | 0                           | 0                           | 0                           |
| <b>TOTAL</b>                                                                    | <b><u>\$ 28,120,415</u></b> | <b><u>\$ 29,648,825</u></b> | <b><u>\$ 27,552,494</u></b> | <b><u>\$ 28,608,663</u></b> | <b><u>\$ 26,608,663</u></b> |
| <b>Financing:</b>                                                               |                             |                             |                             |                             |                             |
| State General Fund                                                              | \$ 0                        | \$ 2,536,000                | \$ 439,669                  | \$ 2,224,000                | \$ 224,000                  |
| All Other Funds                                                                 | 28,120,415                  | 27,112,825                  | 27,112,825                  | 26,384,663                  | 26,384,663                  |
| <b>TOTAL</b>                                                                    | <b><u>\$ 28,120,415</u></b> | <b><u>\$ 29,648,825</u></b> | <b><u>\$ 27,552,494</u></b> | <b><u>\$ 28,608,663</u></b> | <b><u>\$ 26,608,663</u></b> |
| FTE Positions                                                                   | 303.0                       | 303.0                       | 303.0                       | 303.0                       | 303.0                       |

The **agency** requests FY 2018 operating expenses of \$29.6 million, including \$2.5 million from the State General Fund, for the Division of Motor Vehicles function. The request is an all funds increase of \$6.8 million, or 29.9 percent, and a State General Fund increase of \$2.5

million, or 100.0 percent above the amount approved by the 2017 Legislature. The all funds increase is largely attributable to increased contractual service expenditures related to the supplemental request for implementation and production costs related to digital license plate conversion and distribution scheduled to begin August 1, 2018.

The **Governor** recommends FY 2018 operating expenditures of \$27.6 million, including \$439,669 from the State General Fund. This is an increase of \$4.7 million, including \$439,669 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for a supplemental request of \$439,669, all from the State General Fund, for expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017.

The **agency** requests FY 2019 operating expenses of \$28.6 million, including \$2.2 million from the State General Fund, for the Division of Motor Vehicles function. The request is an increase of \$6.1 million, or 27.3 percent, above the amount approved by the 2017 Legislature. The all funds increase is attributable to increased salary and wage and contractual service expenditures. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$15.5 million, all from special revenue funds, for salaries and wages. The request is an increase of \$2.6 million, or 20.3 percent, above the approved amount. The increase is namely attributable to shrinkage being previously budgeted for within the Division of Motor Vehicles only. The revised submission allows for an accurate reflection of shrinkage by program, which in turn reduces the shrinkage amount in this program; and
- **Contractual Services.** The agency requests \$10.0 million, including \$2.2 million from the State General Fund, for contractual services. The request is an all funds increase of \$3.5 million, or 53.4 percent, above the approved amount. The increase is primarily attributable to the supplemental request for expenses associated with digital license plate production.

The **Governor** recommends FY 2019 operating expenditures of \$26.6 million, including \$224,000 from the State General Fund. This is an increase of \$4.1 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for a supplemental request of \$224,000, all from the State General Fund, for expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017.



| PERFORMANCE MEASURES                                                                               |                          |                   |                      |                      |
|----------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                            | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Percent of appeals resolved within 270 days of docketing                                           | 80.0%                    | 80.0%             | 80.0%                | 80.0%                |
| Percent of Research and Analysis correspondence requests completed within 30 days                  | 90.0%                    | 92.0%             | 90.0%                | 90.0%                |
| Percent of final fiscal notes completed within five working days                                   | 84.0%                    | 84.0%             | 84.0%                | 84.0%                |
| Percent of aid payments distributed on schedule                                                    | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Number of face-to-face training sessions completed within 14 days of new liquor license issue date | 356                      | 344               | 350                  | 350                  |
| Number of random controlled buys performed for the sale of alcohol to underage persons             | 346                      | 403               | 400                  | 400                  |
| Compliance rate for controlled buys for the sale of alcohol to underage persons                    | 85.0%                    | 80.0%             | 85.0%                | 85.0%                |
| Percent of individual income tax returns received electronically                                   | 82.9%                    | 88.0%             | 89.0%                | 90.0%                |
| Percent of electronically filed individual tax return refunds issued within 14 days of receipt     | 91.0%                    | 91.0%             | 91.0%                | 91.0%                |
| Percent of sales and use tax returns received electronically                                       | 96.8%                    | 97.0%             | 97.0%                | 97.0%                |
| Number of corporate income tax audits issued                                                       | 38                       | 30                | 36                   | 36                   |
| Number of controlled buys for the sale of cigarettes and tobacco products to minors                | 2,158                    | 2,568             | 2,500                | 2,500                |
| Compliance rate for controlled buys for the sale of cigarettes and tobacco products to minors      | 91.0%                    | 92.0%             | 90.0%                | 90.0%                |
| Number of counties with qualified county appraisers                                                | 105                      | 105               | 105                  | 105                  |
| Percent of commercial valuations meeting statistical requirements                                  | 93.9%                    | 98.0%             | 95.0%                | 95.0%                |
| Percent of counties achieving 100.0 percent procedural compliance                                  | 44.8%                    | 50.0%             | 50.0%                | 50.0%                |
| Percent of mail and walk-in registration renewals processed by county treasurers                   | 84.3%                    | 84.0%             | 85.0%                | 85.0%                |
| Percent of online registration renewals processed by county treasurers                             | 15.7%                    | 16.0%             | 15.0%                | 15.0%                |
| Total number of registration renewals received and processed by county treasurers                  | 3,077,340                | 3,200,488         | 3,200,000            | 3,200,000            |

# KANSAS DEPARTMENT OF COMMERCE

| Expenditure             | Actual<br>FY 2017            | Agency Est.<br>FY 2018       | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
|-------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating Expenditures: |                              |                              |                             |                             |                             |
| State General Fund      | \$ 4,263,537                 | \$ 6,306,463                 | \$ 4,218,225                | \$ 557,000                  | \$ 557,000                  |
| Other Funds             | 98,607,757                   | 94,712,471                   | 92,631,005                  | 93,090,738                  | 92,480,738                  |
| <i>Subtotal</i>         | <i>\$ 102,871,294</i>        | <i>\$ 101,018,934</i>        | <i>\$ 96,849,230</i>        | <i>\$ 93,647,738</i>        | <i>\$ 93,037,738</i>        |
| Capital Improvements:   |                              |                              |                             |                             |                             |
| State General Fund      | \$ 0                         | \$ 0                         | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 243,283                      | 210,000                      | 210,000                     | 215,000                     | 215,000                     |
| <i>Subtotal</i>         | <i>\$ 243,283</i>            | <i>\$ 210,000</i>            | <i>\$ 210,000</i>           | <i>\$ 215,000</i>           | <i>\$ 215,000</i>           |
| <b>TOTAL</b>            | <b><u>\$ 103,114,577</u></b> | <b><u>\$ 101,228,934</u></b> | <b><u>\$ 97,059,230</u></b> | <b><u>\$ 93,862,738</u></b> | <b><u>\$ 93,252,738</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |       |        |         |          |          |
|--------------------|-------|--------|---------|----------|----------|
| State General Fund | 0.0 % | 47.9 % | (1.1) % | (91.2) % | (86.8) % |
| All Funds          | 1.2   | (1.8)  | (5.9)   | (7.3)    | (3.9)    |

|               |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|
| FTE Positions | 277.2 | 277.2 | 277.2 | 277.2 | 277.2 |
|---------------|-------|-------|-------|-------|-------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Department of Commerce is a cabinet-level agency with a mission to empower businesses and communities through bold leadership using strategic resources to realize prosperity in Kansas. The agency serves as the lead agency for economic development through the promotion of business, industry, trade, and workforce training within the state. The Department operates through the following three divisions:

- The Administration Division is comprised of the Office of the Secretary, Human Resources, Public Affairs and Marketing, Information Technology, Fiscal Services, Building Services, Governor's Economic Council of Advisors, Legal, Regulatory Compliance, and the Athletic Commission;
- The Business and Community Development Division grows the Kansas economy through the creation and retention of jobs and increased capital investment. This division works to bring new business opportunities to Kansas and assist Kansas companies interested in opportunities to grow and expand. The Division also works with Kansas communities by helping them find solutions to various infrastructure and other community needs in order to make them stronger, more viable places to live and work. Financial incentives and programs the Division administers for businesses and communities include the following:

- Promoting Employment Across Kansas (PEAK) program;
  - High Performance Incentive Program (HPIP);
  - Community Service Tax Credits;
  - Angel Investor Tax Credits;
  - Rural Opportunity Zones;
  - State Small Business Credit Initiative (SSBCI);
  - Community Development Block Grant;
  - Neighborhood Stabilization Program;
  - Wind and Solar Bond Financing; and
  - Sales Tax Revenue (STAR) Bonds.
- The Workforce Services Division links businesses, job candidates, and educational institutions to ensure employers can find skilled workers. The Division accomplishes this by partnering with local workforce investment boards and other state agencies. In addition, a robust partnership with the Kansas Board of Regents helps state universities and community and technical colleges tailor their curriculum to the needs of Kansas businesses. The result is an integrated, demand-driven statewide network in which workers receive job-specific training and Kansas businesses can find the well-trained employees they need. Employment services are provided to employers and job candidates through the state's 23 workforce centers, online or virtual services, and the mobile workforce center. These employer-driven services include recruiting skilled workers, screening and assessing job candidates, and identifying individuals needing skill enhancement. The Division has two main organizational units: Training Services and Employment Services.

## MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** deleted \$500,000, all from the Economic Development Initiatives Fund (EDIF), for FY 2012 for competitive grants to community colleges and shifted the funding to the Kansas Board of Regents.

The **2011 Legislature** added language requiring the Regional Economic Area Partnership (REAP) to submit an annual report to the Legislature before May 1, 2012.

The **2011 Legislature** also added language requiring the Kansas Department of Commerce to conduct an independent review of the financial reports submitted by REAP and report to the Legislature before May 1, 2012.

In addition, the **2011 Legislature** added language prohibiting the Kansas Department of Commerce from charging or assessing any fees for administering the research grants for the University of Kansas, Kansas State University, and Wichita State University.

The **2012 Legislature** added \$700,000, all from the EDIF, and 3.0 FTE positions to fund the Kansas Creative Arts Commission. The Creative Arts Commission replaces the Kansas Arts Commission and the Kansas Film Commission and is administered by the Kansas Department of Commerce.

The **2012 Legislature** deleted \$25,000, all from the EDIF, for the State Fair Study and added the same amount to the State Fair's budget to provide matching money for the State Fair's centennial celebration for FY 2013.

The **2012 Legislature** added \$500,000, all from the State General Fund, for a new program to provide incentives for companies to employ and train individuals with disabilities.

The **2012 Legislature** deleted \$500,000, all from the State General Fund, for the Project 17 economic development initiatives project in Southeast Kansas.

The **2013 Legislature** deleted \$50,000, all from the EDIF, for the Medicaid Reform Employment Incentive program for FY 2014 and FY 2015. This reduced the amount of grants available for employers that employ and train individuals with disabilities.

The **2013 Legislature** also deleted \$275,000, all from the EDIF, for the Accelerate Entrepreneurship program for FY 2014 and FY 2015. This program is designed to increase the number of entrepreneurs in the state by providing incentives to Kansas educational institutions for each student or faculty member who starts a new company with at least one full-time employee besides themselves.

The **2013 Legislature** transferred \$1.0 million for FY 2014 and \$500,000 for FY 2015 from the Reimbursement and Recovery Fund to the State General Fund.

The **2013 Legislature** deleted \$1.5 million, all from the EDIF, in the Kansas Department of Commerce operating grant and increased the transfer from the EDIF to the State General Fund for FY 2014 by that same amount.

The **2013 Legislature** added language directing any appropriated funds for the Kansas Creative Arts Industries Commission in FY 2013 be reappropriated for FY 2014. In FY 2013, the recommendation for the Kansas Creative Arts Industries Commission is \$699,467 and for FY 2014 the recommendation is \$200,000.

The **2013 Legislature** reduced the limit on State General Fund transfers to the Job Creation Fund to the State General Fund by \$2.5 million from \$10.0 million to \$7.5 million. The reduction increased revenue to the State General Fund for FY 2014 by \$2.5 million.

The **2013 Legislature** directed the \$5.0 million for the Affordable Airfares program be directed to the counties rather than the Regional Economic Area Partnership (REAP) for FY 2014.

The **2014 Legislature** deleted \$15.0 million, all from the State General Fund, for the animal health research grant (\$5.0 million), aviation research grant (\$5.0 million), and cancer center research grant (\$5.0 million) for FY 2015 (HB 2506). These grants were appropriated directly to Kansas State University, Wichita State University, and the University of Kansas, respectively.

The **2014 Legislature** added \$250,000 from the State General Fund for global trade services grants to be awarded in FY 2015.

The **2015 Legislature** deleted \$250,000 for the operating grant and \$2.0 million for the Rural Opportunity Zone (ROZ) program from the EDIF in FY 2015.

The **2015 Legislature** added \$1.0 million from special revenue funds for the Affordable Airfare Program for FY 2016. This resulted in total program expenditures of \$5.0 million and also shifted funding from the State General Fund to the State Highway Fund. The Legislature deleted \$3.0 million from special revenue funds to eliminate the Affordable Airfare Program for FY 2017.

The **2016 Legislature** deleted \$2.0 million of the EDIF reappropriation in FY 2016 and also reduced \$750,000 for the ROZ program in FY 2016 and \$500,000 for FY 2017.

The **2016 Legislature** transferred the balance of the Kansas Partnership Fund of \$3.7 million and the Kansas Existing Industry Expansion Fund of \$1.9 million to the State General Fund in FY 2016.

The **2016 Legislature** eliminated the planned \$3.5 million transfer to the Job Creation Program Fund in FY 2016 and FY 2017.

The **2016 Legislature** deleted the Innovation Growth Program funding of \$1.4 million from the EDIF and eliminated the program for FY 2017. The Legislature also deleted the Disability Employment Program funding of \$431,587 from the EDIF as the program was eliminated in FY 2016 under the special authority given in 2015 Senate Sub. for HB 2135.

The **Governor** transferred \$455,581, all from the EDIF operating account, to the State General Fund for FY 2017 as part of the May 18, 2016 State General Fund allotment.

The **2016 Legislature** concurred with the Governor's Budget Amendment No. 1, Item 5, and added \$6.6 million, all from the State General Fund, for the Kansas Bioscience Authority (KBA) long-term grant commitments to be transferred to the Kansas Department of Commerce for FY 2017, contingent on the sale of the KBA portfolio.

The **2016 Legislature** passed two major bills, as follows:

- Senate Sub. for HB 2509 granted the Secretary of Commerce discretionary authority to assess and collect fees for the administration of various economic development programs and deposit in administrative funds the bill creates for each program; and
- HB 2632 authorized the State Finance Council to oversee the sale of the KBA or substantially all of its assets. The bill also revised provisions of the Sales Tax and Revenue (STAR) Financing Act pertaining to the annexation of area into a STAR Bond district, pledges for future financial support from the State, an "eligible area," and annual reporting to legislative committees.

The **2017 Legislature** added \$1.2 million, all from the State General Fund, for credit counseling for clients affected by the America's Job Link Alliance data breach in FY 2017.

In addition, the **2017 Legislature** added \$750,000 in FY 2018 and \$1.6 million in FY 2019 from the EDIF for the ROZ program for additional student loan forgiveness payments and reduced the EDIF agency operating grant by \$375,000 for FY 2018 and \$805,000 for FY 2019 to partially fund the ROZ increase.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate for FY 2018 operating expenditures of \$101.2 million, including \$6.3 million from the State General Fund and \$12.1

million from the Economic Development Initiatives Fund (EDIF). The State General Fund and EDIF estimates are the same as the approved amount. The all funds estimate is a decrease of \$5,680, or less than 0.1 percent, below the approved amount. The request includes a \$3.5 million State General Fund reappropriation of money that was not spent in FY 2017 and shifted to FY 2018 for Kansas Bioscience Authority commitments that transferred to the Department of Commerce in FY 2017. The request also includes \$1.1 million of reappropriated EDIF money for use in the agency operating grant.

The agency requests capital improvement expenditures of \$210,000, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature.

The budget includes 277.2 FTE positions, which is the same as the number approved by the 2017 Legislature.

The **Governor** recommends FY 2018 operating expenditures of \$97.1 million, including \$4.2 million from the State General Fund and \$10.7 million from the EDIF. The recommendation reduces \$1.0 million in expenditures for the Rural Opportunity Zones (ROZ) program, including \$375,000 from the EDIF for the state share, and \$665,156 from the Reimbursement and Recovery Fund for the county share. The recommendation is expected to fully fund the projected state obligations for student loan forgiveness payments for the ROZ program. These adjustments allow for a lapse of \$1.0 million of the reappropriated EDIF and increases the EDIF transfer to the State General Fund by \$930,000 in FY 2018. The recommendation also includes a decrease of \$2.1 million, all from the State General Fund, due to lower Kansas Bioscience Authority grant commitments in FY 2018. The agency indicates it continues to review grant commitments to determine if payouts still need to be made when benchmarks are not being met or are delayed.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for FY 2019 operating expenditures of \$93.6 million, including \$557,000 from the State General Fund and \$11.0 million from the EDIF. The estimate is an all funds decrease of \$1.4 million, or 1.5 percent, below the amount approved by the 2017 Legislature, largely due to an anticipated decrease in the Community Development Block Grant offset partially by an increase in other federal funds. The State General Fund estimate is the same as the approved amount. The EDIF estimate is an increase of \$48,372, or 0.4 percent, above the approved amount, mostly attributable to an increase in the agency operating grant.

The agency requests capital improvement expenditures of \$215,000, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature.

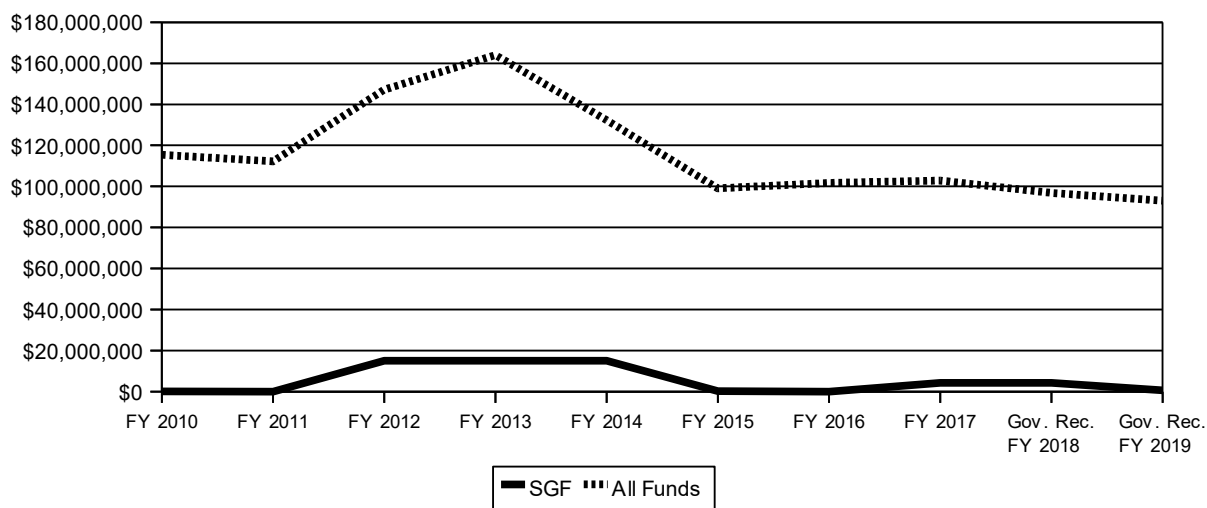
The budget includes 277.2 FTE positions, which is the same as the number approved by the 2017 Legislature.

The **Governor** recommends FY 2019 operating expenditures of \$93.3 million, including \$557,000 from the State General Fund, and \$11.2 million from the EDIF. The recommendation is an all funds decrease of \$2.0 million, or 2.2 percent, below from the approved amount and an all decrease of \$610,000 below the agency request. The State General Fund is the same as the approved amount and the EDIF is an increase of \$243,372, or 2.5 percent, above the approved amount. The recommendation reduces \$1.6 million in expenditures for the ROZ program, including \$805,000 from the EDIF for the state share, and \$805,000 from the Reimbursement and Recovery Fund for the county share. The recommendation is expected to fully fund the projected state obligations for student loan forgiveness payments for the ROZ program. The

recommendation also adds \$1.0 million from the EDIF to increase the number of registered apprenticeships across the state. The agency indicates this funding will support approximately 500 additional apprentices. The agency anticipates that participation in the program will result in better skills and higher wages.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF        | % Change  | All Funds       | % Change | FTE    |
|---------------------------------|------------|-----------|-----------------|----------|--------|
| 2010                            | \$ 9,966   | (98.3)%   | \$ 115,395,054  | 5.5 %    | 360.8  |
| 2011                            | 0          | (100.0)   | 112,236,173     | (2.7)    | 360.8  |
| 2012                            | 15,000,000 | 100.0     | 147,149,558     | 31.1     | 314.0  |
| 2013                            | 15,001,308 | 0.0       | 164,030,681     | 11.5     | 258.0  |
| 2014                            | 15,031,976 | 0.2       | 153,298,521     | (6.5)    | 272.8  |
| 2015                            | 245,000    | (98.4)    | 99,053,735      | (35.4)   | 268.7  |
| 2016                            | 0          | (100.0)   | 101,679,847     | 2.7      | 272.5  |
| 2017                            | 4,263,537  | --        | 102,871,294     | 1.2      | 277.2  |
| 2018 Gov. Rec.                  | 4,218,225  | (1.1)     | 96,849,230      | (5.9)    | 277.2  |
| 2019 Gov. Rec.                  | 557,000    | (86.8)    | 93,037,738      | (3.9)    | 277.2  |
| Ten-Year Change Dollars/Percent | \$ 547,034 | 5,489.0 % | \$ (22,357,316) | (19.4)%  | (83.7) |



**Summary of Operating Budget FY 2017 - FY 2019**

|                                          |                       | Agency Estimate       |                      |                                |                                 |                      | Governor's Recommendation |                                |                                 |  |  |
|------------------------------------------|-----------------------|-----------------------|----------------------|--------------------------------|---------------------------------|----------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                        |                       | Estimate<br>FY 2018   | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018      | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                       |                       |                       |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Administration                           | \$ 9,097,272          | \$ 11,846,557         | \$ 5,052,624         | \$ (6,793,933)                 | (57.3)%                         | \$ 9,007,165         | \$ 5,052,624              | \$ (3,954,541)                 | (43.9)%                         |  |  |
| Business Development                     | 30,971,053            | 29,916,712            | 30,457,161           | 540,449                        | 1.8                             | 28,586,400           | 28,847,161                | 260,761                        | 0.9                             |  |  |
| Workforce Services                       | 62,770,826            | 59,228,515            | 58,116,428           | (1,112,087)                    | (1.9)                           | 59,228,515           | 59,116,428                | (112,087)                      | (0.2)                           |  |  |
| Debt Service                             | 32,143                | 27,150                | 21,525               | (5,625)                        | (20.7)                          | 27,150               | 21,525                    | (5,625)                        | (20.7)                          |  |  |
| <b>TOTAL</b>                             | <b>\$ 102,871,294</b> | <b>\$ 101,018,934</b> | <b>\$ 93,647,738</b> | <b>\$ (7,371,196)</b>          | <b>(7.3)%</b>                   | <b>\$ 96,849,230</b> | <b>\$ 93,037,738</b>      | <b>\$ (3,811,492)</b>          | <b>(3.9)%</b>                   |  |  |
| <b>By Major Object of Expenditure:</b>   |                       |                       |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| Salaries and Wages                       | \$ 15,995,979         | \$ 17,883,953         | \$ 18,215,838        | \$ 331,885                     | 1.9 %                           | \$ 17,883,953        | \$ 18,215,838             | \$ 331,885                     | 1.9 %                           |  |  |
| Contractual Services                     | 10,976,785            | 7,776,570             | 7,492,336            | (284,234)                      | (3.7)                           | 7,776,570            | 7,492,336                 | (284,234)                      | (3.7)                           |  |  |
| Commodities                              | 282,694               | 331,750               | 331,750              | 0                              | --                              | 331,750              | 331,750                   | 0                              | --                              |  |  |
| Capital Outlay                           | 468,969               | 372,600               | 372,600              | 0                              | --                              | 372,600              | 372,600                   | 0                              | --                              |  |  |
| Debt Service                             | 32,143                | 27,150                | 21,525               | (5,625)                        | (20.7)                          | 27,150               | 21,525                    | (5,625)                        | (20.7)                          |  |  |
| Subtotal-Operations                      | \$ 27,756,570         | \$ 26,392,023         | \$ 26,434,049        | \$ 42,026                      | 0.2 %                           | \$ 26,392,023        | \$ 26,434,049             | \$ 42,026                      | 0.2 %                           |  |  |
| Aid to Local Units                       | 11,189,710            | 15,260,300            | 15,260,300           | 0                              | --                              | 15,260,300           | 15,260,300                | 0                              | --                              |  |  |
| Other Assistance                         | 63,925,014            | 59,366,611            | 51,953,389           | (7,413,222)                    | (12.5)                          | 55,196,907           | 51,343,389                | (3,853,518)                    | (7.0)                           |  |  |
| <b>TOTAL</b>                             | <b>\$ 102,871,294</b> | <b>\$ 101,018,934</b> | <b>\$ 93,647,738</b> | <b>\$ (7,371,196)</b>          | <b>(7.3)%</b>                   | <b>\$ 96,849,230</b> | <b>\$ 93,037,738</b>      | <b>\$ (3,811,492)</b>          | <b>(3.9)%</b>                   |  |  |
| <b>Financing:</b>                        |                       |                       |                      |                                |                                 |                      |                           |                                |                                 |  |  |
| State General Fund                       | \$ 4,263,537          | \$ 6,306,463          | \$ 557,000           | \$ (5,749,463)                 | (91.2)%                         | \$ 4,218,225         | \$ 557,000                | \$ (3,661,225)                 | (86.8)%                         |  |  |
| Economic Development<br>Initiatives Fund | 9,917,437             | 12,080,822            | 10,982,324           | (1,098,498)                    | (9.1)                           | 10,664,512           | 11,177,324                | 512,812                        | 4.8                             |  |  |
| Federal Funds                            | 44,331,446            | 46,226,792            | 45,288,904           | (937,888)                      | (2.0)                           | 46,226,792           | 45,288,904                | (937,888)                      | (2.0)                           |  |  |
| Fee and Other Funds                      | 44,358,874            | 36,404,857            | 36,819,510           | 414,653                        | 1.1                             | 35,739,701           | 36,014,510                | 274,809                        | 0.8                             |  |  |
| <b>TOTAL</b>                             | <b>\$ 102,871,294</b> | <b>\$ 101,018,934</b> | <b>\$ 93,647,738</b> | <b>\$ (7,371,196)</b>          | <b>(7.3)%</b>                   | <b>\$ 96,849,230</b> | <b>\$ 93,037,738</b>      | <b>\$ (3,811,492)</b>          | <b>(3.9)%</b>                   |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$2,800,000 in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$3.5 million, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$6.3 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 6,306,463                       | \$ 6,306,463                  | \$ 0                              | \$ 4,218,225                | \$ (2,088,238)                      |
| All Other Funds             | 94,928,151                         | 94,922,471                    | (5,680)                           | 92,841,005                  | (2,087,146)                         |
| <b>TOTAL</b>                | <b>\$ 101,234,614</b>              | <b>\$ 101,228,934</b>         | <b>\$ (5,680)</b>                 | <b>\$ 97,059,230</b>        | <b>\$ (4,175,384)</b>               |
| FTE Positions               | 277.2                              | 277.2                         | 0.0                               | 277.2                       | (0.1)                               |

The **agency** requests a revised estimate for FY 2018 operating expenditures of \$101.2 million, including \$6.3 million from the State General Fund and \$12.1 million from the Economic Development Initiatives Fund (EDIF). The State General Fund and EDIF estimates are the same as the approved amount after adjustments. The all funds estimate is a decrease of \$5,680, or less than 0.1 percent, below the approved amount. The request includes a \$3.5 million State General Fund reappropriation of money that was not spent in FY 2017 and shifted to FY 2018 for Kansas Bioscience Authority commitments that transferred to the Department of Commerce in FY 2017. The request also includes \$1.1 million of reappropriated EDIF money for use in the agency operating grant. The agency requests capital improvement expenditures of \$210,000, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature. The budget includes 277.2 FTE positions, which is the same as the number approved by the 2017 Legislature. The request includes the following categories of expenditures:

- **Salaries and Wages.** The agency requests expenditures of \$17.9 million, including \$4.3 million from the EDIF, for salaries and wages to fund 277.2 FTE positions. The request is an all funds increase of \$524,936, or 3.0 percent, and an EDIF increase of \$310,602, or 9.2 percent, above the approved amount, largely due to an increase in unclassified temporary pay;

- **Contractual Services.** The agency requests expenditures of \$7.8 million, including \$1.7 million from the EDIF, for contractual services. The request is an all funds decrease of \$339,217, or 9.6 percent, and an EDIF decrease of \$326,138, or 16.4 percent, below the approved amount. This is largely due to a decrease in expenditures for computer programming services and other fees. The decrease also reflects a reduction in contracts requested for the employment services programs;
- **Commodities.** The agency requests expenditures of \$331,750, including \$53,650 from the EDIF, for commodities. The request is an all funds increase of \$126,800, or 61.9 percent, and an EDIF decrease of \$600, or 1.1 percent, from the FY 2017 agency request. This is largely due to an increase in expenditures for office supplies, gas, and data processing supplies. The all funds increase reflects additional expenditures to conduct conferences and workshops;
- **Capital Outlay.** The agency requests expenditures of \$372,600, including \$51,200 from the EDIF, for capital outlay. The request the same as the approved amount. Capital outlay expenditures are largely used for technology upgrades and computer replacements;
- **Aid to Local Units of Government.** The agency requests expenditures of \$15.3 million, all from federal funds, for aid to local units of government. The request is an all funds decrease of \$2.6 million, or 14.6 percent, below the approved amount and is attributable to a reduction in the amount of funds received for the federal Community Development Block Grant; and
- **Other Assistance.** The agency requests expenditures of \$59.4 million, including \$6.2 million from the State General Fund and \$6.0 million from the EDIF, for other assistance. The request is the same as the approved amount. The request includes a \$3.5 million State General Fund reappropriation of money that was not spent in FY 2017 and shifted to FY 2018 for Kansas Bioscience Authority commitments that transferred to the Department of Commerce in FY 2017. The request also includes \$1.1 million of reappropriated EDIF moneys.

The **Governor** recommends FY 2018 operating expenditures of \$97.1 million, including \$4.2 million from the State General Fund and \$10.7 million from the EDIF. The recommendation is an all funds decrease of \$668,921, or 0.7 percent, below the approved amount and a decrease of \$4.2 million, or 4.1 percent, below the agency request. The State General Fund recommendation is a decrease of \$2.1 million, or 33.1 percent, below the approved amount and the agency request. The EDIF recommendation is a decrease of \$261,721, or 14.1 percent, below the approved amount after adjustments and \$1.4 million, or 23.4 percent, below the agency request.

The recommendation reduces \$1.0 million in expenditures for the Rural Opportunity Zones (ROZ) program, including \$375,000 from the EDIF for the state share and \$665,156 from the Reimbursement and Recovery Fund for the county share. The recommendation is expected to fully fund the projected state obligations for student loan forgiveness payments for the ROZ program. These adjustments allow for a lapse of \$1.0 million of the reappropriated EDIF and increases the EDIF transfer to the State General Fund by \$930,000 in FY 2018.

The recommendation also includes a decrease of \$2.1 million, all from the State General Fund, due to lower Kansas Bioscience Authority grant commitments in FY 2018. The agency indicates that it continues to review grant commitments to determine if payouts still need to be made when benchmarks are not met or are delayed.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$557,000 for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 557,000                         | \$ 557,000                    | \$ 0                              | \$ 557,000                  | \$ 0                                |
| All Other Funds             | 94,732,231                         | 93,305,738                    | (1,426,493)                       | 92,695,738                  | (2,036,493)                         |
| <b>TOTAL</b>                | <b>\$ 95,289,231</b>               | <b>\$ 93,862,738</b>          | <b>\$ (1,426,493)</b>             | <b>\$ 93,252,738</b>        | <b>\$ (2,036,493)</b>               |
| FTE Positions               | 277.2                              | 277.2                         | (0.1)                             | 277.2                       | (0.1)                               |

The **agency** requests a revised estimate for FY 2019 operating expenditures of \$93.6 million, including \$557,000 from the State General Fund and \$11.0 million from the EDIF. The estimate is an all funds decrease of \$1.4 million, or 1.5 percent, below the amount approved by the 2017 Legislature, largely due to an anticipated decrease in the Community Development Block Grant, offset partially by an increase in other federal funds. The State General Fund estimate is the same as the approved amount. The EDIF estimate is an increase of \$48,372, or 0.4 percent, above the FY 2018 request, mostly attributable to an increase in the agency operating grant. The agency requests capital improvement expenditures of \$215,000, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature. The budget includes 277.2 FTE positions, which is the same as the number approved by the 2017 Legislature. The request includes the following categories of expenditures:

- **Salaries and Wages.** The agency requests expenditures of \$18.2 million, including \$4.3 million from the EDIF, for salaries and wages to fund 277.2 FTE positions. The request is an all funds increase of \$1.2 million, or 7.2 percent, and an EDIF increase of \$797,866, or 24.2 percent, above the approved amount. This is largely due to increases in unclassified temporary pay and fringe benefit costs;
- **Contractual Services.** The agency requests expenditures of \$7.5 million, including \$1.5 million from the EDIF, for contractual services. The request is an all funds decrease of \$573,127, or 7.1 percent, and an EDIF decrease of \$451,784, or 22.8 percent, below the approved amount. This is largely due to a decrease in computer programming and information consulting services expenditures, offset partially by an anticipated increase in federal arts funding;

- **Commodities.** The agency requests expenditures of \$331,750, including \$53,650 from the EDIF, for commodities. This is an increase in all funds of \$127,500, or 62.4 percent, above the approved amount, largely due to an increase in data processing supplies;
- **Capital Outlay.** The agency requests expenditures of \$372,600, including \$51,200 from the EDIF, for capital outlay. All funds expenditures increased by \$100, or less than 0.1 percent, above the approved amount, while EDIF expenditures remained the same as the approved amount. Capital outlay expenditures are largely used for technology upgrades and computer replacements;
- **Aid to Local Units of Government.** The agency requests expenditures of \$15.3 million, all from federal funds, for aid to local units of government. The request is an all funds decrease of \$2.5 million, or 14.1 percent, and is attributable to an anticipated decrease in the amount of funds received for the federal Community Development Block Grant; and
- **Other Assistance.** The agency requests expenditures of \$52.0 million, including \$5.0 million from the State General Fund and \$5.0 million from the EDIF, for other assistance. This is an all funds increase of \$293,163, or 0.6 percent, and an EDIF decrease of \$345,482, or 6.5 percent, below the approved amount. The all funds increase is largely due to anticipated increases in arts and employment services federal funds, offset partially by reduced EDIF funding for the agency operating grant.

The **Governor** recommends FY 2019 operating expenditures of \$93.3 million, including \$557,000 from the State General Fund, and \$11.2 million from the EDIF. The recommendation is an all funds decrease of \$2.0 million, or 2.2 percent, below from the approved amount, and a decrease of \$610,000, or 0.7 percent, below the agency request. The State General Fund recommendation is the same as the approved amount and the agency request. The EDIF recommendation is an increase of \$243,372, or 2.5 percent, above the approved amount and \$195,000, or 3.9 percent, above the agency request.

The recommendation reduces \$1.6 million in expenditures for the ROZ program, including \$805,000 from the EDIF for the state share and \$805,000 from the Reimbursement and Recovery Fund for the county share. The recommendation is expected to fully fund the projected state obligations for student loan forgiveness payments for the ROZ program. The recommendation also adds \$1.0 million, all from the EDIF, to increase the number of registered apprenticeships across the state. The agency indicates this funding will support approximately 500 additional apprentices. The agency anticipates that the participation in the program will result in better skills and higher wages.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$26,560 and FY 2019 longevity payments total \$27,800.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                           | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                       | 0.6 %                                      | 0.6 %                                    |
| Economic Development<br>Initiatives Fund | 11.7                                       | 12.0                                     |
| Federal Funds                            | 48.4                                       | 48.7                                     |
| Fee and Other Funds                      | 39.3                                       | 38.7                                     |
| <b>TOTAL</b>                             | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Athletic Fee Fund Analysis

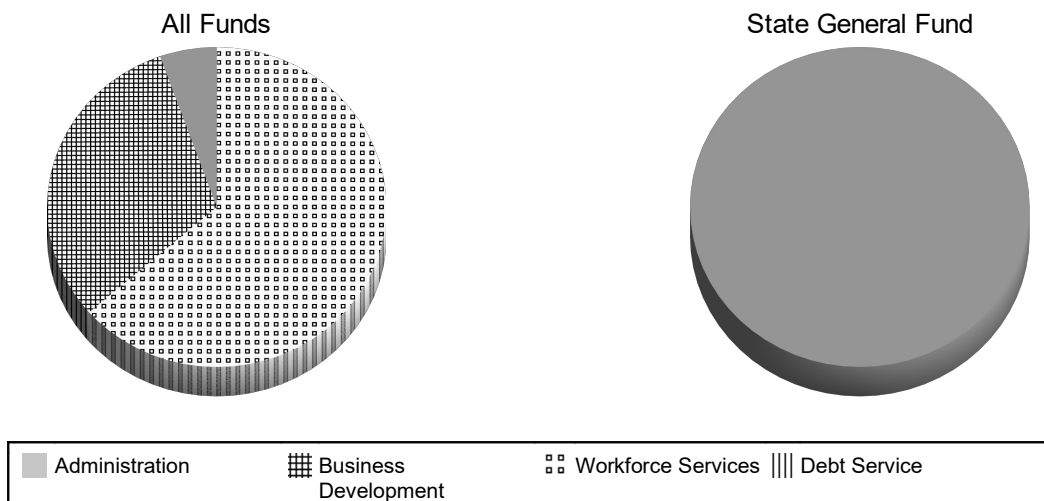
The Athletic Fee Fund is used to support the Kansas Athletic Commission (KAC). KAC was created by the 2004 Legislature to regulate the state's fight-sport industry. The Fund is supported through licensing and registration of fighters, promoters, referees, judges, and ringside doctors.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 29,457            | \$ 20,688                     | \$ 20,688            | \$ 20,560                     | \$ 20,560            |
| Revenue                                      | 80,227               | 90,000                        | 90,000               | 90,000                        | 90,000               |
| Transfers in                                 | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 109,684</b>    | <b>\$ 110,688</b>             | <b>\$ 110,688</b>    | <b>\$ 110,560</b>             | <b>\$ 110,560</b>    |
| Less:                                        |                      |                               |                      |                               |                      |
| Expenditures                                 | 88,996               | 90,128                        | 90,128               | 92,334                        | 92,334               |
| Transfers Out                                | 0                    | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 20,688</b>     | <b>\$ 20,560</b>              | <b>\$ 20,560</b>     | <b>\$ 18,226</b>              | <b>\$ 18,226</b>     |
| Ending Balance as Percent of<br>Expenditures | 23.2%                | 22.8%                         | 22.8%                | 19.7%                         | 19.7%                |
| Month Highest Ending<br>Balance              | March<br>\$ 33,119   | March<br>\$ 34,000            | March<br>\$ 34,000   | March<br>\$ 30,000            | March<br>\$ 30,000   |
| Month Lowest Ending<br>Balance               | December<br>\$ 2,147 | December<br>\$ 2,200          | December<br>\$ 2,200 | December<br>\$ 2,000          | December<br>\$ 2,000 |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program              | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration       | \$ 5,052,632                      | 5.4 %               | \$ 557,000                  | 100.0 %             |
| Business Development | 28,847,161                        | 31.0                | 0                           | --                  |
| Workforce Services   | 59,116,428                        | 63.5                | 0                           | --                  |
| Debt Service         | 21,525                            | 0.0                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 93,037,746</b>              | <b>100.0 %</b>      | <b>\$ 557,000</b>           | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program              | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration       | 44.5              | 45.0                   | 45.0                 | 45.0                   | 45.0                 |
| Business Development | 36.0              | 35.0                   | 35.0                 | 35.0                   | 35.0                 |
| Workforce Services   | 196.6             | 197.2                  | 197.1                | 197.1                  | 197.1                |
| Debt Service         | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>         | <b>277.2</b>      | <b>277.2</b>           | <b>277.2</b>         | <b>277.2</b>           | <b>277.2</b>         |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.



## A. Administration

The Administration Division is comprised of the Office of the Secretary, Human Resources, Public Affairs and Marketing, Information Technology, Fiscal Services, Building Services, Governor's Economic Council of Advisors, Legal, Regulatory Compliance, and the Athletic Commission.

The goals and objectives of the Administration Division are to provide leadership, communication, and an overall high level of customer service to the agency in support of its broader mission of economic development in the state. The Division strives to use progressive technology to improve productivity and efficiency in support of quality business processes.

Responsibilities within the Division include managing the recruitment process for the agency, including the associates located in the various workforce centers across the state; distributing press releases and developing marketing efforts for the numerous business development and workforce services events; supporting information technology infrastructure and software; and timely and accurate processing of all fiscal-related documents, including all fiscal federal reporting, budget preparation, and monitoring.

This division also is responsible for building services management for the seven State-owned workforce centers; legal review and direction on the numerous contracts for leases, State-funded grants, and federal-funded grants; and performing the audit and compliance function for the federal grants administered through the Workforce Services Division.

| ADMINISTRATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                        | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                        |                     |                        |                      |                        |                      |
| Salaries and Wages                                          | \$ 2,988,853        | \$ 3,179,276           | \$ 3,179,276         | \$ 3,234,792           | \$ 3,234,792         |
| Contractual Services                                        | 2,285,455           | 1,199,009              | 1,199,009            | 1,076,171              | 1,076,171            |
| Commodities                                                 | 51,098              | 33,150                 | 33,150               | 33,150                 | 33,150               |
| Capital Outlay                                              | 88,919              | 33,000                 | 33,000               | 33,000                 | 33,000               |
| Debt Service                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                | <b>\$ 5,414,325</b> | <b>\$ 4,444,435</b>    | <b>\$ 4,444,435</b>  | <b>\$ 4,377,113</b>    | <b>\$ 4,377,113</b>  |
| Aid to Local Units                                          | (26,333)            | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                            | 3,709,280           | 7,402,122              | 4,562,730            | 675,511                | 675,511              |
| <b>TOTAL</b>                                                | <b>\$ 9,097,272</b> | <b>\$ 11,846,557</b>   | <b>\$ 9,007,165</b>  | <b>\$ 5,052,624</b>    | <b>\$ 5,052,624</b>  |
| <b>Financing:</b>                                           |                     |                        |                      |                        |                      |
| State General Fund                                          | \$ 3,140,000        | \$ 6,230,000           | \$ 4,141,762         | \$ 557,000             | \$ 557,000           |
| All Other Funds                                             | 5,957,272           | 5,616,557              | 4,865,403            | 4,495,624              | 4,495,624            |
| <b>TOTAL</b>                                                | <b>\$ 9,097,272</b> | <b>\$ 11,846,557</b>   | <b>\$ 9,007,165</b>  | <b>\$ 5,052,624</b>    | <b>\$ 5,052,624</b>  |
| FTE Positions                                               | 44.5                | 45.0                   | 45.0                 | 45.0                   | 45.0                 |

The **agency** requests revised FY 2018 expenditures of \$11.8 million, including \$6.2 million from the State General Fund and \$4.0 million from the Economic Development Initiatives Fund (EDIF). The State General Fund and EDIF estimates are the same as the amount approved by the 2017 Legislature after adjustments. The request includes a \$3.5 million State General Fund reappropriation of money that was not spent in FY 2017 and shifted to FY 2018

for Kansas Bioscience Authority (KBA) commitments that transferred to the Department of Commerce in FY 2017 (\$3.4 million) and for AJLA credit monitoring (\$76,463). The request also includes \$1.1 million of reappropriated EDIF moneys for use in the agency operating grant.

The **Governor** recommends FY 2018 expenditures of \$9.0 million, including \$4.1 million from the State General Fund and \$3.2 million from the EDIF. The recommendation is an all funds decrease of \$2.8 million below the amount approved by the 2017 Legislature and the agency request. The recommendation includes a decrease of \$2.1 million, all from the State General Fund, due to lower KBA grant commitments in FY 2018. The agency indicates it continues to review grant commitments to determine if payouts still need to be made when benchmarks are not being met or are delayed. The recommendation also includes a decrease of \$751,154 to the agency operating grant.

The **agency** requests revised FY 2019 expenditures of \$5.1 million, including \$557,000 from the State General Fund and \$2.8 million from the EDIF. The estimate is an all funds increase of \$323,205, or 6.8 percent, above the approved amount due to increased expenditures in salaries and wages for unclassified temporary pay, offset by reductions in contractual services for computer services and other assistance payments for KBA grant commitments. The State General Fund estimate is the same as the approved amount. The EDIF estimate increased by \$53,709, or less than 0.1 percent, above the approved amount in the agency operating grant.

The **Governor** recommends FY 2019 expenditures of \$5.1 million, including \$557,000 from the State General Fund and \$2.8 million from the EDIF, which is the same as the agency request. The recommendation is an all funds increase of \$323,205, or 6.8 percent, and an EDIF increase of \$53,709, or less than 0.1 percent, above the amount approved by the 2017 Legislature. The State General Fund recommendation is the same as the approved amount.

## ***B. Business and Community Development***

The Business and Community Development Division plays a lead role in promoting economic and rural development for Kansas. The Division works with existing Kansas companies and out-of-state companies to attract new jobs and investment to the state. The program also assists city and county governments and small businesses in rural communities.

The Division administers several programs, which include Community Development and Community Assistance Services, as well as Recruitment. The Division also houses the Office of Minority and Women Business, Center for Entrepreneurship, Kansas Business Development Center, and the Kansas Creative Arts Commission.

Some of the tools used offered to businesses by this program are not direct expenditures from this program, but are tax credits and reduced financing options.

### **Recruitment**

In FY 2017, the business recruitment team worked on project leads and facilitated corporate relocations and expansions, resulting in 7,444 jobs and over \$787.0 million in capital investment. These results also include the international business recruitment projects as well. Retention of jobs in the state was also a significant part of the results. The office and manufacturing sectors had the highest number of project leads this fiscal year. The office sector generated the highest number of successful projects.

## ***Kansas Exports***

Kansas businesses totaled \$10.1 billion in exports in calendar year 2017, which is a decline of 5.1 percent over 2016. The international section provides market resources to Kansas companies, empowering them to sell products and services to international customers. Staff directly helps Kansas businesses in the following areas:

- Gathering export data and foreign market research;
- Coordinating with local, state, federal, and foreign agencies;
- Collaborating on export seminars;
- Recruiting and assisting company participation in international trade shows;
- Hosting foreign delegations to Kansas;
- Maintaining international consultants in key global markets; and
- Assisting with required international documentation.

## **State Trade and Export Promotion Grant/International Mission Activity**

In FY 2017, Kansas was awarded a total of \$383,000 from the federal State Trade and Export Promotion (STEP) program to provide assistance for Kansas companies to market and sell their products and services internationally. The Kansas grant application was a joint effort between the Kansas Department of Commerce and the Kansas Department of Agriculture. It requires a 25.0 percent match from the State. Commerce activities approved under the STEP grant include an opportunity for Kansas companies to exhibit at the Hannover Messe Industrial Fair, the world's leading trade fair for industrial technology. Funds are used to assist eligible small businesses with their export training, trade missions and trade shows, and market entry support needs. Thus far, more than 37 Kansas small businesses have participated in the program and achieved over \$601,740 in actual sales, and a \$9.3 million in a three-year sales projection.

## **Kansas International Trade Show Assistance Program**

The Kansas International Trade Show Assistance Program (KITSAP) helps introduce Kansas companies to foreign markets by funding their participation in trade shows. Eligible companies are those whose product or service originates in Kansas or whose products receive substantial value-added processing in Kansas. In FY 2016, the international team awarded a total of \$46,940 to 20 applications for 18 Kansas companies to attend a total of 20 international trade shows. To date, those 18 companies reported estimated sales of \$14.0 million, which translates to a return on investment of \$303 for every \$1 in trade show assistance. Of those 18 companies, 7 companies found new agents or distributors and 2 companies established a joint venture as a result of their trade show participation.

## **Business and Community Development Assistance**

The Business and Community Development Assistance function is comprised of ten full-time Regional Project Managers (RPMs) who provide face-to-face assistance to Kansas businesses and communities. To assist Kansas communities reach their full potential by increasing awareness of and access to available resources, the RPMs are a point of contact in the development of strategic plans and a connection to financial and human resources. The communities determine the direction they need to take to achieve success after which the RPM will work with them to connect with available resources. Additionally, the RPMs assist existing Kansas businesses access state incentives, which are designed to help businesses grow.

In FY 2017, the team worked a total of 210 business expansion or retention projects. They facilitated 61 projects that will create 2,831 new jobs, retain 2,152 existing jobs, and invest \$312.0 million in capital investment. Of those projects, 55.0 percent were manufacturing while the rest were a mix of energy, wholesale distribution, and professional services. Of the 78 successful projects, 49.0 percent were located in a non-metro county.

## ***PRIDE***

PRIDE is a community-initiated effort to help local leaders prepare for and manage change through hands-on assistance with a focus on community self-improvement. The program addresses such areas as planning, housing, community services, and community enrichment. Communities develop and implement a citizen-initiated plan of action. This is a cooperative program with Kansas State University Research and Extension and the Department of Commerce. The PRIDE planning approach assists smaller communities without resources to expand their community economic capacities. The Business and Community Development Assistance Regional Project Managers provide additional manpower to better assist the PRIDE communities.

## **Business Finance and Incentives**

The Business Finance unit offers a diverse portfolio of financial incentives for rural and urban communities and businesses looking to locate or expand in Kansas. Programs include retention of withholding taxes, investment tax credits, sales tax project exemptions, and revolving loan funds for local infrastructure projects, as well as loans and grants to assist rural communities in improving infrastructure, housing, and urgent needs to maintain and grow. Each specific program is outlined below.

## ***Promoting Employment Across Kansas (PEAK)***

The Promoting Employment Across Kansas (PEAK) Act (KSA 2012 Supp. 74-50,210 through 74-50,219) was created by the 2009 Kansas Legislature. The 2010 and 2011 Legislative Sessions passed subsequent changes to the Act to broaden the eligibility criteria to increase the companies that can apply. The Legislature passed the PEAK Act to encourage economic development in Kansas by incentivizing companies to relocate, locate, expand, or retain a business facility/operations and related jobs. The Secretary of Commerce has discretion to approve applications of qualified companies and to determine the benefit period. During the benefit period, participating PEAK companies may retain or be refunded 95.0 percent of the payroll withholding tax of PEAK-eligible employees/jobs that pay at or above the county median wage where the qualified function(s) are located. Depending on the number of PEAK jobs/employees to be hired in Kansas and their wage levels, the Secretary can approve benefit periods for up to 10 years.

In FY 2017, 47 agreements were signed with companies to participate in PEAK for a 11.0 percent decrease from FY 2016. Forty agreements were signed and project 3,758 new jobs and over \$252 million in additional payroll over a five to ten year period. In FY 2017, there were 283 active agreements (a 5.2 percent increase from FY 2016) to maintain, including review of quarterly and biennial compliance reports. This program is the State's top economic development tool to create and retain quality jobs and payroll in Kansas.

## ***High Performance Incentive Program***

The Kansas High Performance Incentive Program (HPIP) is an incentive program providing tax benefits to businesses who, in return, are willing to expand the scope of their capital investments, pay a higher-than-average wage, and make a significant investment in employee training.

During FY 2017, the HPIP program certified or re-certified 290 work sites. Of these 290 certifications, 37, or 13.0 percent, were first-time certifications indicating new work sites. During the same fiscal year, the HPIP program acknowledged receipt of 265 project description forms that pre-identified anticipated future capital investment. The total anticipated capital investment pre-identified on these forms, going out three years, was approximately \$3.0 billion. The expected new jobs as a result of these new projects totaled 4,787 jobs with a projected additional new payroll of \$299.0 million, or about an average of \$62,500 per new job. Since HPIP program application fees were implemented on October 1, 2016, to the end of FY 2017, HPIP has generated \$73,000 in program fee income.

## ***Community Service Tax Credit Program***

The Community Service Tax Credit Program encourages cash and non-cash contributions to nonprofit organizations for certain community service activities. Kansas income tax credits are awarded yearly on a competitive basis for nonprofits to use as a fundraising tool to encourage individuals, businesses, financial institutions, and insurance companies to donate. Nonprofit recipients must provide services for children, health care, and nongovernmental crime prevention. A tax credit of 70.0 percent is allowed in communities of fewer than 15,000 residents and 50.0 percent in communities greater than 15,000 residents. The minimum donation is \$250. The program builds nonprofit community capacity to serve the needs of targeted Kansas recipients.

The application requests for Community Service tax credits are always greater than the annual allocation. For FY 2018, 13 nonprofits (11 were in communities with populations less than 15,000 and 2 were in communities with populations more than 15,000) were awarded the maximum available tax credits of \$2.5 million. For FY 2017, 22 nonprofits (8 were in communities with populations of 15,000 or more and 14 were in communities of less than 15,000) were awarded the maximum available tax credits for FY 2017 of \$3.6 million.

## ***Angel Investor Tax Credit***

The purpose of the Kansas Angel Investor Tax Credit Act (KSA 74-8131 to 74-8137) is to facilitate the availability of equity investment in businesses in the early stages of commercial development and to assist in the creation and expansion of Kansas businesses, which are job- and wealth-creating enterprises, by granting tax credits against Kansas income tax liability of investors investing in these businesses. The primary goal is to encourage accredited investors to provide seed-capital financing for emerging Kansas businesses engaged in the development, implementation, and commercialization of innovative technologies, products, and services.

The Act provides tax credits to technology and bio-technology start-ups that may in turn offer to potential angel investors. Credits are valued at 50.0 percent of the eligible investment and each qualified investor may receive up to \$50,000 in tax credits per taxable year. These credits help reduce the inherent risk of the investment and encourage investment in potentially high-growth companies.

Up to \$6.0 million in tax credits are offered annually on a calendar year basis. Any unused credits may roll over to the next year. In calendar year 2016, \$4.6 million tax credits were allocated to 30 companies with 183 qualified investors. Interest in the program remains high and it is estimated that the amount of tax credits for calendar year 2017 may exceed the number issued in the previous year.

### ***Rural Opportunity Zones***

The Rural Opportunity Zone (ROZ) program facilitates the population growth of rural Kansas communities in 77 designated counties through the use of tax relief and student loan reimbursement. Under this program, qualified individuals could be eligible to receive Kansas state income tax abatements and student loan reimbursements provided by both the county and state on a matched basis.

Qualified individuals establishing new residency in one of the 77 Kansas counties will receive a credit for the entirety of their Kansas state income tax liability for any year in which they qualify beginning in taxable year 2012 and ending in taxable year 2021. Additionally, qualified individuals may receive student loan payments in equal shares over a maximum term of five years. The annual payments will be equal to 20.0 percent of the individual's outstanding student loan balance, up to a maximum of \$15,000.

Currently, 73 of the 77 ROZ counties have also opted to partner with the State to offer student loan repayment assistance. The student loan repayment portion of the ROZ program is administered by the Department of Commerce. Qualified individuals establishing new residency in one of the participating Kansas ROZ counties after July 1, 2011b and on or after the date on which the county opts-in may receive student loan repayments in equal shares over a maximum term of five years. The annual payments will be equal to 20.0 percent of the individual's outstanding student loan balance, up to a maximum of \$15,000 over five years. In 2013, the program began allowing employers to directly sponsor ROZ applicants and they have shown strong interest in utilizing this program as a recruitment tool. In FY 2017, 616 qualified resident individuals received student loan repayment benefits with the State's portion of the ROZ payments equaling \$843,468.

### ***State Small Business Credit Initiative***

The State Small Business Credit Initiative (SSBCI) was established by Congress with the adoption of the Small Business Jobs Act of 2010. In June 2011, the Kansas Department of Commerce was awarded an allocation of approximately \$13.2 million to create a Loan and Venture Capital Lending program that would leverage private capital at a 10:1 ratio and be targeted to help small businesses. The Loan program received approximately \$9.2 million of the allocation while the Venture Capital lending program received approximately \$3.9 million. Each program augments private capital by providing 9.0 percent matching funds to small business projects that may never be realized without these funds.

In FY 2017, the program funded 11 projects under the Loan program using \$1,189,750 of SSBCI funds to leverage \$18.9 million in private investment. For the Venture program, 8 projects were funded utilizing \$743,310 to leverage \$10.4 million in private investment.

## ***Community Development Block Grant***

The Small Cities Community Development Block Grant (CDBG) program receives approximately \$13.0 million to \$15.0 million in federal funds annually. The state's allocation has decreased gradually over the past few years from \$20.1 million in FY 2004 to \$13.6 million in FY 2017. Awards made through this program pay for water and sewer systems, bridges, roads, community facilities, housing rehabilitation, and economic development activities. Awards help build vital infrastructure and serve all areas of Kansas except the entitlement zones of Topeka, Kansas City, Wichita, Lawrence, Leavenworth, Manhattan, Overland Park, and Johnson County.

The U.S. Department of Housing and Urban Development (HUD) provides federal funds to local units of government based on a population formula. One of the three following objectives must be met: benefit to low- and moderate-income individuals; removal or prevention of slum or blighted conditions; or resolution of an urgent need or immediate threat to health or safety where local funds are not available. These funds are used for a wide variety of activities. The CDBG program awards grants in six categories: economic development, water/sewer, community facilities, urgent need, housing, and Kansas Small Town Environment Program (KAN STEP). Unlike other states, Kansas does not provide state funds for the administration of this program. FY 2017 will be the last year for Kan STEP. Cities and counties may apply for these funds at announced application rounds. In the urgent need category, funds can be accessed anytime during the year depending on need and availability of funds. These awards allow a community to replace local capacity destroyed by an unforeseen disaster. No urgent need grant requests were made in 2017.

A total of 35 project applications were funded in FY 2017. Contract administration has increased with current statewide open projects currently at 64 requiring technical training and assistance, contract administration, on-site compliance monitoring, and progress reporting and tracking in a federal database to meet established federal guidelines. The number of housing units for rehabilitation decreased in FY 2017. There is an overall decline in rural areas of experienced contractors available to perform housing work per federal CDBG standards. The federal Neighborhood Stabilization Program housing programs also are nearing completion with available funds expended, adding to the reduction of housing activities in the State.

CDBG staff also administer 51 state and local revolving loan funds across Kansas used by rural cities and counties to help fund start-ups and business expansions in their respective service area. These local revolving funds require CDBG staff to review semi-annual activity reports, perform periodic on-site monitoring and tracking to ensure federal guidelines are being followed. Programs also are nearing completion with available funds expended, adding to the reduction of housing activities in the State.

## ***Neighborhood Stabilization Program***

The Neighborhood Stabilization Program (NSP 1) was established to stabilize communities suffering from foreclosures and abandonment. Through the purchase, rehabilitation, and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized. The State of Kansas was issued \$21.0 million in NSP 1 funding through HUD, which administers the program at the federal level.

Contracts were signed with nine counties and ten cities to invest these dollars to stabilize their neighborhoods. As of August 2016, the State of Kansas NSP 1 program has generated \$7.7 million in program income, which brings a total investment of \$28.7 million into the State. To date, 15 additional allocations have been made to NSP 1 sub-grantees. FY 2017

accomplishments include: 1) 178 properties were purchased or donated; 2) 130 housing units sold (94 rehabilitated houses and 34 new constructions/ redevelopments); 3) 47 units of single family rental housing built or renovated; and 4) one domestic violence shelter constructed. In FY 2018, one grantee will finish construction on two new single-family housing units. The NSP 1 program will not receive any new allocations after October 31, 2018; however, the Department of Commerce will still be responsible for the ongoing management of the program income.

The Neighborhood Stabilization Program 3 (NSP 3) was established in FY 2011 to stabilize and revitalize communities most severely impacted by foreclosure and abandoned properties. The most severe communities impacted are identified by a Census Tract Score.

The State of Kansas was allocated \$5 million in NSP 3 funding by HUD. Due to its high Census Tract Score, the primary recipient of NSP 3 funds is the Unified Government of Wyandotte County. In FY 2017, the State of Kansas NSP 3 program has already generated \$1.0 million in program income, which brings the total investment of \$6.0 million into the State. The NSP 3 program accomplishments include 25 properties purchased or donated; 21 single-family units sold; and 4 properties rented in FY 2017. The NSP 3 program will not receive any new allocations after October 31, 2018; however, the Department of Commerce will still be responsible for the ongoing management of the program income.

### ***Renewable Energy***

The agency and division support sensible and sustainable development of the renewable energy industry in the various forms applicable to Kansas. The state remains positioned to be a leader in renewable energy production, with a particular strength in generation of energy from wind. Kansas has seen significant growth in renewable energy, especially in wind energy, as hundreds of wind turbines now dot the landscape of the Kansas prairie. As of July 2017, Kansas has joined the “5,000 Megawatt Club,” a distinction only four other states have achieved. This milestone represents a total investment of \$10 billion in the state’s wind energy sector. That growth is continuing with hundreds of additional megawatts of wind energy capacity under development. Kansas is third in the nation for the percentage of in-state electricity generated from wind power, at 30 percent.

Biofuels are also making an important contribution to the state’s economy. There are 12 dry mill ethanol plants currently in operation in Kansas producing nearly 500 million gallons per year. Kansas’ ethanol plants bring millions of dollars of revenue and economic development to Kansas and the rural communities where they are located.

### ***Private Activity Bonds***

Qualified Private Activity Bonds (PABs) are federally tax-exempt bonds. Under the federal volume cap, Kansas had a 2016 bond authority of \$302.9 million to allocate for this purpose. The types of bonds qualifying for such tax-exempt status are: 1) Exempt facility bonds; 2) qualified mortgage bonds; 3) qualified veterans’ mortgage bonds; 4) qualified small issue bonds; 5) qualified student loan bonds; 6) qualified redevelopment bonds; and 7) qualified 501(c)(3) bonds. The role of the Department of Commerce is to ensure that these bonds are being used for a qualified purpose and that the State does not exceed the maximum capacity set forth by the federal government for tax-exempt bonds.



In Kansas, the primary demand for bond allocation has been for the issuance of exempt facility bonds, mortgage revenue bonds, and qualified small issue bonds, also known as Industrial Revenue Bonds (IRBs). IRBs are among the most popular and cost-effective methods of financing, up to 100.0 percent of a new or growing business' land, buildings, and equipment. In Kansas, IRBs are issued by cities, counties, and the Kansas Developmental Finance Authority. Proceeds from the sale of the bonds to private investors are made available to credit-worthy companies to purchase land and pay the costs of constructing and equipping new facilities or the costs of acquiring, remodeling, and expanding existing facilities. If IRBs are used to finance certain types of facilities, interest payable to the owners of the bonds is exempt from federal income tax. This type of IRB is generally called a tax-exempt bond. Interest payable on bonds issued to finance other types of commercial facilities, or to finance non-qualifying portions of an eligible facility, is subject to federal income taxation. This type of IRB is generally called a taxable bond. Interest payable on all IRBs is exempt from Kansas income taxation. Because interest received by owners of tax-exempt IRBs is not subject to federal income taxation, the rate of interest on such bonds may be as much as 2.0 percent (average annual interest cost) below interest rates charged for a comparable taxable bond or taxable conventional loan.

Exempt facility bonds are used to fund activities such as: 1) Mass commuting facilities; 2) facilities for the furnishing of water; 3) sewage facilities; 4) solid waste disposal facilities; 5) qualified residential rental projects; 6) facilities for the local furnishing of electric energy or gas; 7) local district heating or cooling facilities; and 8) qualified hazardous waste facilities.

Additional bonds, such as mortgage revenue bonds (MRBs) and mortgage credit certificates (MCCs), are issued to provide first-time home buyers an enhanced opportunity to finance the purchase of a new home. Persons meeting certain financial and demographic guidelines are able to achieve substantial savings over the life of a home mortgage through the use of these available programs. Due to conditions in the tax-exempt bond market and historically low mortgage rates available in the mortgage market, there has been little need to issue single family bonds. However, if conditions change, the IRS allows carry-forward from the year of allocation for use during the next three calendar years.

In calendar year 2016, \$25.0 million in federally tax-exempt allocations were issued for the Beginning Farmers Program and qualified small issue bonds with the remaining allocation carried forward for MRBs and MCCs. The calendar year 2017 federal bond authority for Kansas is \$305.3 million. To date, \$22.9 million has been allocated with \$15.4 million issued.

### ***Office of Minority and Women Business Development***

The Office of Minority and Women Business Development exists to assist small minority- and women-owned businesses in their business development activities by providing resources to include technical, financial, business management, federal certification, and procurement information. The Office of Minority and Women Business Development created an online directory of certified minority- and women-owned businesses, which can be accessed from the Kansas Department of Commerce website.

### ***Center for Entrepreneurship***

The Division partners with the Kansas Center for Entrepreneurship by providing pass-through budget dollars and by meeting on a regular basis. The mission of the Kansas Center for Entrepreneurship is to foster an entrepreneurial climate in Kansas and create a single-source network to link entrepreneurs to business support services. It operates under the supervision of

a board of directors named by the Secretary of Commerce through a contract administered by the Department of Commerce. In addition to creating policies to foster entrepreneurship, the Center, under the name NetWork Kansas, establishes and maintains a website and toll-free number as a seamless resource center clearing house and referral source. The Center also manages the Kansas Community Entrepreneurship Fund and is responsible for outreach entrepreneurial education delivery to rural communities.

### ***Kansas Small Business Development Center***

The Division also partners with the Kansas Small Business Development Center (KSBDC) through budget pass-through dollars and cooperative projects. The mission of the KSBDC is to increase economic prosperity in Kansas by helping entrepreneurs and small business owners start and grow their businesses through professional consulting, training, and sharing of resources. The KSBDC network includes more than 35 team members at locations across the state committed to providing services to Kansas entrepreneurs.

### **Kansas Creative Arts Industries Commission**

The Kansas Creative Arts Industries Commission (CAIC) is focused on the creative industries sector of the Kansas economy. The advisory board is dedicated to measuring, promoting, supporting, and expanding the creative industries to grow the state's economy and create creative industry-related jobs.

CAIC also takes advantage of the state's amazing natural landscape to attract film crews to Kansas. Assistance often includes location scouting, serving as a liaison or facilitator, and lending support during production. CAIC provides direct assistance to film companies in finding appropriate Kansas locations and identifying available industry professionals and services and works to promote Kansas to the film industry concentrated in out-of-state locales. Benefits of filming in Kansas include diverse natural scenery and architecture, a cooperative CAIC staff, and a knowledgeable crew of industry professionals. CAIC also supports and encourages the local film industry through participation in film industry events. In FY 2017, CAIC provided assistance to several productions, including independent features, cable television shows, commercials, documentaries, and shorts/music videos.

In FY 2017, CAIC resumed the terms of its National Endowment for the Arts (NEA) agreement to June 30, 2018. Under this agreement, CAIC administered two grant programs: Strategic Investment and Arts Integration. Under this partnership, CAIC has administered 50 grants to arts organizations in communities across Kansas totaling approximately \$369,026. In addition, KCAIC implemented year two of a three-year arts integration pilot program, A+ Schools, at two Kansas schools and year two of a professional development program, Artist, Inc., in Lawrence. KCAIC also established several partnership programs, including the Tallgrass Artist Residency and the New Play Lab. KCAIC will add the New Dance Lab and Arts In Medicine in early FY 2018. Since partnership with the NEA was delayed until January 2017 due to budget deficiencies, the number of grants and total amount will increase to match FY 2016 levels through additional grant-making in FY 2018.

In FY 2018, CAIC will continue to fulfill NEA federal grant requirements through the administration of professional development programs. In addition, the Commission will receive data on FY 2016 grant programs that support the arts and the role they play in enhancing local economies and the quality of life for all Kansas. While outcomes may vary from project to project, the measures created will provide data on how funded projects impact Kansas

communities both culturally and economically. These measures may include the number of citizens effected by the program, an increase in local cultural tourism, the number of jobs created, and increased revenue to participating organizations and businesses.

## **Public Broadcasting Council**

In 1993, the Kansas Public Broadcasting Council (PBC) was established by the Kansas Legislature and charged with coordinating public broadcasting activities in the state. More broadly, it is charged with achieving the goal of every Kansan having access to public media.

Each year, PBC is charged by statute to bring recommendations to the Legislature on the needs of the public broadcasting system in Kansas. Specific to the goal of ensuring public broadcasting availability to all Kansas citizens, PBC developed the following objectives for how the dollars allocated for operations, equipment, and cooperative efforts are spent.

**Objective No. 1: Rural and Economic Development.** Continue to make available public broadcasting services and resources aimed at improving the economy, quality of life, and entrepreneurial opportunities in local communities while ensuring equal access to those resources statewide. Media groups from larger metropolitan areas do not find it economically feasible to cover Western Kansas due to the lack of population and advertisers. PBC continues to provide residents of western and other rural areas of Kansas with local content and coverage that supports economic and rural development initiatives.

**Objective No. 2: Literacy Achievement.** PBC will contribute to the improvement of literacy and reading rates by providing access to educational programming for children in their preschool and early learning years. Based on independent research, public broadcasting has demonstrated positive outcomes in educational programming for over 30 years. An ever-growing body of independent research affirms public broadcasting content develops critical academic skills. Literacy is a critical component in developing a skilled and ready workforce. Without this competency, it is nearly impossible to access and advance, through education and career pathways, to jobs that pay a family-sustaining wage. Stations can serve as a focal point ensuring statewide access to important and valuable learning opportunities.

The member stations receive funding from three main sources: Corporation for Public Broadcasting or federal dollars, state dollars, and private funding.

All federal appropriations through the Corporation for Public Broadcasting (Community Service Grants) assume the local communities will provide local financial assistance to match the federal dollars allocated. State-matching funds help to access federal dollars, as well as serve to provide an incentive to local business and individuals to invest their local stations. In essence, the more local or state investment, the greater the opportunity to access more federal funds.

| <b>BUSINESS AND COMMUNITY DEVELOPMENT<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                             |                             |                             |                             |                             |
|-----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                                    | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                                    |                             |                             |                             |                             |                             |
| Salaries and Wages                                                                      | \$ 2,388,897                | \$ 2,898,511                | \$ 2,898,511                | \$ 2,951,605                | \$ 2,951,605                |
| Contractual Services                                                                    | 835,453                     | 1,589,673                   | 1,589,673                   | 1,604,696                   | 1,604,696                   |
| Commodities                                                                             | 64,666                      | 175,450                     | 175,450                     | 175,450                     | 175,450                     |
| Capital Outlay                                                                          | 45,891                      | 22,800                      | 22,800                      | 22,800                      | 22,800                      |
| Debt Service                                                                            | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                                            | <i>\$ 3,334,907</i>         | <i>\$ 4,686,434</i>         | <i>\$ 4,686,434</i>         | <i>\$ 4,754,551</i>         | <i>\$ 4,754,551</i>         |
| Aid to Local Units                                                                      | 11,216,043                  | 15,259,300                  | 15,259,300                  | 15,259,300                  | 15,259,300                  |
| Other Assistance                                                                        | 16,420,103                  | 9,970,978                   | 8,640,666                   | 10,443,310                  | 8,833,310                   |
| <b>TOTAL</b>                                                                            | <b><u>\$ 30,971,053</u></b> | <b><u>\$ 29,916,712</u></b> | <b><u>\$ 28,586,400</u></b> | <b><u>\$ 30,457,161</u></b> | <b><u>\$ 28,847,161</u></b> |
| <b>Financing:</b>                                                                       |                             |                             |                             |                             |                             |
| State General Fund                                                                      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| All Other Funds                                                                         | 30,971,053                  | 29,916,712                  | 28,586,400                  | 30,457,161                  | 28,847,161                  |
| <b>TOTAL</b>                                                                            | <b><u>\$ 30,971,053</u></b> | <b><u>\$ 29,916,712</u></b> | <b><u>\$ 28,586,400</u></b> | <b><u>\$ 30,457,161</u></b> | <b><u>\$ 28,847,161</u></b> |
| FTE Positions                                                                           | 36.0                        | 35.0                        | 35.0                        | 35.0                        | 35.0                        |

The **agency** requests revised FY 2018 expenditures of \$29.9 million, including \$7.6 million from the Economic Development Initiatives Fund (EDIF). The estimate is an all funds decrease of \$341,729, or 1.1 percent, due to a reduction in federal funds. The EDIF is the same as the approved amount after adjustments.

The **Governor** recommends FY 2018 expenditures of \$29.0 million, including \$7.0 million from the EDIF. The estimate is an all funds decrease of \$1.6 million, or 5.5 percent, and an EDIF increase of \$564,695, or 8.8 percent, from the approved amount after adjustments. The recommendation reduces \$1.1 million in expenditures for the Rural Opportunity Zones (ROZ) program, including \$375,000 from the EDIF for the state share and \$665,156 from the Reimbursement and Recovery Fund for the county share. The recommendation is expected to fully fund the projected state obligations for student loan forgiveness payments for the ROZ program.

The **agency** requests revised FY 2019 expenditures of \$30.5 million, including \$7.7 million from the EDIF. The estimate is an all funds decrease of \$588,274, or 1.9 percent, and an EDIF increase of \$1.2 million, or 0.2 percent, from the approved amount, mostly attributable to an increased request for the ROZ program and an anticipated increase in federal arts funding.

The **Governor** recommends FY 2019 expenditures of \$28.8 million, including \$7.0 million from the EDIF. The estimate is an all funds decrease of \$2.2 million, or 7.1 percent, and an EDIF decrease of \$390,716, or 6.0 percent, from the approved amount, and an all funds decrease of \$1.6 million, or 5.3 percent, and an EDIF decrease of \$805,000, or 17.3 percent, below the agency's request. The recommendation reduces \$1.6 million in expenditures for the ROZ program, including \$805,000 from the EDIF for the state share and \$805,000 from the Reimbursement and Recovery Fund for the county share. The recommendation is expected to fully fund the projected state obligations for student loan forgiveness payments for the ROZ program.

## **C. Workforce Services**

The Workforce Services Division links businesses, job candidates, and educational institutions to ensure employers can find skilled workers. The Division accomplishes this by partnering with Local Workforce Development Boards and other state agencies. In addition, a robust partnership with the Kansas Board of Regents helps state universities and community and technical colleges tailor their curriculum to the needs of Kansas businesses. The result is an integrated, demand-driven statewide network in which workers receive job-specific training, and Kansas businesses can find the well-trained employees they need.

Employment services are provided to employers and job candidates through the state's 22 workforce centers, online, or virtual services and the mobile workforce center. These employer-driven services include recruiting skilled workers, screening and assessing job candidates, and identifying individuals needing skill enhancement. The Division has two main organizational units: Training Services and Employment Services.

### **Training Services**

#### ***Registered Apprenticeship Program***

Registered Apprenticeship is a structured system for training employees in a variety of occupations that require a wide range of skills and knowledge. It is an ideal way for employers to build and maintain a skilled workforce. It combines full-time employment, through on-the-job learning, under the supervision of experienced journey-level workers, and related technical instruction. The related instruction may be provided through community or technical colleges, correspondence, online, distance learning, contract vendors, or apprenticeship training centers to both educate and develop business' and industries' workforces.

Competency and hybrid models have been developed to complement the traditional time-based apprenticeship models. In addition to broadening the flexibility for program sponsors, competency and hybrid Registered Apprenticeship models increase apprentices' opportunities for interim credentials and technology-based learning. Many Registered Apprenticeship programs now combine the ability to earn an associate's or higher degree (often paid for by the employer).

In FY 2017, the Kansas Registered Apprenticeship Program registered 522 new apprentices at an average starting wage of \$16.00 per hour, which is an increase of \$0.75 above the FY 2016 average starting wage. Additionally, 21 new employers and program sponsors registered a program and 11 programs were revised. During FY 2017, 216 persons completed the apprenticeship program, with 5.0 percent being women, 22.0 percent being veterans, and 41.0 percent being minorities, at an average wage of \$26.64 per hour.

Currently, all FY 2017 funding has been distributed among the five Local Workforce Development Boards throughout Kansas. Current funding will go through April of FY 2018 for the Registered Apprenticeship program.

## **Employment Services**

### ***Wagner-Peyser Act***

For program year 2017, Kansas received \$ \$5.6 million from the U.S. Department of Labor to provide Wagner-Peyser services. The Wagner-Peyser Act establishes a national employment system to provide workforce services, including assessment, testing, counseling, occupation and labor market information, referral to job openings, employment services for groups with special needs, and recruitment services and special technical services for employers. Customers seek services electronically or receive staff assistance by visiting a workforce center.

Although the Wagner-Peyser Act provides universal access to a full range of workforce services, it also mandates job search and placement services be provided specifically to unemployment insurance (UI) claimants. To focus resources on UI claimants most in need of assistance, the Worker Profiling Reemployment System (WPRS) identifies those with a high probability of exhausting benefits prior to obtaining employment. It is the responsibility of Wagner-Peyser staff to schedule staff-assisted reemployment services for identified claimants.

### ***Reemployment Services and Eligibility Assessment (RESEA)***

A number of studies note that attention to claimants' efforts to find new jobs and awareness of their reemployment service needs will result in shorter claim durations and fewer erroneous payments by utilizing the Reemployment Services and Eligibility Assessment (RESEA) program. The reemployment of UI claimants and the reduction of erroneous payments are high priorities for Kansas, and the RESEA initiative addresses both of these priorities. Kansas received an allocation of \$652,327 in FY 2017 to provide RESEA services through December 2017. RESEA allows flexibility for grant-funded staff to provide reemployment services to eligible claimants, and includes Unemployment Compensation for Ex-service members (UCX) claimants in the queue for services.

Providing reemployment services to UI claimants has gained even greater momentum in Kansas with the receipt of the RESEA grant awarded to the Kansas Department of Labor. Through a memorandum of understanding, the Department of Commerce provides contractual staff to deliver workforce services to a minimum of 10,000 eligible claimants in Local Areas 2, 3, and 4.

### ***Jobs for Veterans Grant***

For FY 2017, the Department of Commerce received \$1.5 million from the U.S. Department of Labor (USDOL) to administer the grant in support of the Jobs for Veterans Act (JVA). This funding supports the State Veteran Services, the Intensive Services Coordinator (ISC), Local Veterans Employment Representatives (LVER), and Disabled Veterans Outreach Program (DVOP) Specialists. Some support services also are paid through this grant for the USDOL Director of Vets Service (DVET).

During FY 2017, there were approximately 12,580 new veteran KANSASWORKS accounts created. Additionally, approximately 9,564 veterans and transitioning service members received staff-assisted services from veteran representatives located across the state. The veterans unemployment rate for Kansas went from 4.0 percent in FY 2016 to 3.7 percent in FY 2017. For FY 2017, the Veteran Entered Employment Rate for the JVSG program goal was 78.0 percent, and it exceeded that by approximately 8.8 percent in FY 2017. The FY 2017 Veteran Employment Retention Rate for the JVSG program was approximately 83.0 percent, and it had increased to approximately 83.8 percent in FY 2017.

## ***Migrant and Seasonal Farm Worker Services***

Federal regulation mandates equitable levels of Wagner-Peyser services be provided to Migrant and Seasonal Farm Worker (MSFW) customers, defined as follows:

- Migrant Farm Worker: During the preceding 12 months, worked at least 25 or more days or parts of days in farm work; earned at least half of income from farm work; was not employed year round by the same employer; had to travel to the work; and was unable to return to permanent residence the same day. Full-time students traveling with groups other than their families are excluded;
- Migrant Food Processing Worker: During the preceding 12 months, worked at least 25 or more days in food processing; earned at least half of income from food processing work; was not employed year round by the same employer; had to travel to the work; and was not able to return to permanent residence the same day. Full-time students traveling with groups other than their families are excluded; and
- Seasonal Farm Worker; During the preceding 12 months, worked at least 25 or more days or parts of days in farm work; earned at least half of income from farm work; and was not employed year round by the same employer. Full-time students are excluded.

Workforce centers provide outreach services by partnering with other agencies and volunteer workers to inform farm workers of available services. This outreach network is further supported by the State Monitor Advocate, who is an employee of the Department of Commerce. The State Monitor Advocate conducts on-site visits to ensure equitable levels of Wagner-Peyser services are provided to the farm worker community. Expenses incurred by the State Monitor Advocate to monitor compliance with federal regulations and maintain a centralized procedure to process complaints filed by or on behalf of MSFWs are funded through the regular Wagner-Peyser grant.

## ***Foreign Labor Certification***

Kansas receives funding from the USDOL to administer the Foreign Labor Certification (FLC) program. Commerce provides the following services for employers having difficulty finding qualified U.S. workers to fill job openings:

- H-2A visas are granted to foreign workers for temporary agricultural jobs. The Department of Commerce assists employers by posting their job orders on KANSASWORKS.com to recruit U.S. workers. During the recruitment process, it is the responsibility of Wagner-Peyser staff to conduct pre-occupancy safety and suitability inspections whenever housing is furnished by the employer. In FY 2017, the Department of Commerce assisted 128 employers, posted 128 job orders, and inspected 193 housing units in all parts of the state. If the recruitment process reveals no U.S. workers are available or willing to take the job and the employer-provided housing meets all safety standards, the Foreign Labor National Office provides the employer a certification permitting them to bring foreign workers into Kansas; and

- H-2B visas are granted to foreign workers for temporary low-skilled non-agricultural jobs such as construction, landscaping, painting, remodeling, and roofing. The Department of Commerce assists employers by posting their job orders on KANSASWORKS.com.

### ***Older Kansans Employment Program (OKEP)***

The Older Kansans Employment Program provides specialized training, career assessment, job matching, and job search assistance to Kansans age 55 and older, regardless of their income, and facilitates the development of job opportunities for older Kansans in private industry. This funding is provided to Kansas' Area Agencies on Aging and other community-based organizations that administer the program on the agency's behalf. During program year 2016, OKEP served a total of 2,271 participants and placed 790 into full-time or part-time private sector employment at an average wage of \$10.39 per hour for an average of 26 hours per week, resulting in \$11.1 million in wages paid, which is 46 times greater than the amount allocated for the program. State income and sales tax returned to the State were three times the amount of funds allocated. In other words, for every \$1 spent on OKEP, \$3 of income and sales tax were returned to the State.

### ***Senior Community Services Employment Program (SCSEP)***

The federal Senior Community Services Employment Program (SCSEP) provides skills training through subsidized part-time employment to older Kansans who live at or below the poverty level. SCSEP served 42 participants, placing them in community organizations for training. The Department of Commerce paid \$841,979 in federal aid payments contributing to case management, service delivery, and participant wages while the participants completed on-the-job training.

### ***Workforce Investment Act Services***

The Workforce Investment Act of 1998 (WIA) provides the framework for a national workforce preparation and employment system designed to meet the needs of business and job candidates wishing to further their careers. The most important aspect of the law is its focus on providing easy access information and services through a "one-stop" system empowering customers to obtain training, education, and employment services at a single neighborhood location. This program is federally funded and is designed to serve targeted populations.

WIA services continue to improve the skills of Kansas workers through workforce centers and the well-established One-Stop system and local workforce investment boards and their partner agencies.

The WIA Youth program projects continue to provide youth with opportunities to finish their education and receive employment training. In each of the five local areas, WIA-eligible youth are assisted through programs affiliated with Kansas' public schools, community colleges, employer-operated training programs, and programs located at the local youth providers training sites.



### ***Rapid Response Program***

During the past year, the Department of Commerce received 9 Worker Adjustment and Retraining Notification notices impacting 1,673 workers and 34 non-WARN notices impacting 1,272 workers. Rapid Response is a pro-active business-focused and flexible strategy designed to respond to layoffs and plant closings by quickly coordinating services and providing immediate aid to companies and their affected workers. Rapid Response services are available regardless of the size of the company impacted. The state Rapid Response Coordinator works closely with the five-local area Rapid Response Coordinators to contact the companies, ensure timely response, and provide the best services possible to assist the workers in making a smooth transition to new employment.

### ***Trade Adjustment Assistance Program***

The Trade Adjustment Assistance (TAA) program provides training and reemployment services to U.S. workers who have lost their jobs as a result of foreign trade. The TAA program provides trade-affected workers with opportunities to obtain the skills, resources, and support necessary to become reemployed. TAA offers a variety of benefits and services to support workers in their search for reemployment, which includes training, job search, and relocation allowances; income support; and assistance with health care premium costs.

During FY 2017, Kansas filed many petitions, with the following 18 petitions certified: Overland Solutions, Inc. (Overland Park); Leonard's Metal, Inc. (Wichita); NetApp, Inc. (Wichita); Learjet, Inc. (Wichita); QBE Americas, Inc. (Overland Park); Quantum Spatial, Inc. (Mission); Seat King LLC (Hutchinson); Sprint (Shared Services) (Overland Park); Sprint (Call Center) (Overland Park); Apria Healthcare (Overland Park); Honeywell Aerospace (Overland Park); Philips Lighting North America Corp. (Salina); two Via Christi Hospitals (Wichita); Via Christi Hospital (Manhattan); Via Christi Hospital (Pittsburg); Via Christi Health (Wichita); and Aero-Mach Labs (Wichita). The certified petitions impacted an estimated 920 workers.

During this time, Kansas served 530 TAA participants with 245 of those individuals new to the program. Of these participants, 297 received training, 207 were placed on waivers from training, and 110 participated in RTAA.

### ***Work Opportunity Tax Credit Program***

The Work Opportunity Tax Credit (WOTC) program encourages the hiring of targeted employees so they move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers. Participating employers receive compensation by reducing their federal income tax liability. For FY 2016, the Department of Commerce received \$166,536 from USDOL to carry out WOTC program activities.

In FY 2017, 58,716 certification requests were received, resulting in 9,468 eligible for tax credits. Of the requests, 11,480 were denied. This is a federal tax savings to Kansas businesses of almost \$27.0 million. The largest numbers of workers certified as eligible were recipients of Supplemental Nutrition Assistance Program (SNAP), followed by Designated Community Residents, Ex-felons, Unemployed Veteran, and recipients of Temporary Assistance for Needy Families (TANF).

### ***Incumbent Worker Training Program***

The Incumbent Worker Training program is funded by the federal Workforce Investment Act (WIA) and administered by the Workforce Services Division within the Kansas Department of Commerce and local workforce investment boards. The purpose of the program is to provide grants to employers to assist with certain expenses associated with skills upgrade training for full-time employees of the company. The grant amount is subject to availability of funds. Training must be for the purpose of averting layoffs, but also should be for the purpose of improving employee retention, increasing employee earning potential through the upgrade of skills, and to assist in staying competitive.

### ***Federal Bonding***

The Federal Bonding program provides individual fidelity bonds to employers that hire job applicants who have been or may be denied coverage by commercial carriers. Job candidates benefit because they are provided a second chance to prove themselves as valuable employees. Employers benefit because they provide an avenue to hire skilled job candidates who might not be hired due to their ineligibility for bond coverage.

### ***Kansas Health Profession Opportunity Project (KHPOP)***

In FY 2017, \$3.0 million was made available through the Kansas Health Profession Opportunity Project (KHPOP) to provide education, training, and employment in the health care sector to over 400 Temporary Assistance for Needy Families (TANF) recipients, Supplemental Nutrition Assistance Program (SNAP) recipients, and other low-income individuals. Besides offering an improved quality of life through education, these services also will reduce health care labor shortages, as well as reduce the number of individuals on public assistance in Kansas. KHPOP is in the first of a five-year grant. To date, the grant has served 815 Kansans.

### ***Kansas Disability Employment Initiative***

Kansas was awarded a second three-year Disability Employment Initiative grant in October 2014. The project goals include providing work-based or postsecondary technical education and training for up to 175 Kansans who have disabilities. A partnership with the Cerebral Palsy Research Foundation, a non-profit organization in South Central Kansas serving individuals with various disabilities, was finalized to expand adapted computer skills training in Wichita and to develop the training and classroom space within the Prairie Band Pottawatomie Nation, as well as a third site in Western Kansas. The Department of Commerce also has partnered with two school districts and community partners to establish Project SEARCH for adults in Salina and Johnson County. These internship programs, based on a work-based training model for serving high school students, will be among the first Project SEARCH programs designed to serve adults. Three of the five Workforce Investment Areas hired a Disability Resource Coordinator to facilitate the implementation of the grant.

### ***Workforce Innovation Fund***

The Department of Commerce was awarded a federal Workforce Innovation Fund (WIF) grant on October 6, 2015, in the amount of \$5.6 million for a four-year period.

Kansas will use the funds for three distinct purposes:

- Build on the partnership developed through the Workforce Data Quality Initiative to build a user-friendly portal to workforce services information, including Labor Market Information; postsecondary education programs, including employment outcomes of graduates; and education services and outcomes;
- Develop and deliver cross-system training for staff in each of the core programs and other partners; and
- Fund on-the-job training for individuals with significant barriers to employment.

Since it was first implemented, WIF has cross-trained over 600 state staff, has developed an online portal to direct users to desired information regarding workforce preparation services and has enrolled nearly 30 individuals with multiple barriers to employment in on-the-job training opportunities.

## **WORKFORCE CENTER OPERATIONS**

The federally funded workforce development programs are delivered in part through workforce centers, some of which meet the definition of “one-stop” centers located across Kansas. The one-stop centers provide job candidates all necessary job search services in one location. All Kansans may access various labor exchange and assessment services free of charge. Qualified Kansans may access intensive training and related services. Services for Kansas employers include recruitment, assessment, testing, and screening of qualified employees.

Partners in the centers include representatives from the Kansas Department for Children and Families for the TANF and Vocational Rehabilitation programs and the Kansas Department of Labor with Unemployment Insurance information. The one-stop centers or workforce centers are divided into five different regions. The West Region has full-time or part-time staff located in Dodge City, Garden City, Great Bend, Hays, Hutchinson, Newton, and Salina. The Northeast Region has locations in Junction City, Lawrence, Manhattan, and Topeka. The Greater Kansas City Region Workforce Centers are in Kansas City, Leavenworth, and Overland Park. The South Central offices are located in Wichita and Butler and Cowley counties. Finally, the Southeast Region staff is in Chanute, Emporia, Independence, Paola, and Pittsburg. There are a total of 22 full- or part-time locations across the state delivering services to Kansas job candidates and employers.

The major program administered by the Department of Commerce through field operations is the Wagner-Peyser program, which is focused on providing labor exchange services to help Kansas businesses find qualified workers and job candidates to find quality employment opportunities. In addition, there are a number of federal programs that compliment this program.

| <b>WORKFORCE SERVICES</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                             |                             |                             |                             |                             |
|-------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                          | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                          |                             |                             |                             |                             |                             |
| Salaries and Wages                                                            | \$ 10,618,229               | \$ 11,806,166               | \$ 11,806,166               | \$ 12,029,441               | \$ 12,029,441               |
| Contractual Services                                                          | 7,855,877                   | 4,987,888                   | 4,987,888                   | 4,811,469                   | 4,811,469                   |
| Commodities                                                                   | 166,930                     | 123,150                     | 123,150                     | 123,150                     | 123,150                     |
| Capital Outlay                                                                | 334,159                     | 316,800                     | 316,800                     | 316,800                     | 316,800                     |
| Debt Service                                                                  | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                                  | <i>\$ 18,975,195</i>        | <i>\$ 17,234,004</i>        | <i>\$ 17,234,004</i>        | <i>\$ 17,280,860</i>        | <i>\$ 17,280,860</i>        |
| Aid to Local Units                                                            | 0                           | 1,000                       | 1,000                       | 1,000                       | 1,000                       |
| Other Assistance                                                              | 43,795,631                  | 41,993,511                  | 41,993,511                  | 40,834,568                  | 41,834,568                  |
| <b>TOTAL</b>                                                                  | <b><u>\$ 62,770,826</u></b> | <b><u>\$ 59,228,515</u></b> | <b><u>\$ 59,228,515</u></b> | <b><u>\$ 58,116,428</u></b> | <b><u>\$ 59,116,428</u></b> |
| <b>Financing:</b>                                                             |                             |                             |                             |                             |                             |
| State General Fund                                                            | \$ 1,123,537                | \$ 76,463                   | \$ 76,463                   | \$ 0                        | \$ 0                        |
| All Other Funds                                                               | 61,647,289                  | 59,152,052                  | 59,152,052                  | 58,116,428                  | 59,116,428                  |
| <b>TOTAL</b>                                                                  | <b><u>\$ 62,770,826</u></b> | <b><u>\$ 59,228,515</u></b> | <b><u>\$ 59,228,515</u></b> | <b><u>\$ 58,116,428</u></b> | <b><u>\$ 59,116,428</u></b> |
| FTE Positions                                                                 | 196.6                       | 197.1                       | 197.1                       | 197.1                       | 197.1                       |

The **agency** requests revised FY 2018 expenditures of \$59.2 million, including \$436,871 from the Economic Development Initiatives Fund (EDIF). The estimate is an all funds decrease of \$271,029, or 0.5 percent, and an EDIF decrease of \$1.2 million, or 77.2 percent, below the approved amount after adjustments. The decrease is mostly attributable to a decrease in other assistance payments.

The **Governor** recommends FY 2018 expenditures of \$59.2 million, including \$436,871 from the EDIF, which is the same as the agency request. The estimate is an all funds decrease of \$271,029, or 0.5 percent, and an EDIF decrease of \$1.2 million, or 77.2 percent, below the approved amount. The decrease is mostly attributable to a decrease in other assistance payments.

The **agency** requests revised FY 2019 expenditures of \$58.1 million, including \$398,394 million from the EDIF. The estimate is an all funds decrease of \$884,649, or 1.5 percent, and an EDIF decrease of \$1.2 million, or 75.1 percent, below the approved amount after adjustments. The decreases are attributable to a decrease in other assistance payments, offset partially by an increase in federal employment services funding.

The **Governor** recommends FY 2019 expenditures of \$59.1 million, including \$1.4 million from the EDIF. The estimate is an all funds increase of \$115,351, or 0.2 percent, and an EDIF decrease of \$201,053, or 0.1 percent, from the approved amount and an increase of \$1.0 million, or 251.0 percent, all from the EDIF, above the agency request. The recommendation designates \$1.0 million, all from the EDIF, to increase the number of registered apprenticeships across the state. The agency indicates this funding will support approximately 500 additional apprentices. The agency anticipates that participation in the program will result in better skills and higher wages.

## CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS                      |                        |                      |                        |                      |
|-------------------------------------------|------------------------|----------------------|------------------------|----------------------|
| Project                                   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Rehab and Repair:</b>                  | \$                     | \$                   | \$                     | \$                   |
| Parking Lot Rehab–<br>TOPWFC              | 100,000                | 100,000              | 0                      | 0                    |
| Improvement Project<br>Elevator #1–TOPWFC | 0                      | 0                    | 100,000                | 100,000              |
| <b>Debt Service Principal:</b>            |                        |                      |                        |                      |
| Topeka Workforce                          | 110,000                | 110,000              | 115,000                | 115,000              |
| <b>TOTAL</b>                              | <b>\$ 210,000</b>      | <b>\$ 210,000</b>    | <b>\$ 215,000</b>      | <b>\$ 215,000</b>    |
| <b>Financing:</b>                         |                        |                      |                        |                      |
| State General Fund                        | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                           | 210,000                | 210,000              | 215,000                | 215,000              |
| <b>TOTAL</b>                              | <b>\$ 210,000</b>      | <b>\$ 210,000</b>    | <b>\$ 215,000</b>      | <b>\$ 215,000</b>    |

**FY 2018 – Current Year.** The **agency** requests capital improvement expenditures of \$210,000, all from special revenue funds, in FY 2018, which is the same as the approved amount. The agency requests funding for the following projects:

- **Rehabilitation and Repair.** The agency requests \$100,000 for repairs and rehabilitation for the Topeka Workforce Center parking lot project; and
- **Debt Service Principal.** The agency requests \$110,000 for debt service principal payments for the Topeka Workforce Center.

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

**FY 2019 – Budget Year.** The **agency** requests capital improvement expenditures of \$215,000, all from special revenue funds, for FY 2019, which is the same as the approved amount. The agency requests funding for the following projects:

- **Rehabilitation and Repair.** The agency requests \$100,000 for repairs and rehabilitation for the Topeka Workforce Center improvement project for Elevator #1; and
- **Debt Service Principal.** The agency requests \$115,000 for debt service principal payments for the Topeka Workforce Center.

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

| PERFORMANCE MEASURES                                                                               |                          |                   |                      |                      |
|----------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                            | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Athletic Commission events sanctioned                                                              | 71                       | 72                | 80                   | 85                   |
| Fighters, promoters, referees, judges, and doctors<br>certified                                    | 509                      | 591               | 575                  | 600                  |
| Jobs created or retained through business recruitment<br>efforts                                   | 10,000                   | 7,444             | 10,000               | 10,000               |
| Capital investments resulting through Business and<br>Community Development programs (in millions) | \$1,000.0                | \$787.0           | \$1,000.0            | \$1,000.0            |
| Jobs created or retained through retention and<br>expansion efforts                                | 5,351                    | 4,983             | 5,500                | 4,700                |
| Capital investments resulting through retention and<br>expansion efforts (in millions)             | \$180.0                  | \$312.0           | \$250.0              | \$250.0              |
| ROZ applications                                                                                   | 625                      | 616               | 626                  | 626                  |
| ROZ student loan payments - state portion                                                          | \$760,000                | \$843,000         | \$800,000            | \$800,000            |
| Funded CDBG applications                                                                           | 30                       | 25                | 40                   | 40                   |
| Total persons benefiting from CDBG funds                                                           | 50,000                   | 31,202            | 50,000               | 50,000               |
| Total housing units rehabbed from CDBG funds                                                       | 33                       | 13                | 40                   | 40                   |
| PEAK applications approved                                                                         | 45                       | 47                | 55                   | 55                   |
| Jobs created or retained through Workforce Services                                                | 18,595                   | 22,040            | 26,228               | 31,211               |
| Individuals trained through Workforce Services                                                     | 43,050                   | 41,023            | 52,509               | 67,212               |
| Kansans served with job search counseling, resume<br>writing, etc.                                 | 93,647                   | 92,944            | 103,168              | 114,516              |

# KANSAS LOTTERY

| Expenditure             | Actual<br>FY 2017            | Agency Est.<br>FY 2018       | Gov. Rec.<br>FY 2018         | Agency Est.<br>FY 2019       | Gov. Rec.<br>FY 2019         |
|-------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Operating Expenditures: |                              |                              |                              |                              |                              |
| State General Fund      | \$ 0                         | \$ 0                         | \$ 0                         | \$ 0                         | \$ 0                         |
| Other Funds             | 339,826,175                  | 365,652,026                  | 364,773,992                  | 369,713,176                  | 368,705,553                  |
| <i>Subtotal</i>         | <u>\$ 339,826,175</u>        | <u>\$ 365,652,026</u>        | <u>\$ 364,773,992</u>        | <u>\$ 369,713,176</u>        | <u>\$ 368,705,553</u>        |
| Capital Improvements:   |                              |                              |                              |                              |                              |
| State General Fund      | \$ 0                         | \$ 0                         | \$ 0                         | \$ 0                         | \$ 0                         |
| Other Funds             | 0                            | 0                            | 0                            | 0                            | 0                            |
| <i>Subtotal</i>         | <u>\$ 0</u>                  | <u>\$ 0</u>                  | <u>\$ 0</u>                  | <u>\$ 0</u>                  | <u>\$ 0</u>                  |
| <b>TOTAL</b>            | <b><u>\$ 339,826,175</u></b> | <b><u>\$ 365,652,026</u></b> | <b><u>\$ 364,773,992</u></b> | <b><u>\$ 369,713,176</u></b> | <b><u>\$ 368,705,553</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |       |      |      |      |      |
|--------------------|-------|------|------|------|------|
| State General Fund | -- %  | -- % | -- % | -- % | -- % |
| All Funds          | (0.7) | 7.6  | 7.3  | 1.1  | 1.1  |

|               |       |       |      |       |      |
|---------------|-------|-------|------|-------|------|
| FTE Positions | 104.0 | 105.0 | 95.0 | 105.0 | 95.0 |
|---------------|-------|-------|------|-------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

Article 15, Section 3c of the *Kansas Constitution* authorizes a State-owned and -operated lottery. The Legislature provided for the Kansas Lottery by statutory enactment, which included a sunset date. The 2007 Legislature extended agency operations until July 1, 2022, at which time it will be abolished unless continued by an act of the Legislature. KSA 74-8710(a) allows, by rule and regulation, the establishment of the types of lottery games to be conducted, including, but not limited to, instant lottery, online, and traditional games. The Kansas Lottery has established multiple types of traditional games including instant tickets, Powerball, Mega Millions, Kansas Cash, 2 by 2, Keno, Hot Lotto, Kansas Hold'Em, and Pick 3. The agency continues to engage in partnerships including the Kansas City Chiefs, Sporting Kansas City, Kansas City Royals, Kansas Speedway, and the Kansas State Fair for special instant games and second chance prize drawings.

The 2007 Legislature repealed a provision prohibiting games on video lottery machines and established the Expanded Lottery Act to provide for gaming at racetracks and casinos in limited jurisdictions where approved by local voters. The new law allows the Kansas Lottery to own and operate electronic gaming machines at designated locations. The Kansas Racing and Gaming Commission is given authority to regulate the gaming activities at racetracks and casinos.

The agency has seven budget programs that support its operations. These programs are Administration, Information Technology, Sales, Security, Cost of Sales, Expanded Lottery Act, and Marketing. All are detailed in the final pages of this budget analysis.

## MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** continued the operation of the Kansas Lottery until July 1, 2022, and passed SB 66, which authorized expanded lottery activities at racetracks and casinos in certain areas after local voter approval.

The **2008 Legislature** passed HB 2923, which expanded the veterans benefit games from six months to year round to generate additional revenue. The Legislature directed funding from the net profits of the games to benefit the Museum of the Kansas National Guard for the expansion of its facility to include a 35th Infantry Division Museum through FY 2010. In FY 2011, net profits transferred to the Museum were then redirected to the Veterans Enhanced Service Delivery program.

The **2010 Legislature** increased the agency's salaries and wages shrinkage rate from 2.0 percent to 5.0 percent and deleted \$162,500 from the agency operating budget in FY 2009 and FY 2010.

The **2013 Legislature** increased the statutory transfer from the State Gaming Revenues Fund by 4.0 percent, or \$2.4 million, for a transfer of \$75.7 million for FY 2014.

The **2014 Legislature** passed HB 2272, which reduced the privilege fee in the Southeast Gaming Zone from \$50.0 million to \$5.5 million. The bill also reduced investment fees in the Zone from \$225.0 million to \$50.0 million. The Legislature also deleted 5.0 FTE positions for FY 2015.

The **2015 Legislature** passed HB 2155, which amended the Kansas Lottery Act to allow the Kansas Lottery to advertise at amateur athletic and sporting events where the majority of participants are over the age of 18, to be a retailer and sell Lottery products, and prevent anyone under the age of 18 from being able to redeem a winning lottery ticket.

The **2015 Legislature** also included proviso language in SB 112 to transfer the unencumbered balance of the Expanded Lottery Act Revenues Fund to the State General Fund for FY 2016 and FY 2017.

The **2015 Legislature** increased the Kansas Lottery's transfer to the State Gaming Revenues Fund by \$1.0 million for FY 2016.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$365.7 million, all from special revenue funds, in FY 2018 operating expenditures. The revised estimate is a decrease of \$11.5 million, or 3.1 percent, below the amount approved by the 2017 Legislature. Of the decrease, \$6.3 million is attributable to reduced contractual services, specifically payments to gaming facility managers, and reduced aid to local units of government from expanded gaming revenue that pass through the Lottery operating budget. This is a result of reduced estimates for expanded gaming revenue. The revised estimate includes a decrease of



\$6.1 million in cost of sales expenditures, specifically lower-than-approved prize payouts, below the approved amount. These decreases are partially offset by increased salary and wage expenditures. The agency's FY 2018 budget is composed of roughly 95.8 percent of pass-through revenue distributed from expanded gaming and traditional gaming receipts.

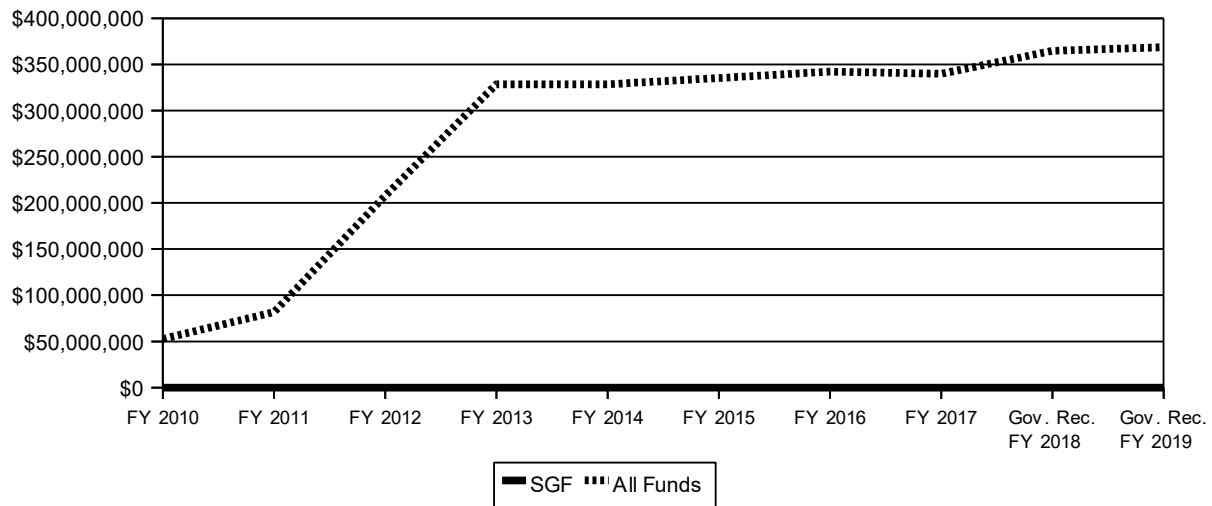
The **Governor** recommends expenditures of \$364.8 million, all from special revenue funds, in FY 2018. This is a decrease of \$878,034, or 0.2 percent, and 10.0 FTE positions below the FY 2018 agency request. The recommendation eliminates funding and FTE for positions that are currently vacant.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$369.7 million, all from special revenue funds, for FY 2019 operating expenditures. The revised estimate is a decrease of \$9.8 million, or 2.6 percent, below the amount approved by the 2017 Legislature. Of the decrease, \$5.4 million is attributable to reduced payments to gaming facility managers and local units of government that pass through the Lottery operating budget. This is a result of reduced estimates for expanded gaming revenue. The revised estimate includes a decrease of \$5.5 million in cost of sales expenditures, specifically lower-than-approved prize payouts, below the approved amount. These decreases are partially offset by increased salary and wage expenditures.

The **Governor** recommends expenditures of \$368.7 million, all from special revenue funds, for FY 2019. This is a decrease of \$1.0 million, or 0.3 percent, and 10.0 FTE positions below the FY 2019 agency request. The recommendation eliminates funding and FTE for positions that are currently vacant.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds      | % Change | FTE   |
|---------------------------------|------|----------|----------------|----------|-------|
| 2010                            | \$ 0 | -- %     | \$ 52,668,171  | 12.3 %   | 89.0  |
| 2011                            | 0    | --       | 81,650,571     | 55.0     | 99.0  |
| 2012                            | 0    | --       | 207,662,071    | 154.3    | 96.0  |
| 2013                            | 0    | --       | 328,536,485    | 58.2     | 90.0  |
| 2014                            | 0    | --       | 328,454,686    | (0.0)    | 90.0  |
| 2015                            | 0    | --       | 335,251,277    | 2.1      | 74.9  |
| 2016                            | 0    | --       | 342,237,089    | 2.1      | 76.0  |
| 2017                            | 0    | --       | 339,826,175    | (0.7)    | 104.0 |
| 2018 Gov. Rec.                  | 0    | --       | 364,773,992    | 7.3      | 95.0  |
| 2019 Gov. Rec.                  | 0    | --       | 368,705,553    | 1.1      | 95.0  |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 316,037,382 | 600.1 %  | 6.0   |

**Summary of Operating Budget FY 2017 - FY 2019**

Kansas Lottery

|                                        |           | Agency Estimate    |                       |                       |                                |                                 | Governor's Recommendation |                       |                                |                                 |
|----------------------------------------|-----------|--------------------|-----------------------|-----------------------|--------------------------------|---------------------------------|---------------------------|-----------------------|--------------------------------|---------------------------------|
|                                        |           | Actual<br>FY 2017  | Estimate<br>FY 2018   | Estimate<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019       | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |           |                    |                       |                       |                                |                                 |                           |                       |                                |                                 |
| Administration                         | \$        | 3,244,745          | \$ 4,820,137          | \$ 4,933,050          | \$ 112,913                     | 2.3 %                           | \$ 3,942,103              | \$ 3,925,427          | \$ (16,676)                    | (0.4)%                          |
| Information Technology                 |           | 1,428,485          | 1,436,196             | 1,441,830             | 5,634                          | 0.4                             | 1,436,196                 | 1,441,830             | 5,634                          | 0.4                             |
| Sales                                  |           | 1,829,993          | 2,086,901             | 2,178,705             | 91,804                         | 4.4                             | 2,086,901                 | 2,178,705             | 91,804                         | 4.4                             |
| Security                               |           | 495,680            | 620,161               | 615,026               | (5,135)                        | (0.8)                           | 620,161                   | 615,026               | (5,135)                        | (0.8)                           |
| Cost of Sales                          |           | 43,464,592         | 47,237,640            | 49,780,000            | 2,542,360                      | 5.4                             | 47,237,640                | 49,780,000            | 2,542,360                      | 5.4                             |
| Expanded Lottery Act                   |           | 284,049,686        | 303,090,906           | 304,141,339           | 1,050,433                      | 0.3                             | 303,090,906               | 304,141,339           | 1,050,433                      | 0.3                             |
| Marketing                              |           | 5,312,994          | 6,360,085             | 6,623,226             | 263,141                        | 4.1                             | 6,360,085                 | 6,623,226             | 263,141                        | 4.1                             |
| <b>TOTAL</b>                           | <b>\$</b> | <b>339,826,175</b> | <b>\$ 365,652,026</b> | <b>\$ 369,713,176</b> | <b>\$ 4,061,150</b>            | <b>1.1 %</b>                    | <b>\$ 364,773,992</b>     | <b>\$ 368,705,553</b> | <b>\$ 3,931,561</b>            | <b>1.1 %</b>                    |
| <b>By Major Object of Expenditure:</b> |           |                    |                       |                       |                                |                                 |                           |                       |                                |                                 |
| Salaries and Wages                     | \$        | 6,199,304          | \$ 8,153,014          | \$ 8,465,674          | \$ 312,660                     | 3.8 %                           | \$ 7,274,980              | \$ 7,458,051          | \$ 183,071                     | 2.5 %                           |
| Contractual Services                   |           | 288,338,564        | 310,344,197           | 313,084,802           | 2,740,605                      | 0.9                             | 310,344,197               | 313,084,802           | 2,740,605                      | 0.9                             |
| Commodities                            |           | 508,550            | 604,400               | 626,800               | 22,400                         | 3.7                             | 604,400                   | 626,800               | 22,400                         | 3.7                             |
| Capital Outlay                         |           | 501,522            | 559,775               | 446,900               | (112,875)                      | (20.2)                          | 559,775                   | 446,900               | (112,875)                      | (20.2)                          |
| Debt Service                           |           | 0                  | 0                     | 0                     | 0                              | --                              | 0                         | 0                     | 0                              | --                              |
| Subtotal-Operations                    | \$        | 295,547,940        | \$ 319,661,386        | \$ 322,624,176        | \$ 2,962,790                   | 0.9 %                           | \$ 318,783,352            | \$ 321,616,553        | \$ 2,833,201                   | 0.9 %                           |
| Aid to Local Units                     |           | 11,049,560         | 11,793,000            | 11,829,000            | 36,000                         | 0.3                             | 11,793,000                | 11,829,000            | 36,000                         | 0.3                             |
| Other Assistance                       |           | 33,228,675         | 34,197,640            | 35,260,000            | 1,062,360                      | 3.1                             | 34,197,640                | 35,260,000            | 1,062,360                      | 3.1                             |
| <b>TOTAL</b>                           | <b>\$</b> | <b>339,826,175</b> | <b>\$ 365,652,026</b> | <b>\$ 369,713,176</b> | <b>\$ 4,061,150</b>            | <b>1.1 %</b>                    | <b>\$ 364,773,992</b>     | <b>\$ 368,705,553</b> | <b>\$ 3,931,561</b>            | <b>1.1 %</b>                    |
| <b>Financing:</b>                      |           |                    |                       |                       |                                |                                 |                           |                       |                                |                                 |
| State General Fund                     | \$        | 0                  | \$ 0                  | \$ 0                  | \$ 0                           | -- %                            | \$ 0                      | \$ 0                  | \$ 0                           | -- %                            |
| Lottery Operating Fund                 |           | 26,505,745         | 32,698,386            | 34,785,176            | 2,086,790                      | 6.4                             | 31,820,352                | 33,777,553            | 1,957,201                      | 6.2                             |
| Expanded Lottery Act<br>Receipts Fund  |           | 280,390,403        | 298,756,000           | 299,668,000           | 912,000                        | 0.3                             | 298,756,000               | 299,668,000           | 912,000                        | 0.3                             |
| Lottery Prize Payment<br>Fund          |           | 32,930,027         | 34,197,640            | 35,260,000            | 1,062,360                      | 3.1                             | 34,197,640                | 35,260,000            | 1,062,360                      | 3.1                             |
| <b>TOTAL</b>                           | <b>\$</b> | <b>339,826,175</b> | <b>\$ 365,652,026</b> | <b>\$ 369,713,176</b> | <b>\$ 4,061,150</b>            | <b>1.1 %</b>                    | <b>\$ 364,773,992</b>     | <b>\$ 368,705,553</b> | <b>\$ 3,931,561</b>            | <b>1.1 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 377,188,648                        | 365,652,026                   | (11,536,622)                      | 364,773,992                 | (12,414,656)                        |
| <b>TOTAL</b>                | <b>\$ 377,188,648</b>              | <b>\$ 365,652,026</b>         | <b>\$ (11,536,622)</b>            | <b>\$ 364,773,992</b>       | <b>\$ (12,414,656)</b>              |
| FTE Positions               | 105.0                              | 105.0                         | (0.0)                             | 95.0                        | (10.0)                              |

The **agency** requests a revised estimate of \$365.7 million, all from special revenue funds, in FY 2018 operating expenditures. The revised estimate is a decrease of \$11.5 million, or 3.1 percent, below the amount approved by the 2017 Legislature. Of the decrease, \$6.3 million is attributable to reduced contractual services, specifically payments to gaming facility managers, and reduced aid to local units of government from expanded gaming revenue that pass through the Lottery operating budget. This is a result of reduced estimates for expanded gaming revenue. The revised estimate includes a decrease of \$6.1 million in cost of sales expenditures, specifically lower-than-approved prize payouts, below the approved amount. These decreases are partially offset by increased salary and wage expenditures. The agency's FY 2018 budget is composed of roughly 95.8 percent of pass-through revenue distributed from expanded gaming and traditional gaming receipts. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$8.2 million, all from special revenue funds, for salaries and wages. The request is an increase of \$878,034, or 12.1 percent, above the approved amount. The increase is attributable to reduced shrinkage, specifically in the administration program, as the agency is budgeting for positions to be filled for the entire fiscal year;
- **Contractual Services.** The agency requests expenditures of \$310.3 million, all from special revenue funds, for contractual services. The request is a decrease of \$6.1 million, or 1.9 percent, below the approved amount. The decrease is attributable to payments to gaming facility managers as a result of reduced estimates for expanded gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group;
- **Commodities.** The agency requests expenditures of \$604,400, all from special revenue funds, for commodities. The request is the same as the approved amount;

- **Capital Outlay.** The agency requests expenditures of \$559,775, all from special revenue funds, for capital outlay. The request is the same as the approved amount;
- **Aid to Local Units of Government .** The agency requests expenditures of \$11.8 million, all from special revenue funds, for aid to local units of government. The request is a decrease of \$249,000, or 2.1 percent, below the approved amount. The decrease is attributable to reduced aid to local units of government from expanded gaming revenue that pass through the Lottery operating budget. This is a result of reduced estimates for expanded gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group; and
- **Other Assistance.** The agency requests expenditures of \$34.2 million, all from special revenue funds, for other assistance. The request is a decrease of \$6.1 million, or 15.2 percent, below the approved amount. The decrease is attributable to reduced cost of sales expenditures, specifically lower-than-approved prize payouts. This is a result of reduced estimates for traditional gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group.

The **Governor** recommends expenditures of \$364.8 million, all from special revenue funds, in FY 2018. This is a decrease of \$878,034, or 0.2 percent, and 10.0 FTE positions below the FY 2018 agency request. The recommendation eliminates funding and FTE for positions that are currently vacant.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 379,558,022                        | 369,713,176                   | (9,844,846)                       | 368,705,553                 | (10,852,469)                        |
| <b>TOTAL</b>                | <b>\$ 379,558,022</b>              | <b>\$ 369,713,176</b>         | <b>\$ (9,844,846)</b>             | <b>\$ 368,705,553</b>       | <b>\$ (10,852,469)</b>              |
| FTE Positions               | 105.0                              | 105.0                         | 0.0                               | 95.0                        | (10.0)                              |

The **agency** requests a revised estimate of \$369.7 million, all from special revenue funds, for FY 2019 operating expenditures. The revised estimate is a decrease of \$9.8 million, or 2.6 percent, below the amount approved by the 2017 Legislature. Of the decrease, \$5.4 million is attributable to reduced payments to gaming facility managers and local units of government that pass through the Lottery operating budget. This is a result of reduced estimates for expanded gaming revenue. The revised estimate includes a decrease of \$5.5 million in cost of sales expenditures, specifically lower-than-approved prize payouts, below the approved amount. These decreases are partially offset by increased salary and wage expenditures. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$8.5 million, all from special revenue funds, for salaries and wage. The request is an increase of \$1.0 million, or 13.5 percent, above the approved amount. The increase is attributable to reduced shrinkage, specifically in the administration program, as the agency is budgeting for positions to be filled for the entire fiscal year;
- **Contractual Services.** The agency requests expenditures of \$313.1 million, all from special revenue funds, for contractual services. The request is a decrease of \$5.2 million, or 1.6 percent, below the approved amount. The decrease is attributable to payments to gaming facility managers as a result of reduced estimates for expanded gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group;
- **Commodities.** The agency requests expenditures of \$626,800, all from special revenue funds, for commodities. The request is the same as the approved amount;
- **Capital Outlay.** The agency requests expenditures of \$446,900, all from special revenue funds, for capital outlay. The request is the same as the approved amount;

- **Aid to Local Units of Government.** The agency requests expenditures of \$11.8 million, all from special revenue funds, for aid to local units of government. The request is a decrease of \$213,000, or 1.8 percent, below the approved amount. The decrease is attributable to reduced aid to local units of government from expanded gaming revenue that pass through the Lottery operating budget. This is a result of reduced estimates for expanded gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group;
- **Other Assistance.** The agency requests expenditures of \$35.3 million, all from special revenue funds, for other assistance. The request is a decrease of \$5.5 million, or 13.4 percent, below the approved amount. The decrease is attributable to reduced cost of sales expenditures, specifically lower-than-approved prize payouts. This is a result of reduced estimates for traditional gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group.

The **Governor** recommends expenditures of \$368.7 million, all from special revenue funds, for FY 2019. This is a decrease of \$1.0 million, or 0.3 percent, and 10.0 FTE positions below the FY 2019 agency request. The recommendation eliminates funding and FTE for positions that are currently vacant.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$3,680, all from special revenue funds, and FY 2019 longevity payments total \$3,720, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source                        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                    | 0.0 %                                      | 0.0 %                                    |
| Lottery Operating Fund                | 9.4                                        | 9.4                                      |
| Expanded Lottery Act<br>Receipts Fund | 81.1                                       | 81.1                                     |
| Lottery Prize Payment Fund            | 9.5                                        | 9.5                                      |
| <b>TOTAL</b>                          | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

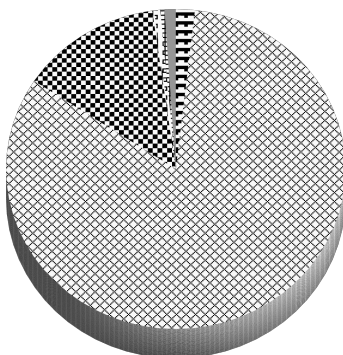
**Note:** Details may not add to totals due to rounding.

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation

All Funds



|                |                        |           |          |
|----------------|------------------------|-----------|----------|
| Administration | Information Technology | Sales     | Security |
| Cost of Sales  | Expanded Lottery Act   | Marketing |          |

| Program                | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration         | \$ 3,925,427                      | 1.1 %               | \$ 0                        | -- %                |
| Information Technology | 1,441,830                         | 0.4                 | 0                           | --                  |
| Sales                  | 2,178,705                         | 0.6                 | 0                           | --                  |
| Security               | 615,026                           | 0.2                 | 0                           | --                  |
| Cost of Sales          | 49,780,000                        | 13.5                | 0                           | --                  |
| Expanded Lottery Act   | 304,141,339                       | 82.5                | 0                           | --                  |
| Marketing              | 6,623,226                         | 1.8                 | 0                           | --                  |
| <b>TOTAL</b>           | <b>\$ 368,705,553</b>             | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Administration                                    | 41.3              | 42.7                   | 32.8                 | 42.7                   | 32.8                 |
| Information Technology                            | 7.8               | 6.8                    | 6.8                  | 6.8                    | 6.8                  |
| Sales                                             | 24.0              | 23.0                   | 23.0                 | 23.0                   | 23.0                 |
| Security                                          | 6.5               | 6.5                    | 6.5                  | 6.5                    | 6.5                  |
| Cost of Sales                                     | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Expanded Lottery Act                              | 16.8              | 17.3                   | 17.3                 | 17.3                   | 17.3                 |
| Marketing                                         | 7.8               | 8.8                    | 8.8                  | 8.8                    | 8.8                  |
| <b>TOTAL</b>                                      | <b>104.0</b>      | <b>105.0</b>           | <b>95.0</b>          | <b>105.0</b>           | <b>95.0</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## **A. Administration**

The Administration program is responsible for human resources, procurement, facility and vehicles, and policy information and distribution that supports the Lottery. The program also ensures Lottery personnel are knowledgeable of the newest and most effective products, technologies, security operations, marketing, advertising strategies, and legal issues within the gaming and lottery industry. Additionally, the program provides service, information, and ticket shipments to current retailers.

| <b>ADMINISTRATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|---------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                |                     |                        |                      |                        |                      |
| Salaries and Wages                                                  | \$ 1,924,017        | \$ 3,146,087           | \$ 2,268,053         | \$ 3,253,600           | \$ 2,245,977         |
| Contractual Services                                                | 1,270,530           | 1,553,450              | 1,553,450            | 1,597,900              | 1,597,900            |
| Commodities                                                         | 26,990              | 50,800                 | 50,800               | 51,550                 | 51,550               |
| Capital Outlay                                                      | 21,640              | 69,800                 | 69,800               | 30,000                 | 30,000               |
| Debt Service                                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                        | <i>\$ 3,243,177</i> | <i>\$ 4,820,137</i>    | <i>\$ 3,942,103</i>  | <i>\$ 4,933,050</i>    | <i>\$ 3,925,427</i>  |
| Aid to Local Units                                                  | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                    | 1,568               | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                        | <b>\$ 3,244,745</b> | <b>\$ 4,820,137</b>    | <b>\$ 3,942,103</b>  | <b>\$ 4,933,050</b>    | <b>\$ 3,925,427</b>  |
| <b>Financing:</b>                                                   |                     |                        |                      |                        |                      |
| State General Fund                                                  | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                     | 3,244,745           | 4,820,137              | 3,942,103            | 4,933,050              | 3,925,427            |
| <b>TOTAL</b>                                                        | <b>\$ 3,244,745</b> | <b>\$ 4,820,137</b>    | <b>\$ 3,942,103</b>  | <b>\$ 4,933,050</b>    | <b>\$ 3,925,427</b>  |
| FTE Positions                                                       | 41.3                | 42.7                   | 32.8                 | 42.7                   | 32.8                 |

The **agency** requests operating expenditures of \$4.8 million, all from special revenue funds, for Administration in FY 2018. The request is an increase of \$848,767, or 21.4 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures. The agency requests 42.7 FTE positions, which is an increase of 1.5 FTE positions above the approved number.

The **Governor** recommends operating expenditures of \$3.9 million, all from special revenue funds, for Administration in FY 2018. The recommendation is a decrease of \$878,034, or 18.2 percent, and an FTE decrease of 10.0 positions. The decrease is attributable to the Governor recommending the agency not fund or fill currently vacant positions.

The **agency** requests operating expenditures of \$4.9 million, all from special revenue funds, for Administration for FY 2019. The request is an increase of \$832,137, or 20.3 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures. The agency requests 42.7 FTE positions, which is an increase of 1.5 FTE positions above the approved number. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$3.3 million, all from special revenue funds, for salaries and wages for FY 2019. The request is an increase of \$832,137, or 34.4 percent, above the approved amount. The increase is attributable to reduced shrinkage as the agency is budgeting for positions to be filled for the entire fiscal year.

The **Governor** recommends operating expenditures of \$3.9 million, all from special revenue funds, for Administration for FY 2019. The recommendation is a decrease of \$1.0 million, or 20.4 percent, and an FTE decrease of 10.0 positions. The decrease is attributable to the Governor recommending the agency not fund or fill currently vacant positions.

## ***B. Information Technology***

The Information Technology program provides technological infrastructure in support of all Lottery computer operations to ensure retailer and player satisfaction.

| <b>INFORMATION TECHNOLOGY<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|-----------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                        | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                        |                     |                        |                      |                        |                      |
| Salaries and Wages                                                          | \$ 529,323          | \$ 555,200             | \$ 555,200           | \$ 573,530             | \$ 573,530           |
| Contractual Services                                                        | 520,406             | 622,621                | 622,621              | 585,800                | 585,800              |
| Commodities                                                                 | 24,015              | 31,500                 | 31,500               | 36,500                 | 36,500               |
| Capital Outlay                                                              | 354,741             | 226,875                | 226,875              | 246,000                | 246,000              |
| Debt Service                                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                | <i>\$ 1,428,485</i> | <i>\$ 1,436,196</i>    | <i>\$ 1,436,196</i>  | <i>\$ 1,441,830</i>    | <i>\$ 1,441,830</i>  |
| Aid to Local Units                                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                | <b>\$ 1,428,485</b> | <b>\$ 1,436,196</b>    | <b>\$ 1,436,196</b>  | <b>\$ 1,441,830</b>    | <b>\$ 1,441,830</b>  |
| <b>Financing:</b>                                                           |                     |                        |                      |                        |                      |
| State General Fund                                                          | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                             | 1,428,485           | 1,436,196              | 1,436,196            | 1,441,830              | 1,441,830            |
| <b>TOTAL</b>                                                                | <b>\$ 1,428,485</b> | <b>\$ 1,436,196</b>    | <b>\$ 1,436,196</b>  | <b>\$ 1,441,830</b>    | <b>\$ 1,441,830</b>  |
| FTE Positions                                                               | 7.8                 | 6.8                    | 6.8                  | 6.8                    | 6.8                  |

The **agency** requests operating expenditures of \$1.4 million, all from special revenue funds, for Information Technology in FY 2018. The request is a decrease of \$78,482, or 5.2 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to decreased salary and wage expenditures. The agency requests 6.8 FTE positions, which is a decrease of 1.0 FTE position below the approved number.

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

The **agency** requests operating expenditures of \$1.4 million, all from special revenue funds, for Information Technology for FY 2019. The request is a decrease of \$81,534, or 5.4 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to decreased salary and wage expenditures. The agency requests 6.8 FTE positions, which is a decrease of 1.0 FTE position below the approved number. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$573,530, all from special revenue funds, for salaries and wages for FY 2019. The request is a decrease of \$81,534, or 12.4 percent, below the approved amount. The decrease is attributable to a shift in wages from this program to the administration program.

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

### **C. Sales**

The Sales program works to increase sales of all Lottery products through the training of sales staff on Lottery products, retailer recruitment and training, promoting player awareness of available Lottery products, and increasing corporate account involvement in Lottery advertising and promotions.

| <p style="text-align: center;"><b>SALES</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                     |                        |                      |                        |                      |
|-------------------------------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                                  | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                                  |                     |                        |                      |                        |                      |
| Salaries and Wages                                                                                    | \$ 1,450,028        | \$ 1,614,601           | \$ 1,614,601         | \$ 1,684,205           | \$ 1,684,205         |
| Contractual Services                                                                                  | 90,279              | 112,000                | 112,000              | 123,500                | 123,500              |
| Commodities                                                                                           | 195,686             | 242,800                | 242,800              | 250,000                | 250,000              |
| Capital Outlay                                                                                        | 94,000              | 117,500                | 117,500              | 121,000                | 121,000              |
| Debt Service                                                                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                                          | <i>\$ 1,829,993</i> | <i>\$ 2,086,901</i>    | <i>\$ 2,086,901</i>  | <i>\$ 2,178,705</i>    | <i>\$ 2,178,705</i>  |
| Aid to Local Units                                                                                    | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                                      | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                                          | <b>\$ 1,829,993</b> | <b>\$ 2,086,901</b>    | <b>\$ 2,086,901</b>  | <b>\$ 2,178,705</b>    | <b>\$ 2,178,705</b>  |
| <b>Financing:</b>                                                                                     |                     |                        |                      |                        |                      |
| State General Fund                                                                                    | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                                       | 1,829,993           | 2,086,901              | 2,086,901            | 2,178,705              | 2,178,705            |
| <b>TOTAL</b>                                                                                          | <b>\$ 1,829,993</b> | <b>\$ 2,086,901</b>    | <b>\$ 2,086,901</b>  | <b>\$ 2,178,705</b>    | <b>\$ 2,178,705</b>  |
| FTE Positions                                                                                         | 24.0                | 23.0                   | 23.0                 | 23.0                   | 23.0                 |

The **agency** requests operating expenditures of \$2.1 million, all from special revenue funds, for Sales in FY 2018. The request is a decrease of \$23,354, or 1.1 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced salary and wage expenditures. The agency requests 23.0 FTE positions, which is a decrease of 1.0 FTE positions below the approved number.

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

The **agency** requests operating expenditures of \$2.2 million, all from special revenue funds, for Sales for FY 2019. The request is an increase of \$27,145, or 1.3 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures. The agency requests 23.0 FTE positions, which is a decrease of 1.0 FTE positions below the approved number. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$1.7 million, all from special revenue funds, for salaries and wages for FY 2019. The request is a decrease of \$27,145, or 1.6 percent, above the approved amount. The increase is attributable to a shift in wages from this program to the administration program.

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

#### **D. Security**

The Security program provides security to Lottery personnel and property, investigates and prosecutes criminal violations related to the Lottery, and preserves the integrity of the Lottery and all of its activities. To accomplish these goals, the program ensures that all Enforcement Agents receive training and remain knowledgeable of changing techniques,

procedures, and statutes; conducts background investigation on all vendors and retailers; and visits Lottery retail locations to advise and inform retailers of proper security and product inventory practices.

| <b>SECURITY</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                |                   |                        |                      |                        |                      |
| Salaries and Wages                                                  | \$ 449,330        | \$ 528,311             | \$ 528,311           | \$ 549,976             | \$ 549,976           |
| Contractual Services                                                | 26,613            | 25,400                 | 25,400               | 25,800                 | 25,800               |
| Commodities                                                         | 15,790            | 13,150                 | 13,150               | 14,250                 | 14,250               |
| Capital Outlay                                                      | 3,947             | 53,300                 | 53,300               | 25,000                 | 25,000               |
| Debt Service                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                        | <i>\$ 495,680</i> | <i>\$ 620,161</i>      | <i>\$ 620,161</i>    | <i>\$ 615,026</i>      | <i>\$ 615,026</i>    |
| Aid to Local Units                                                  | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                        | <b>\$ 495,680</b> | <b>\$ 620,161</b>      | <b>\$ 620,161</b>    | <b>\$ 615,026</b>      | <b>\$ 615,026</b>    |
| <b>Financing:</b>                                                   |                   |                        |                      |                        |                      |
| State General Fund                                                  | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                     | 495,680           | 620,161                | 620,161              | 615,026                | 615,026              |
| <b>TOTAL</b>                                                        | <b>\$ 495,680</b> | <b>\$ 620,161</b>      | <b>\$ 620,161</b>    | <b>\$ 615,026</b>      | <b>\$ 615,026</b>    |
| FTE Positions                                                       | 6.5               | 6.5                    | 6.5                  | 6.5                    | 6.5                  |

The **agency** requests operating expenditures of \$620,161, all from special revenue funds, for Security in FY 2018. The request is a decrease of \$14,156, or 2.2 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to decreased salary and wage expenditures.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests operating expenditures of \$615,026, all from special revenue funds, for Security for FY 2019. The request is a decrease of \$595, or 0.1 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to decreased salary and wage expenditures. Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$549,976, all from special revenue funds, for salaries and wages for FY 2019. The request is a decrease of \$595, or 0.1 percent, below the approved amount.

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

## **E. Cost of Sales**

The Cost of Sales program captures the contractual services and commodities expenditures necessary to operate a state lottery. Other assistance expenditures within this program are prize claims between \$600 and \$5,000 paid instantly at the Lottery Headquarters from the Lottery Prize Payment Fund. Other assistance expenditures also include the payment of prize claims over \$5,000 *via* state checks from the Lottery Prize Payment Fund.

Approximately 33.0 percent of player prizes are paid from this fund; the remaining prizes are paid by Lottery retailers.

| <b>COST OF SALES</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                             |                             |                             |                             |                             |
|--------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                     | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                     |                             |                             |                             |                             |                             |
| Salaries and Wages                                                       | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Contractual Services                                                     | 10,180,237                  | 12,975,000                  | 12,975,000                  | 14,450,000                  | 14,450,000                  |
| Commodities                                                              | 57,248                      | 65,000                      | 65,000                      | 70,000                      | 70,000                      |
| Capital Outlay                                                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Debt Service                                                             | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                             | <i>\$ 10,237,485</i>        | <i>\$ 13,040,000</i>        | <i>\$ 13,040,000</i>        | <i>\$ 14,520,000</i>        | <i>\$ 14,520,000</i>        |
| Aid to Local Units                                                       | 0                           | 0                           | 0                           | 0                           | 0                           |
| Other Assistance                                                         | 33,227,107                  | 34,197,640                  | 34,197,640                  | 35,260,000                  | 35,260,000                  |
| <b>TOTAL</b>                                                             | <b><u>\$ 43,464,592</u></b> | <b><u>\$ 47,237,640</u></b> | <b><u>\$ 47,237,640</u></b> | <b><u>\$ 49,780,000</u></b> | <b><u>\$ 49,780,000</u></b> |
| <b>Financing:</b>                                                        |                             |                             |                             |                             |                             |
| State General Fund                                                       | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| All Other Funds                                                          | 43,464,592                  | 47,237,640                  | 47,237,640                  | 49,780,000                  | 49,780,000                  |
| <b>TOTAL</b>                                                             | <b><u>\$ 43,464,592</u></b> | <b><u>\$ 47,237,640</u></b> | <b><u>\$ 47,237,640</u></b> | <b><u>\$ 49,780,000</u></b> | <b><u>\$ 49,780,000</u></b> |
| FTE Positions                                                            | 0.0                         | 0.0                         | 0.0                         | 0.0                         | 0.0                         |

The **agency** requests operating expenditures of \$47.2 million, all from special revenue funds, for Cost of Sales in FY 2018. The request is a decrease of \$6.1 million, or 11.4 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced other assistance, namely lottery prize claims paid. This is a result of reduced estimates for traditional gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests operating expenditures of \$49.8 million, all from special revenue funds, for Cost of Sales for FY 2019. The request is a decrease of \$5.5 million, or 9.9 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced other assistance, namely lottery prize claims paid. Major changes from the approved amounts include the following:

- **Other Assistance.** The agency requests \$35.3 million, all from special revenue funds, for other assistance for FY 2019. The request is a decrease of \$5.5 million, or 13.4 percent, below the approved amount. The decrease is attributable to reduced cost of sales expenditures, specifically lower-than-approved prize payouts. This is a result of reduced estimates for traditional gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group.

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



## F. Expanded Lottery Act

The 2007 Legislature passed SB 66, which authorized expanded gaming activities with the Kansas Lottery designated as the owner and operator of the expanded lottery games. The Expanded Lottery Act program ensures the integrity of electronic gaming devices, accurate reporting of net expanded gaming revenues, and compliance with management contracts as well as duties and responsibilities prescribed within the Kansas Expanded Lottery Act.

| EXPANDED LOTTERY ACT<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                       |                        |                       |                        |                       |
|-------------------------------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item                                                              | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
| <b>Expenditures:</b>                                              |                       |                        |                       |                        |                       |
| Salaries and Wages                                                | \$ 1,310,374          | \$ 1,531,380           | \$ 1,531,380          | \$ 1,597,887           | \$ 1,597,887          |
| Contractual Services                                              | 271,657,330           | 289,732,276            | 289,732,276           | 290,679,052            | 290,679,052           |
| Commodities                                                       | 5,228                 | 9,950                  | 9,950                 | 10,500                 | 10,500                |
| Capital Outlay                                                    | 27,194                | 24,300                 | 24,300                | 24,900                 | 24,900                |
| Debt Service                                                      | 0                     | 0                      | 0                     | 0                      | 0                     |
| Subtotal - Operations                                             | \$ 273,000,126        | \$ 291,297,906         | \$ 291,297,906        | \$ 292,312,339         | \$ 292,312,339        |
| Aid to Local Units                                                | 11,049,560            | 11,793,000             | 11,793,000            | 11,829,000             | 11,829,000            |
| Other Assistance                                                  | 0                     | 0                      | 0                     | 0                      | 0                     |
| <b>TOTAL</b>                                                      | <b>\$ 284,049,686</b> | <b>\$ 303,090,906</b>  | <b>\$ 303,090,906</b> | <b>\$ 304,141,339</b>  | <b>\$ 304,141,339</b> |
| <b>Financing:</b>                                                 |                       |                        |                       |                        |                       |
| State General Fund                                                | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  |
| All Other Funds                                                   | 284,049,686           | 303,090,906            | 303,090,906           | 304,141,339            | 304,141,339           |
| <b>TOTAL</b>                                                      | <b>\$ 284,049,686</b> | <b>\$ 303,090,906</b>  | <b>\$ 303,090,906</b> | <b>\$ 304,141,339</b>  | <b>\$ 304,141,339</b> |
| FTE Positions                                                     | 16.8                  | 17.3                   | 17.3                  | 17.3                   | 17.3                  |

The **agency** requests operating expenditures of \$303.1 million, all from special revenue funds, for the Expanded Lottery Act in FY 2018. The request is a decrease of \$6.3 million, or 2.0 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced contractual services, specifically, payments to gaming facility managers and reduced aid to local units of government from expanded gaming revenue that pass through the Lottery operating budget. This is as a result of reduced estimates for expanded gaming revenue. These reductions are slightly offset by increased salary and wage expenditures. The agency requests 17.3 FTE positions, which is a decrease of 0.5 FTE positions below the approved number.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests operating expenditures of \$304.1 million, all from special revenue funds, for the Expanded Lottery Act for FY 2019. The request is a decrease of \$5.3 million, or 1.7 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reduced contractual services, specifically, payments to gaming facility managers and, reduced aid to local units of government from expanded gaming revenue that pass through the Lottery operating budget. This is as a result of reduced estimates for expanded gaming revenue. These reductions are slightly offset by increased salary and wage expenditures. The agency requests 17.3 FTE positions, which is a decrease of 0.5 FTE positions below the approved number.

Major changes from the approved amounts include the following:

- **Salaries and Wages.** The agency requests \$1.6 million, all from special revenue funds, for salaries and wages for FY 2019. The request is an increase of \$70,204, or 4.6 percent, above the approved amount. The increase is attributable to increased fringe benefit expenditures, specifically group health insurance;
- **Contractual Services.** The agency requests \$290.7 million, all from special revenue funds, for contractual services for FY 2019. The request is a decrease of \$5.2 million, or 1.8 percent, below the approved amount. The decrease is attributable to payments to gaming facility managers as a result of reduced estimates for expanded gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group; and
- **Aid to Local Units of Government.** The agency requests \$11.8 million, all from special revenue funds, for aid to local units of government for FY 2019. The request is a decrease of \$213,000, or 1.7 percent, below the approved amount. The decrease is attributable to reduced aid to local units of government from expanded gaming revenue that pass through the Lottery operating budget. This is a result of reduced estimates for expanded gaming revenue as agreed to by the Fall 2017 Consensus Gaming Revenue Estimating Group.

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

## ***G. Marketing***

The Marketing program works to promote the Kansas Lottery and its games in a responsible and effective manner. To achieve this, the program works to produce advertising media messages across a variety of platforms to maximize sales and returns to the state; produce a wide variety of scratch games; and coordinate special events programs, fairs, and other community events.

| <b>MARKETING</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|----------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                 | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                 |                            |                            |                            |                            |                            |
| Salaries and Wages                                                   | \$ 536,232                 | \$ 777,435                 | \$ 777,435                 | \$ 806,476                 | \$ 806,476                 |
| Contractual Services                                                 | 4,593,169                  | 5,323,450                  | 5,323,450                  | 5,622,750                  | 5,622,750                  |
| Commodities                                                          | 183,593                    | 191,200                    | 191,200                    | 194,000                    | 194,000                    |
| Capital Outlay                                                       | 0                          | 68,000                     | 68,000                     | 0                          | 0                          |
| Debt Service                                                         | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                         | <i>\$ 5,312,994</i>        | <i>\$ 6,360,085</i>        | <i>\$ 6,360,085</i>        | <i>\$ 6,623,226</i>        | <i>\$ 6,623,226</i>        |
| Aid to Local Units                                                   | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                     | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                                                         | <b><u>\$ 5,312,994</u></b> | <b><u>\$ 6,360,085</u></b> | <b><u>\$ 6,360,085</u></b> | <b><u>\$ 6,623,226</u></b> | <b><u>\$ 6,623,226</u></b> |
| <b>Financing:</b>                                                    |                            |                            |                            |                            |                            |
| State General Fund                                                   | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                      | 5,312,994                  | 6,360,085                  | 6,360,085                  | 6,623,226                  | 6,623,226                  |
| <b>TOTAL</b>                                                         | <b><u>\$ 5,312,994</u></b> | <b><u>\$ 6,360,085</u></b> | <b><u>\$ 6,360,085</u></b> | <b><u>\$ 6,623,226</u></b> | <b><u>\$ 6,623,226</u></b> |
| FTE Positions                                                        | 7.8                        | 8.8                        | 8.8                        | 8.8                        | 8.8                        |

The **agency** requests operating expenditures of \$6.4 million, all from special revenue funds, for Marketing in FY 2018. The request is an increase of \$6.4 million, or 3.0 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures. The agency requests 8.8 FTE positions, which is an increase of 1.0 position above the approved number.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests operating expenditures of \$6.6 million, all from special revenue funds, for Marketing for FY 2019. The request is an increase of \$208,014, or 3.2 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures. The agency requests 8.8 FTE positions, which is an increase of 1.0 FTE position above the approved number. Major changes from the approved amount include the following:

- **Salaries and Wages.** The agency requests \$806,041, all from special revenue funds, for salaries and wages for FY 2019. The request is an increase of \$208,014, or 34.8 percent, above the approved amount. The increase is attributable to increased regular wages, accompanied by increased fringe benefit expenditures associated with those positions.

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

| PERFORMANCE MEASURES                                        |                          |                   |                      |                      |
|-------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                     | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Receipts from the sale of lottery tickets (in millions)     | \$260.0                  | \$258.0           | \$259.4              | \$261.4              |
| Receipts transferred to the State Gaming Fund (in millions) | \$77.3                   | \$75.3            | \$76.5               | \$77.5               |
| Prize payments (in millions)                                | \$150.0                  | \$149.7           | \$151.2              | \$152.5              |
| State-owned gaming facility revenue (in millions)           | \$377.1                  | \$370.2           | \$393.1              | \$394.3              |

# KANSAS RACING AND GAMING COMMISSION

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 7,236,074           | 9,028,541              | 8,714,773            | 9,121,042              | 8,797,599            |
| <i>Subtotal</i>         | <i>\$ 7,236,074</i> | <i>\$ 9,028,541</i>    | <i>\$ 8,714,773</i>  | <i>\$ 9,121,042</i>    | <i>\$ 8,797,599</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 7,236,074</b> | <b>\$ 9,028,541</b>    | <b>\$ 8,714,773</b>  | <b>\$ 9,121,042</b>    | <b>\$ 8,797,599</b>  |

## Percentage Change:

### Operating Expenditures

|                    |       |       |       |       |       |
|--------------------|-------|-------|-------|-------|-------|
| State General Fund | -- %  | -- %  | -- %  | -- %  | -- %  |
| All Funds          | 13.2  | 24.8  | 20.4  | 1.0   | 1.0   |
| FTE Positions      | 109.5 | 108.5 | 103.5 | 108.5 | 103.5 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

In 1986, Kansas voters approved Article 15, Section 3b of the *Kansas Constitution*, which authorizes the regulation, licensing, and taxation of horse and dog racing and parimutuel wagering. The Legislature originally established the Kansas Racing Commission in 1987 as the entity charged with implementing provisions of the Kansas Parimutuel Racing Act. The Kansas Racing Commission was redesignated as the Kansas Racing and Gaming Commission on July 1, 1996, when the State Gaming Agency was attached for administrative and budget purposes. A portion of the budget request reflects the expenditures associated with this agency and the oversight of tribal casinos. The 2007 Legislature expanded the authority of the Kansas Racing and Gaming Commission by assigning regulatory duties with respect to expanded gaming activities defined in 2007 SB 66 and by appropriating expenditures from the Expanded Lottery Act Regulation Fund for staffing. The agency's budget includes the following three programs:

- **Expanded Gaming Regulation Program.** The Kansas Racing and Gaming Commission regulates each gaming facility, including oversight of internal controls, security, and background checks and auditing gaming facility revenues. The Kansas Expanded Lottery Act requires lottery and racetrack gaming facility managers to pay for all costs of oversight and regulation;

- **Parimutuel Gaming Program.** The Kansas Racing and Gaming Commission administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. Although there currently are no operating racetracks in the state, the Commission has the authority to issue racing dates, promulgate racing regulations as required to maintain public confidence in the parimutuel wagering system, ensure the safety and welfare of racing animals, monitor the public health and safety at Kansas racetracks, and encourage the growth of the horse and greyhound breeding industry; and
- **Tribal Gaming Regulation Program.** The 1996 Tribal Gaming Oversight Act statutorily created the State Gaming Agency in order to fulfill the duties in the gaming compacts and to enforce the provisions of the compacts and state laws, including general criminal statutes and specific criminal gaming statutes in the Tribal Gaming Oversight Act. The agency performs all necessary background investigations prior to licensing for casino employees, management contractors, manufacturers, and distributors at gaming facilities. In addition, the agency ensures gaming is conducted in accordance with the tribal compacts as well as applicable state and federal laws. The agency's staff may examine and inspect all tribal gaming facilities as well as the records, books, papers, machines, equipment, electronic records, surveillance and security tapes, and logs.

Four casinos have been opened in Kansas under provisions of the compacts: the Kickapoo Nation of Kansas casino, located on the tribe's land in southern Brown County, east of U.S. 75 on K-20; the Prairie Band Pottawatomie Nation casino, located on tribal land in Jackson County off of U.S. 75; the Sac and Fox Nation of Missouri casino in Brown County on U.S. 75; and the Iowa Tribe of Kansas and Nebraska casino near White Cloud in the northeast corner of the state.

## MAJOR ISSUES FROM PRIOR YEARS

The **2013 Legislature** added language in FY 2013 through FY 2015 directing the agency that no funds shall be expended for compensation of Kansas Racing and Gaming Commission Board members exceeding the \$35 per day of attendance of such board or subcommittee meeting, as described in KSA 75-3223.

The **2014 Legislature** added a proviso in Senate Sub. for HB 2231 increasing compensation to \$88.66 per calendar day and a \$109.00 per calendar day substance of attendance of such board or subcommittee meeting, as described in KSA 46-137(a), for FY 2015.

The **2015 Legislature** added \$1.4 million for FY 2016 and \$1.3 million for FY 2017 for expenses related to the opening of a gaming facility in the Southeast Gaming Zone. The additional funding supported the Lottery Gaming Facility Review Board that was responsible for the selection of a facility manager and additional employee positions needed for the regulation of the new gaming facility.

In addition, the **2015 Legislature** appropriated the Gaming Machine Examination Fund with no limit expenditure authority for FY 2016 and FY 2017. Revenues to this fund include gaming machine manufacturers' deposits required for the testing of gaming machines. Expenditures from this fund include payments to laboratories that examine and certify gaming machines placed in the State-owned casinos.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$9.0 million, all from special revenue funds, in FY 2018. The revised estimate is a decrease of \$7,544, or 0.1 percent, below the approved amount. The agency estimates 108.5 FTE positions, a decrease of 1.0 position below the number approved by the 2017 Legislature. The expenditures decrease is primarily attributable to reduced salary and wage expenditures; the agency has revised its shrinkage rate upward. This decrease is partially offset by increases in contractual services and capital outlay.

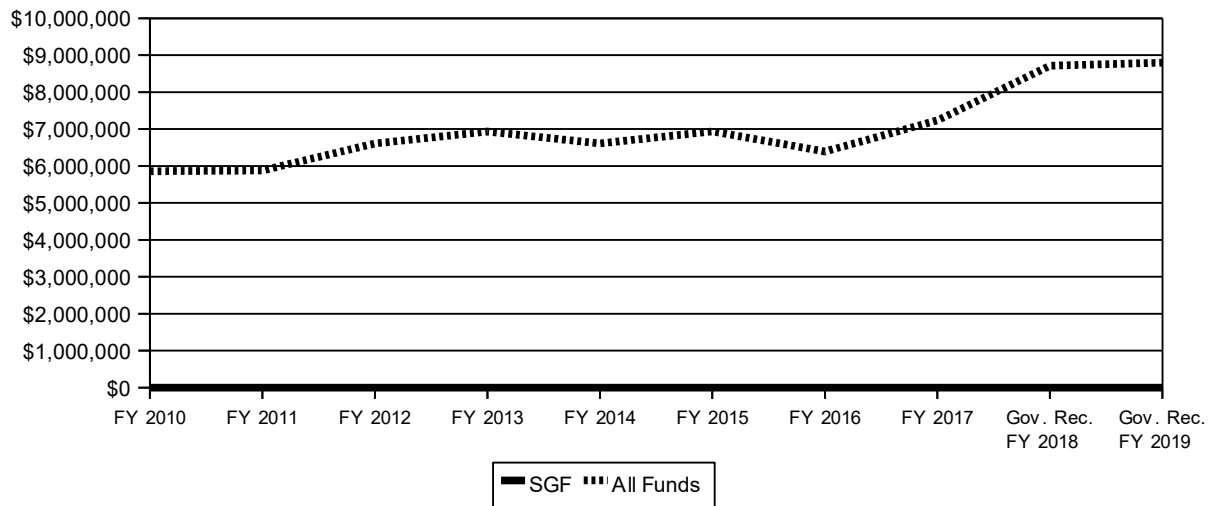
The **Governor** recommends operating expenditures of \$8.7 million, all from special revenue funds, in FY 2018. The recommendation is a decrease of \$313,768, or 3.5 percent, below the agency's FY 2018 revised estimate. The Governor recommends 103.5 FTE positions, which is 5.0 FTE positions below number requested by the agency. The expenditures decrease and FTE decrease are attributable to the elimination of expenditures for salaries and wages for five unfilled FTE positions within the Expanded Gaming Regulation program.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$9.1 million, all from special revenue funds, for FY 2019. The revised estimate is a decrease of \$12,171, or 0.1 percent, below the approved amount. The agency estimates 108.5 FTE positions, a decrease of 1.0 position below the number approved by the 2017 Legislature. The expenditures decrease is primarily attributable to reduced salary and wage expenditures, partially offset by increases in contractual services and capital outlay expenditures.

The **Governor** recommends operating expenditures of \$8.8 million, all from special revenue funds, for FY 2019. The recommendation is a decrease of \$323,443, or 3.5 percent, below the agency's FY 2019 revised estimate. The Governor recommends 103.5 FTE positions, which is 5.0 FTE positions below the number requested by the agency. The expenditures decrease and FTE decrease are attributable to the elimination of expenditures for salaries and wages for five unfilled FTE positions within the Expanded Gaming Regulation program.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds    | % Change | FTE   |
|---------------------------------|------|----------|--------------|----------|-------|
| 2010                            | \$ 0 | -- %     | \$ 5,858,720 | (7.0)%   | 80.0  |
| 2011                            | 0    | --       | 5,877,410    | 0.3      | 73.5  |
| 2012                            | 0    | --       | 6,609,144    | 12.4     | 99.5  |
| 2013                            | 0    | --       | 6,932,712    | 4.9      | 98.0  |
| 2014                            | 0    | --       | 6,610,135    | (4.7)    | 91.5  |
| 2015                            | 0    | --       | 6,935,786    | 4.9      | 93.5  |
| 2016                            | 0    | --       | 6,392,821    | (7.8)    | 110.5 |
| 2017                            | 0    | --       | 7,236,074    | 13.2     | 109.5 |
| 2018 Gov. Rec.                  | 0    | --       | 8,714,773    | 20.4     | 103.5 |
| 2019 Gov. Rec.                  | 0    | --       | 8,797,599    | 1.0      | 103.5 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 2,938,879 | 50.2 %   | 23.5  |



**Summary of Operating Budget FY 2017 - FY 2019**

|                                        |           | Agency Estimate   |                     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|----------------------------------------|-----------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
|                                        |           | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Tribal Gaming Regulation               | \$        | 1,369,708         | \$ 1,571,919        | \$ 1,593,504        | \$ 21,585                      | 1.4 %                           | \$ 1,571,919              | \$ 1,593,504        | \$ 21,585                      | 1.4 %                           |
| Expanded Gaming Regulation             |           | 5,861,163         | 7,451,219           | 7,522,081           | 70,862                         | 1.0                             | 7,137,451                 | 7,198,638           | 61,187                         | 0.9                             |
| Parimutuel Gaming                      |           | 5,203             | 5,403               | 5,457               | 54                             | 1.0                             | 5,403                     | 5,457               | 54                             | 1.0                             |
| <b>TOTAL</b>                           | <b>\$</b> | <b>7,236,074</b>  | <b>\$ 9,028,541</b> | <b>\$ 9,121,042</b> | <b>\$ 92,501</b>               | <b>1.0 %</b>                    | <b>\$ 8,714,773</b>       | <b>\$ 8,797,599</b> | <b>\$ 82,826</b>               | <b>1.0 %</b>                    |
| <b>By Major Object of Expenditure:</b> |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Salaries and Wages                     | \$        | 5,776,573         | \$ 7,401,372        | \$ 7,509,057        | \$ 107,685                     | 1.5 %                           | \$ 7,087,604              | \$ 7,185,614        | \$ 98,010                      | 1.4 %                           |
| Contractual Services                   |           | 1,124,614         | 1,291,599           | 1,274,915           | (16,684)                       | (1.3)                           | 1,291,599                 | 1,274,915           | (16,684)                       | (1.3)                           |
| Commodities                            |           | 122,278           | 170,920             | 170,920             | 0                              | --                              | 170,920                   | 170,920             | 0                              | --                              |
| Capital Outlay                         |           | 212,086           | 164,650             | 166,150             | 1,500                          | 0.9                             | 164,650                   | 166,150             | 1,500                          | 0.9                             |
| Debt Service                           |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$</i> | <i>7,235,551</i>  | <i>\$ 9,028,541</i> | <i>\$ 9,121,042</i> | <i>\$ 92,501</i>               | <i>1.0 %</i>                    | <i>\$ 8,714,773</i>       | <i>\$ 8,797,599</i> | <i>\$ 82,826</i>               | <i>1.0 %</i>                    |
| Aid to Local Units                     |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| Other Assistance                       |           | 523               | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$</b> | <b>7,236,074</b>  | <b>\$ 9,028,541</b> | <b>\$ 9,121,042</b> | <b>\$ 92,501</b>               | <b>1.0 %</b>                    | <b>\$ 8,714,773</b>       | <b>\$ 8,797,599</b> | <b>\$ 82,826</b>               | <b>1.0 %</b>                    |
| <b>Financing:</b>                      |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |
| State General Fund                     | \$        | 0                 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0                | \$ 0                           | -- %                            |
| ELARF                                  |           | 5,681,323         | 7,125,784           | 7,189,442           | 63,658                         | 0.9                             | 6,812,016                 | 6,865,999           | 53,983                         | 0.8                             |
| Tribal Gaming Fund                     |           | 1,369,708         | 1,571,919           | 1,593,504           | 21,585                         | 1.4                             | 1,571,919                 | 1,593,504           | 21,585                         | 1.4                             |
| Gaming Background Investigation Fund   |           | 177,382           | 321,235             | 328,439             | 7,204                          | 2.2                             | 321,235                   | 328,439             | 7,204                          | 2.2                             |
| State Racing Fund                      |           | 5,203             | 5,403               | 5,457               | 54                             | 1.0                             | 5,403                     | 5,457               | 54                             | 1.0                             |
| Illegal Gaming Enforcement Fund        |           | 2,458             | 4,200               | 4,200               | 0                              | --                              | 4,200                     | 4,200               | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$</b> | <b>7,236,074</b>  | <b>\$ 9,028,541</b> | <b>\$ 9,121,042</b> | <b>\$ 92,501</b>               | <b>1.0 %</b>                    | <b>\$ 8,714,773</b>       | <b>\$ 8,797,599</b> | <b>\$ 82,826</b>               | <b>1.0 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 9,036,085                          | 9,028,541                     | (7,544)                           | 8,714,773                   | (321,312)                           |
| <b>TOTAL</b>                | <b>\$ 9,036,085</b>                | <b>\$ 9,028,541</b>           | <b>\$ (7,544)</b>                 | <b>\$ 8,714,773</b>         | <b>\$ (321,312)</b>                 |
| FTE Positions               | 109.5                              | 108.5                         | (1.0)                             | 103.5                       | (6.0)                               |

The **agency** estimates revised operating expenditures of \$9.0 million, all from special revenue funds, in FY 2018. The revised estimate is a decrease of \$7,544, or 0.1 percent, below the approved amount. The agency estimates 108.5 FTE positions, a decrease of 1.0 position below the number approved by the 2017 Legislature. The all funds decrease is primarily attributable to reduced salary and wage expenditures; the agency has revised its shrinkage rate upward. This decrease is partially offset by increases in contractual services and capital outlay.

The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates expenditures of \$7.4 million, all from special revenue funds. The revised estimate is a decrease of \$30,725, or 0.4 percent, below the approved amount. The decrease is attributable to the agency's revised shrinkage rate upward. In essence, the share of salaries and wages to be expended has been reduced as a result of the agency not having all positions filled for the entirety of the fiscal year. The agency eliminated an enforcement agent position, resulting in reduced wage and fringe benefit expenditures;
- **Contractual Services.** The agency estimates expenditures of \$1.3 million, all from special revenue funds. The revised estimate is an increase of \$14,181, or 1.1 percent, above the approved amount. The increase is attributable to increased expenditures associated with information technology (IT) services, credit/employment/degree verifications, and job-related training;
- **Commodities.** The agency estimates expenditures of \$170,920, all from special revenue funds. The revised estimate is the same as the approved amount; and
- **Capital Outlay.** The agency estimates expenditures of \$164,650, all from special revenue funds. The revised estimate is an increase of \$9,000, or 5.8 percent,

above the approved amount. The increase is attributable to IT software and hardware expenditures.

The **Governor** recommends operating expenditures of \$8.7 million, all from special revenue funds, in FY 2018. The recommendation is a decrease of \$313,768, or 3.5 percent, below the agency's FY 2018 revised estimate. The Governor recommends 103.5 FTE positions, which is 5.0 FTE positions below the number requested by the agency. The expenditures decrease and FTE decrease are attributable to the elimination of expenditures for salaries and wages for 5.0 unfilled FTE positions within the Expanded Gaming Regulation program.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 9,133,213                          | 9,121,042                     | (12,171)                          | 8,797,599                   | (335,614)                           |
| <b>TOTAL</b>                | <b>\$ 9,133,213</b>                | <b>\$ 9,121,042</b>           | <b>\$ (12,171)</b>                | <b>\$ 8,797,599</b>         | <b>\$ (335,614)</b>                 |
| FTE Positions               | 109.5                              | 108.5                         | (1.0)                             | 103.5                       | (6.0)                               |

The **agency** estimates revised operating expenditures of \$9.1 million, all from special revenue funds, for FY 2019. The revised estimate is a decrease of \$12,171, or 0.1 percent, below the approved amount. The agency estimates 108.5 FTE positions, a decrease of 1.0 position below the number approved by the 2017 Legislature. The all funds decrease is primarily attributable to reduced salary and wage expenditures, partially offset by increases in contractual services and capital outlay expenditures.

The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates expenditures of \$7.5 million, all from special revenue funds. The revised estimate is a decrease of \$38,296, or 0.5 percent, below the approved amount. The decrease is attributable to the elimination of an enforcement agent position, resulting in reduced wage and fringe benefit expenditures;
- **Contractual Services.** The agency estimates expenditures of \$1.3 million, all from special revenue funds. The revised estimate is an increase of \$17,125, or 1.4 percent, above the approved amount. The increase is attributable to increased expenditures associated with IT services, credit/employment/degree verifications, and job-related training;

- **Commodities.** The agency estimates expenditures of \$170,920, all from special revenue funds. The revised estimate is the same as the approved amount; and
- **Capital Outlay.** The agency estimates expenditures of \$166,150, all from special revenue funds. The revised estimate is an increase of \$9,000, or 5.7 percent, above the approved amount. The increase is attributable to IT software and hardware expenditures.

The **Governor** recommends operating expenditures of \$8.8 million, all from special revenue funds, for FY 2019. The recommendation is an all funds decrease of \$323,443, or 3.5 percent, below the agency's FY 2019 revised estimate. The Governor recommends 103.5 FTE positions, which is 5.0 FTE positions below the number requested by the agency. The expenditure decrease and FTE decrease are attributable to the elimination of expenditures for salaries and wages for 5.0 unfilled FTE positions within the Expanded Gaming Regulation program.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$4,000, and FY 2019 longevity payments total \$5,120.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                          | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                      | 0.0 %                                      | 0.0 %                                    |
| Expanded Lottery Act<br>Regulation Fund | 78.8                                       | 78.0                                     |
| Tribal Gaming Fund                      | 17.5                                       | 18.1                                     |
| Gaming Background<br>Investigation Fund | 3.6                                        | 3.7                                      |
| State Racing Fund                       | 0.1                                        | 0.1                                      |
| Illegal Gaming<br>Enforcement Fund      | 0.1                                        | 0.1                                      |
| <b>TOTAL</b>                            | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Expanded Lottery Act Regulation Fund Analysis

The Expanded Lottery Act stipulates the cost of regulation is to be incurred by the lottery gaming facility managers. Revenue to the Expanded Lottery Regulation Fund includes billings and payments from the currently operating State-owned casinos for the Racing and Gaming Commission's direct and indirect costs associated with the operations of the casinos. Payments are received in advance of expenditures on a quarterly billing cycle.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 3,266,180         | \$ 3,989,669                  | \$ 3,989,669         | \$ 2,015,000                  | \$ 2,313,768         |
| Revenue                                      | 6,404,812            | 5,151,115                     | 5,136,115            | 7,189,442                     | 7,189,442            |
| Transfers in                                 | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 9,670,992</b>  | <b>\$ 9,140,784</b>           | <b>\$ 9,125,784</b>  | <b>\$ 9,204,442</b>           | <b>\$ 9,503,210</b>  |
| Less:                                        |                      |                               |                      |                               |                      |
| Expenditures                                 | 5,681,323            | 7,125,784                     | 6,812,016            | 7,189,442                     | 6,865,999            |
| Transfers Out                                | 0                    | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 3,989,669</b>  | <b>\$ 2,015,000</b>           | <b>\$ 2,313,768</b>  | <b>\$ 2,015,000</b>           | <b>\$ 2,637,211</b>  |
| Ending Balance as Percent of<br>Expenditures | 70.2%                | 28.3%                         | 34.0%                | 28.0%                         | 38.4%                |
| Month Highest Ending<br>Balance              | May<br>\$ 4,597,271  | May<br>\$ 5,615,609           | May<br>\$ 5,615,609  | May<br>\$ 2,836,188           | May<br>\$ 3,256,715  |
| Month Lowest Ending<br>Balance               | July<br>\$ 2,752,056 | July<br>\$ 3,361,672          | July<br>\$ 3,361,672 | July<br>\$ 1,697,827          | July<br>\$ 1,949,567 |

## Tribal Gaming Regulation Fund Analysis

The Tribal Gaming Fund is funded by assessments paid three times a year by the four tribal casinos. On July 1 of each fiscal year, the State Gaming Agency receives \$450,000, all from the State General Fund, to cover operational costs for July, August, and September before the first assessments are submitted from the tribes in September. As revenues become available, the State General Fund cash advance is repaid.

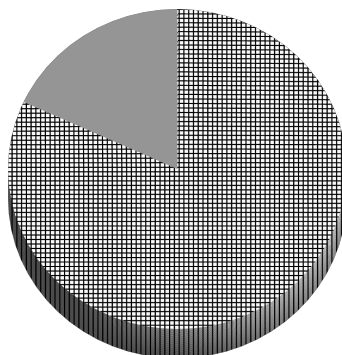
| Resource Estimate                            | Actual<br>FY 2017              | Agency<br>Estimate<br>FY 2018  | Gov. Rec.<br>FY 2018           | Agency<br>Estimate<br>FY 2019  | Gov. Rec.<br>FY 2019           |
|----------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Beginning Balance                            | \$ 266,789                     | \$ 267,118                     | \$ 267,118                     | \$ 267,118                     | \$ 267,118                     |
| Revenue                                      | 1,370,037                      | 1,571,919                      | 1,571,919                      | 1,593,504                      | 1,593,504                      |
| Transfers in                                 | 450,038                        | 451,000                        | 451,000                        | 451,000                        | 451,000                        |
| <i>Funds Available</i>                       | <u>\$ 2,086,864</u>            | <u>\$ 2,290,037</u>            | <u>\$ 2,290,037</u>            | <u>\$ 2,311,622</u>            | <u>\$ 2,311,622</u>            |
| Less:                                        |                                |                                |                                |                                |                                |
| Expenditures                                 | 1,369,708                      | 1,571,919                      | 1,571,919                      | 1,593,504                      | 1,593,504                      |
| Transfers Out                                | 450,038                        | 451,000                        | 451,000                        | 451,000                        | 451,000                        |
| Off Budget Expenditures                      | 0                              | 0                              | 0                              | 0                              | 0                              |
| <b>Ending Balance</b>                        | <u><b>\$ 267,118</b></u>       | <u><b>\$ 267,118</b></u>       | <u><b>\$ 267,118</b></u>       | <u><b>\$ 267,118</b></u>       | <u><b>\$ 267,118</b></u>       |
| Ending Balance as Percent of<br>Expenditures | 19.5%                          | 17.0%                          | 17.0%                          | 16.8%                          | 16.8%                          |
| Month Highest Ending<br>Balance              | September<br><u>\$ 744,783</u> | September<br><u>\$ 745,701</u> | September<br><u>\$ 745,701</u> | September<br><u>\$ 745,701</u> | September<br><u>\$ 745,701</u> |
| Month Lowest Ending<br>Balance               | June<br>\$ 267,120             | June<br>\$ 267,449             | June<br>\$ 267,449             | June<br>\$ 267,449             | June<br>\$ 267,449             |

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation

All Funds



Tribal Gaming Regulation
  Expanded Gaming Regulation
  Parimutuel Gaming

| Program                    | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Tribal Gaming Regulation   | \$ 1,593,504                      | 18.1 %              | \$ 0                        | -- %                |
| Expanded Gaming Regulation | 7,198,638                         | 81.8                | 0                           | --                  |
| Parimutuel Gaming          | 5,457                             | 0.1                 | 0                           | --                  |
| <b>TOTAL</b>               | <b>\$ 8,797,599</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program                       | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Tribal Gaming Program         | 18.0              | 17.0                   | 17.0                 | 17.0                   | 17.0                 |
| Expanded Gaming<br>Regulation | 91.4              | 91.4                   | 86.4                 | 91.4                   | 86.4                 |
| Parimutuel Gaming             | 0.1               | 0.1                    | 0.1                  | 0.1                    | 0.1                  |
| <b>TOTAL</b>                  | <b>109.5</b>      | <b>108.5</b>           | <b>103.5</b>         | <b>108.5</b>           | <b>103.5</b>         |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.



## A. Tribal Gaming Regulation

The Kansas State Gaming agency is responsible for the oversight, monitoring, and compliance of class III gaming conducted pursuant to the four tribal-state compacts and the Tribal Gaming Oversight Act. The agency ensures gaming is conducted in accordance with compacts and applicable state and federal laws; protects citizens from criminal activity in the tribal gaming arena; ensures accurate and complete information is provided to the different tribal gaming commissions for licensing purposes; conducts background investigations; and can review all licensing and disciplinary actions and reports of non-compliance with the tribal-state compacts.

| <b>TRIBAL GAMING REGULATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|-------------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                          | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                          |                     |                        |                      |                        |                      |
| Salaries and Wages                                                            | \$ 1,111,282        | \$ 1,220,179           | \$ 1,220,179         | \$ 1,241,764           | \$ 1,241,764         |
| Contractual Services                                                          | 226,733             | 286,040                | 286,040              | 286,040                | 286,040              |
| Commodities                                                                   | 14,851              | 31,350                 | 31,350               | 31,350                 | 31,350               |
| Capital Outlay                                                                | 16,842              | 34,350                 | 34,350               | 34,350                 | 34,350               |
| Debt Service                                                                  | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                                  | <b>\$ 1,369,708</b> | <b>\$ 1,571,919</b>    | <b>\$ 1,571,919</b>  | <b>\$ 1,593,504</b>    | <b>\$ 1,593,504</b>  |
| Aid to Local Units                                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                  | <b>\$ 1,369,708</b> | <b>\$ 1,571,919</b>    | <b>\$ 1,571,919</b>  | <b>\$ 1,593,504</b>    | <b>\$ 1,593,504</b>  |
| <b>Financing:</b>                                                             |                     |                        |                      |                        |                      |
| State General Fund                                                            | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                               | 1,369,708           | 1,571,919              | 1,571,919            | 1,593,504              | 1,593,504            |
| <b>TOTAL</b>                                                                  | <b>\$ 1,369,708</b> | <b>\$ 1,571,919</b>    | <b>\$ 1,571,919</b>  | <b>\$ 1,593,504</b>    | <b>\$ 1,593,504</b>  |
| FTE Positions                                                                 | 18.0                | 17.0                   | 17.0                 | 17.0                   | 17.0                 |

The **agency** estimates FY 2019 operating expenditures of \$1.6 million, all from special revenue funds, for tribal gaming regulation. The revised estimate is an increase of \$6,750, or 0.4 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased contractual service and capital outlay expenditures, partially offset by reduced salaries and wages. Major changes from the approved amounts include the following:

- **Salaries and wages.** The agency estimates \$1.2 million, all from special revenue funds, for tribal gaming regulation for FY 2019. The revised estimate is a decrease of \$19,375, or 1.5 percent, below the approved amount. The decrease is attributable to the elimination of an enforcement agent position, resulting in reduced wage and fringe benefit expenditures;
- **Contractual Services.** The agency estimates \$286,040, all from special revenue funds, for tribal gaming regulation for FY 2019. The revised estimate is an increase of \$17,125, or 6.4 percent, above the approved amount. The increase is attributable to increased expenditures associated with IT services, credit/employment/degree verifications, and job-related training; and

- **Capital Outlay.** The agency estimates \$34,350, all from special revenue funds, for tribal gaming regulation for FY 2019. The revised estimate is an increase of \$9,000, or 8.0 percent, above the approved amount. The increase is attributable to IT software and hardware expenditures.

The **Governor** concurs with the agency's revised estimate for the Tribal Gaming Regulation program for FY 2019.

## ***B. Expanded Gaming Regulation***

The Expanded Gaming Regulation program provides regulatory oversight of lottery and racetrack gaming facility managers and their operations in Kansas. There currently are no operating racetrack gaming facilities. There are, however, four lottery gaming facilities: the Northeast Gaming Zone in Wyandotte County houses the Hollywood Casino; the South Central Gaming Zone located in Sedgwick and Sumner counties houses the Kansas Star Casino; the Southwest Gaming Zone located in Ford County houses the Boot Hill Casino & Resort; and the Southeast Gaming Zone located in Crawford and Cherokee counties will house the Kansas Crossing Casino, pending the outcome of current litigation. Expanded Gaming Regulation program goals include the following:

- **Integrity of Gaming.** Uphold and promote the integrity of gaming at lottery and racetrack facilities, protect gaming operations from those seeking to harm the integrity of gaming, and protect Kansas and its citizens from criminal activity related to operation of gaming facilities;
- **Accountability and Compliance.** Ensure Kansas is receiving its fair share of gaming revenue and patrons are receiving the gaming experience according to state law, and ensure compliance with Kansas Racing and Gaming Commission rules and regulations and other applicable state and federal laws;
- **Illegal Gaming Enforcement.** Coordinate with state agencies and local authorities to reduce and minimize illegal gaming in Kansas; and
- **Responsible Gaming.** Promote responsible gambling in Kansas *via* the Voluntary Exclusion Program (VEP) and approve each lottery gaming facility's responsible gambling plan.

| EXPANDED GAMING REGULATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                    | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                    |                     |                        |                      |                        |                      |
| Salaries and Wages                                                      | \$ 4,660,396        | \$ 6,176,790           | \$ 5,863,022         | \$ 6,262,836           | \$ 5,939,393         |
| Contractual Services                                                    | 897,573             | 1,004,559              | 1,004,559            | 987,875                | 987,875              |
| Commodities                                                             | 107,427             | 139,570                | 139,570              | 139,570                | 139,570              |
| Capital Outlay                                                          | 195,244             | 130,300                | 130,300              | 131,800                | 131,800              |
| Debt Service                                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                            | <i>\$ 5,860,640</i> | <i>\$ 7,451,219</i>    | <i>\$ 7,137,451</i>  | <i>\$ 7,522,081</i>    | <i>\$ 7,198,638</i>  |
| Aid to Local Units                                                      | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                        | 523                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                            | <b>\$ 5,861,163</b> | <b>\$ 7,451,219</b>    | <b>\$ 7,137,451</b>  | <b>\$ 7,522,081</b>    | <b>\$ 7,198,638</b>  |
| <b>Financing:</b>                                                       |                     |                        |                      |                        |                      |
| State General Fund                                                      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                         | 5,861,163           | 7,451,219              | 7,137,451            | 7,522,081              | 7,198,638            |
| <b>TOTAL</b>                                                            | <b>\$ 5,861,163</b> | <b>\$ 7,451,219</b>    | <b>\$ 7,137,451</b>  | <b>\$ 7,522,081</b>    | <b>\$ 7,198,638</b>  |
| FTE Positions                                                           | 91.4                | 91.4                   | 86.4                 | 91.4                   | 86.4                 |

The **agency** estimates operating expenditures of \$7.5 million, all from special revenue funds, for expanded gaming regulation, for FY 2019. The revised estimate is an increase of \$25,100, or 0.3 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increased salary and wage expenditures, specifically salaries for classified regular employees accompanied by increased fringe benefit expenditures.

The **Governor** recommends operating expenditures of \$7.2 million, all from special revenue funds, for expanded gaming regulation for FY 2019. The recommendation is a decrease of \$323,443, or 4.3 percent, below the agency's FY 2019 revised estimate. The Governor recommends 86.4 FTE positions, which is 5.0 FTE positions below agency's estimate. The expenditures decrease and FTE decrease are attributable to the elimination of expenditures for salaries and wages for 5.0 unfilled FTE positions within the Expanded Gaming Regulation program.

### ***C. Parimutuel Gaming***

The Parimutuel Gaming program provides oversight for the parimutuel racing industry and racetracks. The Racing and Gaming Commission is the legal authority for regulation and staff in this program to carry out the Commission's policies and procedures. There currently are no parimutuel racetracks operating in Kansas. All funding for the program is supported by the State Racing Fund, which is currently being funded by horse registration fees. The Parimutuel Gaming program budget for FY 2017 through FY 2019 is built on the assumption that no parimutuel racing will occur in Kansas during that period. The agency will continue to administer the Kansas Bred Registry program.

| <b>PARIMUTUEL GAMING</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                         | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                         |                   |                        |                      |                        |                      |
| Salaries and Wages                                                           | \$ 4,895          | \$ 4,403               | \$ 4,403             | \$ 4,457               | \$ 4,457             |
| Contractual Services                                                         | 308               | 1,000                  | 1,000                | 1,000                  | 1,000                |
| Commodities                                                                  | 0                 | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                                               | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                 | <i>\$ 5,203</i>   | <i>\$ 5,403</i>        | <i>\$ 5,403</i>      | <i>\$ 5,457</i>        | <i>\$ 5,457</i>      |
| Aid to Local Units                                                           | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                 | <b>\$ 5,203</b>   | <b>\$ 5,403</b>        | <b>\$ 5,403</b>      | <b>\$ 5,457</b>        | <b>\$ 5,457</b>      |
| <b>Financing:</b>                                                            |                   |                        |                      |                        |                      |
| State General Fund                                                           | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                              | 5,203             | 5,403                  | 5,403                | 5,457                  | 5,457                |
| <b>TOTAL</b>                                                                 | <b>\$ 5,203</b>   | <b>\$ 5,403</b>        | <b>\$ 5,403</b>      | <b>\$ 5,457</b>        | <b>\$ 5,457</b>      |
| FTE Positions                                                                | 0.1               | 0.1                    | 0.1                  | 0.1                    | 0.1                  |

The **agency** estimates FY 2019 operating expenditures of \$5,457, all from special revenue funds, for parimutuel gaming. The revised estimate is a decrease of \$1,741, or 24.2 percent, below the approved amount. The decrease is attributable to reduced salaries and wages.

The **Governor** concurs with the agency's revised estimate for the Parimutuel Gaming program for FY 2019.

| <b>PERFORMANCE MEASURES</b>                           |                          |                   |                      |                      |
|-------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                               | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| <b>Slot machine inspections:</b>                      |                          |                   |                      |                      |
| Tribal Gaming Regulation Program                      | 500                      | 423               | 500                  | 500                  |
| Expanded Gaming Regulation Program                    | 1,571                    | 811               | 1,571                | 1,571                |
| <b>Number of background investigations completed:</b> |                          |                   |                      |                      |
| Tribal Gaming Regulation Program                      | 470                      | 499               | 470                  | 470                  |
| Expanded Gaming Regulation Program                    | 1,125                    | 1,155             | 1,020                | 1,020                |

# KANSAS CORPORATION COMMISSION

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 21,464,641           | 21,549,537             | 21,549,537           | 21,277,334             | 21,277,334           |
| <i>Subtotal</i>         | <i>\$ 21,464,641</i> | <i>\$ 21,549,537</i>   | <i>\$ 21,549,537</i> | <i>\$ 21,277,334</i>   | <i>\$ 21,277,334</i> |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 21,464,641</b> | <b>\$ 21,549,537</b>   | <b>\$ 21,549,537</b> | <b>\$ 21,277,334</b>   | <b>\$ 21,277,334</b> |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |       |       |
|--------------------|------|------|------|-------|-------|
| State General Fund | -- % | -- % | -- % | -- %  | -- %  |
| All Funds          | 9.8  | 0.4  | 0.4  | (1.3) | (1.3) |

|               |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|
| FTE Positions | 180.0 | 204.5 | 204.5 | 204.5 | 204.5 |
|---------------|-------|-------|-------|-------|-------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The State Corporation Commission, commonly known as the Kansas Corporation Commission (KCC), is responsible for regulating and overseeing the safety of public utilities, common carriers, motor carriers, and oil and gas producers. Further, the agency is involved in developing the state's energy policy and administers conservation projects that promote the efficient use of energy. To carry out the agency's mission, the Commission is divided into five programs: Administrative Services, Utilities, Conservation, Transportation, and Energy. The Commission's main office is located in Topeka, and has field offices in Wichita (where the Conservation Division is based), Chanute, Dodge City, and Hays.

The Commission consists of three members, appointed by the Governor and confirmed by the Senate, who serve four-year, overlapping terms. No more than two commissioners may be from the same political party.

## MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** approved Senate Sub. for HB 2032, the Kansas Surface Owner Notice Act, which ensures surface owners receive notice when a request for an intent-to-drill permit is filed with respect to their property. Under this act, notice is also required when a notice of transfer of operator for wells, gas gathering systems, and underground porosity storage is filed and when an oil or gas operator files notice to plug and abandon a well. The Commission has the authority to adopt rules and regulations to carry out this act and also serves as an intermediary between the surface owner and the applicant.

The **2009 Legislature** also approved Senate Sub. for HB 2369, which, among other things, required electric public utilities, except municipally owned electric utilities, to generate or purchase specified amounts of electricity generated from renewable resources. Pursuant to the bill, the Commission has broad authority to adopt rules and regulations implementing and enforcing this requirement. The bill also required investor-owned electric utilities to make net metering available to customer-generators under certain circumstances, and required the Commission to adopt rules and regulations relevant to that part of the bill. Further, according to the bill, the Commission must dedicate funding to developing and increasing participation of school districts and local governments in its Facility Conservation Improvement Program. Finally, the bill allowed large electric cooperatives to remove themselves from the Commission's regulatory jurisdiction regarding rates.

The **2010 Legislature** approved HB 2418, which amended provisions of the Carbon Dioxide Reduction Act regarding the liability of the State. Under the bill, except as permitted by the Kansas Tort Claims Act, no provision of the Carbon Reduction Act shall impose on the KCC, any of its employees, or the State of Kansas any liability for the underground storage of KCC's carbon dioxide or the maintenance of any carbon dioxide well or underground carbon dioxide storage. Additionally, the bill provided the KCC is not prohibited from plugging, replugging, repairing, or remediation of any carbon dioxide injection well or underground storage in an emergency.

The **2010 Legislature** also approved HB 2485, which increased from 12 to 18 months the time the KCC has to verify that a motor carrier is in compliance with all applicable requirements after the agency has first authorized the carrier to operate in Kansas. This bill ensures that Kansas' safety compliance program reflects federal guidelines.

The **2011 Legislature** added language to provide that the fines and penalties associated with the civil assessment program be deposited directly into the State General Fund. The agency estimates it will collect \$766,499 in fines and penalties associated with the civil assessment program for FY 2012. The Legislature added language reducing the transfer from the KCC's Motor Carrier Fee Fund to the Kansas Highway Patrol's Motor Carrier Safety Assistance Program State Fund from \$1.3 million to \$533,501 for FY 2012.

The **2012 Legislature** approved HB 2526, which gives the KCC explicit authority to regulate hydraulic fracturing. The 2012 Legislature also approved HB 2597, which gives solid waste permit exemptions allowing landspreading of oil and gas drilling waste. KCC is to administer the program, monitor compliance, and establish mechanisms for enforcement and remedial action relating to landspreading.

The **2012 Legislature** also eliminated 7.9 FTE positions and 2.0 non-FTE positions and deleted \$17,493, all from special revenue funds, to reduce longevity payments. The Legislature also deleted \$24,341, all from special revenue funds, to suspend all employer contributions to the Kansas Public Employees Retirement System (KPERS) Group Insurance Fund or Death and Disability Fund for a three-month period beginning April 1, 2013, and ending on June 30, 2013.

The **2013 Legislature** added language to deposit all fines and penalties associated with the Public Service Regulation Fund, the Conservation Fee Fund, and the Motor Carrier Fee Fund into the State General Fund for FY 2014 and FY 2015. The combined total of these fines and penalties is estimated to be \$1.4 million for each fiscal year.

The **2013 Legislature** also approved HB 2201, which made several changes to utilities regulation statutes, including created the Telecommunications Study Committee, further deregulated telecommunications providers, made changes to distributions from the Kansas Universal Service Fund, and allowed the Board of Regents to charge fees for service provided by the KAN-ED program.

The **2014 Legislature** eliminated 7.0 FTE positions in the agency's Energy Division and reduced expenditures by \$549,918 due to elimination of federal aid to local units of government.

The **2015 Legislature** approved HB 2231, which altered which funds make transfers to the Abandoned Oil and Gas Well Fund, which is used for plugging abandoned wells. The annual transfer from the Conservation Fee Fund was increased from \$400,000 to \$800,000 and the State Water Plan Fund annual transfer of \$400,000 was eliminated. Additionally, the Legislature transferred \$3.0 million from the Conservation Fee Fund to the State General Fund in FY 2016.

The **2016 Legislature** added language transferring \$100,000 from the Public Service Regulation Fund to the State General Fund both in FY 2016 and for FY 2017.

The **2017 Legislature** added \$41,648 in FY 2017, \$125,015 for FY 2018, and \$177,733 for FY 2019, all from special revenue funds, to restore KPERS employer contributions to all the approved levels in each respective year. Additionally, the Legislature added \$72,29, all from special revenue funds, for a 2.5 percent adjustment for all state employees with less than five years of service (except for Highway Patrol law enforcement personnel, legislators, teachers and licensed personnel and employees at the Schools for the Deaf and the Blind, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other statewide elected officials); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$21.5 million, all from special revenue funds, in FY 2018. This request is a decrease of \$1.1 million, or 4.9 percent, below the approved amount. The decrease is attributable to reduced expenditures for salaries and wages in the Conservation Division due to a reduction in revenue caused by the downturn in oil and gas production. The agency also requests a policy change, which would temporarily suspend the semi-annual transfer from the Motor Carrier License Fees Fund to the the State Highway Fund in FY 2018. This request is due to a reduction in the amount of Uniform Carrier Registration revenue that is being received into the Motor Carrier License Fees Fund. The agency request includes 204.5 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised FY 2018 estimate, but does not recommend the agency's requested policy change.

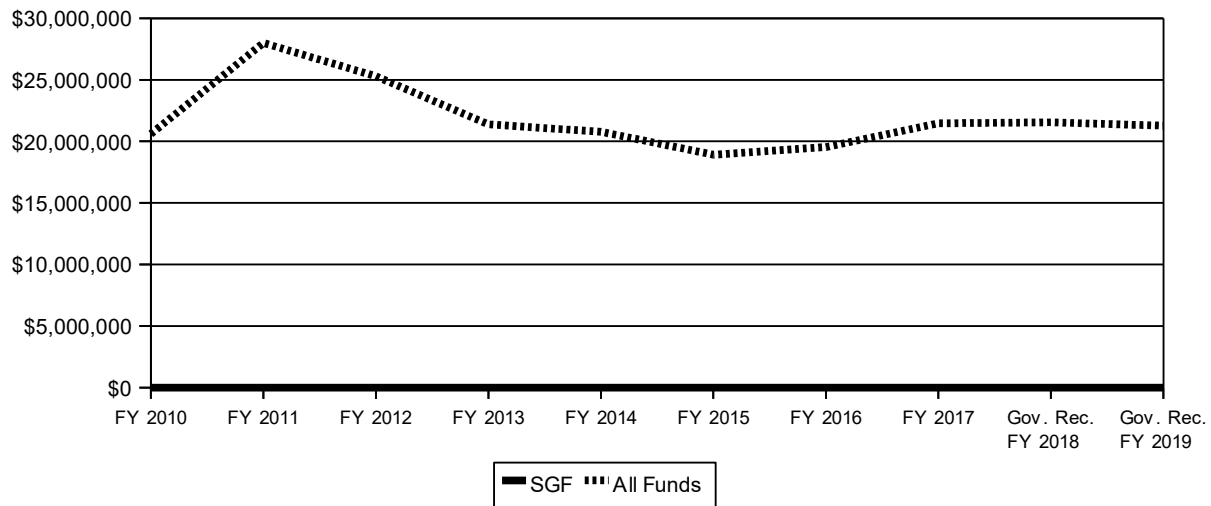
**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$21.3 million, all from special revenue funds, for FY 2019. This request is a decrease of \$1.7 million, or 7.2 percent, below the approved amount. The decrease is primarily attributable to reduced expenditures for salaries and wages in the Conservation Division due to agency-anticipated reductions in revenue caused by declining oil and gas production in Kansas. The agency also requests a policy change, which would temporarily suspend the semi-annual transfer from the Motor Carrier License Fees Fund to the State Highway Fund for FY 2019. This request is due to a reduction in the amount of Uniform Carrier Registration revenue that is being received into the Motor Carrier License Fees Fund. The agency request includes 204.5 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised FY 2019 estimate, but does not recommend the agency's requested policy change.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds     | % Change | FTE    |
|---------------------------------|------|----------|---------------|----------|--------|
| 2010                            | \$ 0 | -- %     | \$ 20,599,697 | (2.7)%   | 220.5  |
| 2011                            | 0    | --       | 27,997,186    | 35.9     | 220.5  |
| 2012                            | 0    | --       | 25,292,742    | (9.7)    | 218.5  |
| 2013                            | 0    | --       | 21,379,117    | (15.5)   | 211.5  |
| 2014                            | 0    | --       | 20,780,937    | (2.8)    | 204.5  |
| 2015                            | 0    | --       | 18,918,988    | (9.0)    | 190.0  |
| 2016                            | 0    | --       | 19,540,223    | 3.3      | 180.0  |
| 2017                            | 0    | --       | 21,464,641    | 9.8      | 180.0  |
| 2018 Gov. Rec.                  | 0    | --       | 21,549,537    | 0.4      | 204.5  |
| 2019 Gov. Rec.                  | 0    | --       | 21,277,334    | (1.3)    | 204.5  |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 677,637    | 3.3 %    | (16.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                         | \$ 5,348,281         | \$ 6,231,862         | \$ 6,321,177         | \$ 89,315                      | 1.4 %                           | \$ 6,231,862              | \$ 6,321,177         | \$ 89,315                      | 1.4 %                           |
| Utilities                              | 4,425,400            | 4,502,291            | 4,353,571            | (148,720)                      | (3.3)                           | 4,502,291                 | 4,353,571            | (148,720)                      | (3.3)                           |
| Conservation                           | 9,567,935            | 8,812,409            | 8,555,285            | (257,124)                      | (2.9)                           | 8,812,409                 | 8,555,285            | (257,124)                      | (2.9)                           |
| Transportation                         | 1,591,256            | 1,479,448            | 1,520,747            | 41,299                         | 2.8                             | 1,479,448                 | 1,520,747            | 41,299                         | 2.8                             |
| Energy programs                        | 531,769              | 523,527              | 526,554              | 3,027                          | 0.6                             | 523,527                   | 526,554              | 3,027                          | 0.6                             |
| <b>TOTAL</b>                           | <b>\$ 21,464,641</b> | <b>\$ 21,549,537</b> | <b>\$ 21,277,334</b> | <b>\$ (272,203)</b>            | <b>(1.3) %</b>                  | <b>\$ 21,549,537</b>      | <b>\$ 21,277,334</b> | <b>\$ (272,203)</b>            | <b>(1.3) %</b>                  |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 13,295,756        | \$ 14,462,022        | \$ 14,397,720        | \$ (64,302)                    | (0.4) %                         | \$ 14,462,022             | \$ 14,397,720        | \$ (64,302)                    | (0.4) %                         |
| Contractual Services                   | 6,915,351            | 5,939,079            | 5,917,244            | (21,835)                       | (0.4)                           | 5,939,079                 | 5,917,244            | (21,835)                       | (0.4)                           |
| Commodities                            | 258,130              | 365,965              | 367,665              | 1,700                          | 0.5                             | 365,965                   | 367,665              | 1,700                          | 0.5                             |
| Capital Outlay                         | 689,330              | 782,471              | 594,705              | (187,766)                      | (24.0)                          | 782,471                   | 594,705              | (187,766)                      | (24.0)                          |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$ 21,158,567</i> | <i>\$ 21,549,537</i> | <i>\$ 21,277,334</i> | <i>\$ (272,203)</i>            | <i>(1.3) %</i>                  | <i>\$ 21,549,537</i>      | <i>\$ 21,277,334</i> | <i>\$ (272,203)</i>            | <i>(1.3) %</i>                  |
| Aid to Local Units                     | 306,049              | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Other Assistance                       | 25                   | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 21,464,641</b> | <b>\$ 21,549,537</b> | <b>\$ 21,277,334</b> | <b>\$ (272,203)</b>            | <b>(1.3) %</b>                  | <b>\$ 21,549,537</b>      | <b>\$ 21,277,334</b> | <b>\$ (272,203)</b>            | <b>(1.3) %</b>                  |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                      | \$ 0                 | \$ 0                           | -- %                            |
| All Other Funds                        | 21,464,641           | 21,549,537           | 21,277,334           | (272,203)                      | (1.3)                           | 21,549,537                | 21,277,334           | (272,203)                      | (1.3)                           |
| <b>TOTAL</b>                           | <b>\$ 21,464,641</b> | <b>\$ 21,549,537</b> | <b>\$ 21,277,334</b> | <b>\$ (272,203)</b>            | <b>(1.3) %</b>                  | <b>\$ 21,549,537</b>      | <b>\$ 21,277,334</b> | <b>\$ (272,203)</b>            | <b>(1.3) %</b>                  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 22,653,610                         | 21,549,537                    | (1,104,073)                       | 21,549,537                  | (1,104,073)                         |
| <b>TOTAL</b>                | <b>\$ 22,653,610</b>               | <b>\$ 21,549,537</b>          | <b>\$ (1,104,073)</b>             | <b>\$ 21,549,537</b>        | <b>\$ (1,104,073)</b>               |
| FTE Positions               | 204.5                              | 204.5                         | 0.0                               | 204.5                       | 0.0                                 |

The **agency** requests a revised estimate of \$21.5 million, all from special revenue funds, in FY 2018. This request is a decrease of \$1.1 million, or 4.9 percent, below the approved amount. The decrease is primarily attributable to reduced expenditures for salaries and wages in the Conservation Division due to an agency-anticipated reduction in revenue caused by the downturn in oil and gas production. The **agency** also requests a policy change, which would temporarily suspend the semi-annual transfer from the Motor Carrier License Fees Fund to the the Kansas Department of Transportation State Highway Fund in FY 2018. This request is due to a reduction in the amount of Uniform Carrier Registration revenue that is being received into the Motor Carrier License Fees Fund. Major changes are detailed below:

- **Salaries and Wages.** The agency requests FY 2018 salaries and wages expenditures of \$14.5 million, which is a decrease of \$956,748, or 6.2 percent, below the approved amount. This decrease is attributable to holding positions vacant in the Conservation Division; and
- **Contractual Services.** The agency requests FY 2018 contractual services expenditures of \$5.9 million, a decrease of \$147,325, or 2.4 percent, below the approved amount. This decrease is attributable to the Energy Division no longer contracting a temporary worker through a staff recruiting agency.

The **Governor** concurs with the agency's revised FY 2018 estimate, but does not recommend the agency's requested policy change.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 22,939,092                         | 21,277,334                    | (1,661,758)                       | 21,277,334                  | (1,661,758)                         |
| <b>TOTAL</b>                | <b>\$ 22,939,092</b>               | <b>\$ 21,277,334</b>          | <b>\$ (1,661,758)</b>             | <b>\$ 21,277,334</b>        | <b>\$ (1,661,758)</b>               |
| FTE Positions               | 204.5                              | 204.5                         | 0.0                               | 204.5                       | 0.0                                 |

The **agency** requests a revised estimate of \$21.3 million, all from special revenue funds, for FY 2019. This request is a decrease of \$1.7 million, or 7.2 percent, below the approved amount. The decrease is primarily attributable to reduced expenditures for salaries and wages in the Conservation Division due to agency-anticipated reductions in revenue caused by declining oil and gas production in Kansas. The **agency** also requests a policy change, which would temporarily suspend the semi-annual transfer from the Motor Carrier License Fees Fund to the State Highway Fund for FY 2019. This request is due to a reduction in the amount of Uniform Carrier Registration revenue that is being received into the Motor Carrier License Fees Fund. Major changes are detailed below:

- **Salaries and Wages.** The agency requests FY 2019 salaries and wages expenditures of \$14.4 million, which is a decrease of \$1.3 million, or 8.0 percent, below the approved amount. This decrease is attributable to holding positions vacant in the Conservation Division; and
- **Contractual Services.** The agency requests FY 2019 contractual services expenditures of \$5.9 million, which is a decrease of \$411,575, or 6.5 percent, below the approved amount. This decrease is attributable to decreases in expenditures on copy printing equipment rental, staff recruiting, and vehicle oil changes. This decrease is attributable to no longer contracting a temporary worker through a staff recruiting agency.

The **Governor** concurs with the agency's revised FY 2018 estimate, but does not recommend the agency's requested policy change.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$4,000, all from special revenue funds, and FY 2019 longevity payments total \$4,400, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                    | 0.0 %                                      | 0.0 %                                    |
| Public Service Regulation<br>Fee Fund | 38.3                                       | 38.3                                     |
| Conservation Fee Fund                 | 35.6                                       | 35.6                                     |
| Motor Carrier License Fees<br>Fund    | 12.0                                       | 12.0                                     |
| Abandoned Oil & Gas Well<br>Fund      | 7.4                                        | 7.4                                      |
| Federal Funds                         | 5.0                                        | 5.0                                      |
| All Other Funds                       | 1.8                                        | 1.8                                      |
| <b>TOTAL</b>                          | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Public Service Regulation Fee Fund Analysis

The Public Service Regulation Fee Fund is used to finance payments for outside accounting, legal, and economic advisory services incurred in connection with the investigation of a utility or common carrier for violating, refusing, neglecting, or failing to obey any lawful requirement or order of the Commission. The KCC is empowered to assess a utility or common carrier company undergoing investigation up to three-fifths of 1.0 percent (0.6 percent) of the gross revenue derived from the company's intrastate operations in the preceding year.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 1,147,867         | \$ 397,514                    | \$ 397,514           | \$ 360,802                    | \$ 360,802           |
| Revenue                                      | 6,897,237            | 8,358,000                     | 8,358,000            | 8,358,000                     | 8,358,000            |
| Transfers in                                 | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 8,045,104</b>  | <b>\$ 8,755,514</b>           | <b>\$ 8,755,514</b>  | <b>\$ 8,718,802</b>           | <b>\$ 8,718,802</b>  |
| Less:                                        |                      |                               |                      |                               |                      |
| Expenditures                                 | 7,547,590            | 8,294,712                     | 8,294,712            | 8,141,713                     | 8,141,713            |
| Transfers Out                                | 100,000              | 100,000                       | 100,000              | 100,000                       | 100,000              |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 397,514</b>    | <b>\$ 360,802</b>             | <b>\$ 360,802</b>    | <b>\$ 477,089</b>             | <b>\$ 477,089</b>    |
| Ending Balance as Percent of<br>Expenditures | 5.3%                 | 4.3%                          | 4.3%                 | 5.9%                          | 5.9%                 |
| Month Highest Ending<br>Balance              | April<br>\$ 426,710  | July<br>\$ 1,012,195          | July<br>\$ 1,012,195 | July<br>\$ 800,000            | July<br>\$ 800,000   |
| Month Lowest Ending<br>Balance               | July<br>\$ (846,987) | March<br>\$ 537,000           | March<br>\$ 537,000  | March<br>\$ 500,000           | March<br>\$ 500,000  |

## Conservation Fee Fund Analysis

The Conservation Fee Fund provides administration of operations and oversight of oil and gas activities. It is funded by assessments and fees on the petroleum industry. The major source of revenue for the Conservation Fee Fund is the Oil Proration Assessment of 91.0 mills per barrel of oil marketed or used as authorized by KAR 82-3-206 and the Natural Gas Assessment, which is assessed against natural gas producers at a rate established by KAR 82-3-307 of 12.90 mills for each 1,000 cubic feet of gas produced.

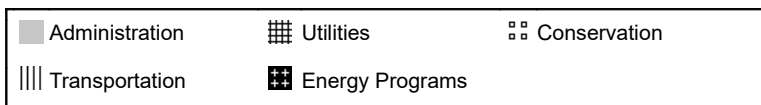
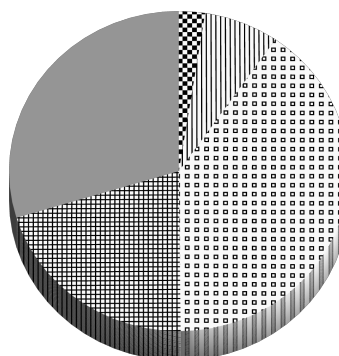
| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 7,020,214         | \$ 4,213,668                  | \$ 4,213,668         | \$ 2,003,661                  | \$ 2,003,661         |
| Revenue                                      | 6,429,387            | 6,387,500                     | 6,387,500            | 6,383,350                     | 6,383,350            |
| Transfers in                                 | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 13,449,601</b> | <b>\$ 10,601,168</b>          | <b>\$ 10,601,168</b> | <b>\$ 8,387,011</b>           | <b>\$ 8,387,011</b>  |
| Less:                                        |                      |                               |                      |                               |                      |
| Expenditures                                 | 8,435,933            | 7,797,507                     | 7,797,507            | 7,584,861                     | 7,584,861            |
| Transfers Out                                | 800,000              | 800,000                       | 800,000              | 800,000                       | 800,000              |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 4,213,668</b>  | <b>\$ 2,003,661</b>           | <b>\$ 2,003,661</b>  | <b>\$ 2,150</b>               | <b>\$ 2,150</b>      |
| Ending Balance as Percent of<br>Expenditures | 49.9%                | 25.7%                         | 25.7%                | 0.0%                          | 0.0%                 |
| Month Highest Ending<br>Balance              | July<br>\$ 6,064,133 | July<br>\$ 5,021,000          | July<br>\$ 5,021,000 | July<br>\$ 4,000,000          | July<br>\$ 4,000,000 |
| Month Lowest Ending<br>Balance               | June<br>\$ 4,216,534 | June<br>\$ 4,000,000          | June<br>\$ 4,000,000 | June<br>\$ 2,000              | June<br>\$ 2,000     |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation

All Funds



| Program         | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-----------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration  | \$ 6,321,177                      | 29.7 %              | \$ 0                        | -- %                |
| Utilities       | 4,353,571                         | 20.5                | 0                           | --                  |
| Conservation    | 8,555,285                         | 40.2                | 0                           | --                  |
| Transportation  | 1,520,747                         | 7.1                 | 0                           | --                  |
| Energy Programs | 526,554                           | 2.5                 | 0                           | --                  |
| <b>TOTAL</b>    | <b>\$ 21,277,334</b>              | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program         | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration  | 49.0              | 58.5                   | 58.5                 | 58.5                   | 58.5                 |
| Utilities       | 35.5              | 37.0                   | 37.0                 | 37.0                   | 37.0                 |
| Conservation    | 75.5              | 89.0                   | 89.0                 | 89.0                   | 89.0                 |
| Transportation  | 17.0              | 17.0                   | 17.0                 | 17.0                   | 17.0                 |
| Energy Programs | 3.0               | 3.0                    | 3.0                  | 3.0                    | 3.0                  |
| <b>TOTAL</b>    | <b>180.0</b>      | <b>204.5</b>           | <b>204.5</b>         | <b>204.5</b>           | <b>204.5</b>         |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.



## A. Administration

The Office of the Commission consists of the three commissioners, the Executive Director (Secretary), and the General Counsel. The Administrative Division is comprised of the following sections: the Front Office; Litigation and Advisory; Public Affairs and Consumer Protection; Human Resource Services; Information Technology Services; Docket Room/Legislative and Compliance; and Fiscal Management and Support Services.

| ADMINISTRATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                        | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                        |                     |                        |                      |                        |                      |
| Salaries and Wages                                          | \$ 4,158,890        | \$ 4,757,336           | \$ 4,757,336         | \$ 4,826,654           | \$ 4,826,654         |
| Contractual Services                                        | 978,128             | 1,252,351              | 1,252,351            | 1,329,775              | 1,329,775            |
| Commodities                                                 | 30,316              | 42,750                 | 42,750               | 43,500                 | 43,500               |
| Capital Outlay                                              | 180,947             | 179,425                | 179,425              | 121,248                | 121,248              |
| Debt Service                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                | <i>\$ 5,348,281</i> | <i>\$ 6,231,862</i>    | <i>\$ 6,231,862</i>  | <i>\$ 6,321,177</i>    | <i>\$ 6,321,177</i>  |
| Aid to Local Units                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                | <b>\$ 5,348,281</b> | <b>\$ 6,231,862</b>    | <b>\$ 6,231,862</b>  | <b>\$ 6,321,177</b>    | <b>\$ 6,321,177</b>  |
| <b>Financing:</b>                                           |                     |                        |                      |                        |                      |
| State General Fund                                          | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                             | 5,348,281           | 6,231,862              | 6,231,862            | 6,321,177              | 6,321,177            |
| <b>TOTAL</b>                                                | <b>\$ 5,348,281</b> | <b>\$ 6,231,862</b>    | <b>\$ 6,231,862</b>  | <b>\$ 6,321,177</b>    | <b>\$ 6,321,177</b>  |
| FTE Positions                                               | 49.0                | 58.5                   | 58.5                 | 58.5                   | 58.5                 |

The **agency** estimates expenditures of \$6.2 million, all from special revenue funds, for the Administration program in FY 2018. This is an increase of \$27,172, or 0.4 percent, from the approved amount. This increase is due to changes in salaries and wages expenditures, which are detailed below:

- **Salaries and Wages.** The agency estimates \$4.8 million, all from special revenue funds, in salaries and wages expenditures for the Administration program in FY 2018. This is \$27,172, or 0.6 percent, above the approved amount. This increase is due to increased employer contributions to KPERS.

The **Governor** concurs with the agency's revised FY 2018 estimate for the Administration program.

The **agency** estimates expenditures of \$6.3 million, all from special revenue funds, for the Administration program for FY 2019. This is an increase of \$27,837, or 0.4 percent, from the approved amount. This increase is due to increased expenditures in the salaries and wages category, which is detailed below:

- **Salaries and Wages.** The agency estimates \$4.8 million in salaries and wages expenditures, all from special revenue funds, for the Administration program for

FY 2019. This is \$27,837, or 0.6 percent, above the approved amount. This increase is due to increased employer contributions to KPERS.

The **Governor** concurs with the agency's revised FY 2019 estimate for the Administration program.

## **B. Utilities**

The Utilities Division is responsible for administering the regulations and statutes applicable to utilities under the Commission's jurisdiction, including electric, natural gas, telephone, liquid pipelines, and water utilities. It also regulates rates and other aspects of utility operations.

The primary responsibility of the Utilities Division is to make recommendations to the Commission concerning the fairness of utility rates and tariffs, as well as the efficiency and sufficiency of utility services and operations. The Utilities program has five sub-programs: Accounting, Economics and Rates, Energy Operations, Pipeline Safety, and Telecommunications.

| <b>UTILITIES</b>                                 |                     |                        |                      |                        |                      |
|--------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
| Item                                             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                             |                     |                        |                      |                        |                      |
| Salaries and Wages                               | \$ 2,636,189        | \$ 3,028,762           | \$ 3,028,762         | \$ 3,073,607           | \$ 3,073,607         |
| Contractual Services                             | 1,651,123           | 1,276,090              | 1,276,090            | 1,113,890              | 1,113,890            |
| Commodities                                      | 28,398              | 46,460                 | 46,460               | 46,460                 | 46,460               |
| Capital Outlay                                   | 109,690             | 150,979                | 150,979              | 119,614                | 119,614              |
| Debt Service                                     | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                     | <i>\$ 4,425,400</i> | <i>\$ 4,502,291</i>    | <i>\$ 4,502,291</i>  | <i>\$ 4,353,571</i>    | <i>\$ 4,353,571</i>  |
| Aid to Local Units                               | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                 | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                     | <b>\$ 4,425,400</b> | <b>\$ 4,502,291</b>    | <b>\$ 4,502,291</b>  | <b>\$ 4,353,571</b>    | <b>\$ 4,353,571</b>  |
| <b>Financing:</b>                                |                     |                        |                      |                        |                      |
| State General Fund                               | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                  | 4,425,400           | 4,502,291              | 4,502,291            | 4,353,571              | 4,353,571            |
| <b>TOTAL</b>                                     | <b>\$ 4,425,400</b> | <b>\$ 4,502,291</b>    | <b>\$ 4,502,291</b>  | <b>\$ 4,353,571</b>    | <b>\$ 4,353,571</b>  |
| FTE Positions                                    | 35.5                | 37.0                   | 37.0                 | 37.0                   | 37.0                 |

The **agency** requests expenditures of \$4.5 million for the Utilities program, all from special revenue funds, in FY 2018. This is an increase of \$50,947, or 1.1 percent, above the approved amount. This increase is due to salaries and wages expenditures, which are detailed below:

- **Salaries and Wages.** The agency requests \$3.0 million, all from special revenue funds, in salaries and wages expenditures for the Utilities program in FY 2018. This is an increase of \$50,947, or 1.7 percent, above the approved amount. This increase is due to increased employer contributions to KPERS.

The **Governor** concurs with the agency's revised FY 2018 estimate for the Utilities program.

The **agency** requests expenditures of \$4.4 million, all from special revenue funds, for the Utilities program for FY 2019. This is an increase of \$52,194, or 1.2 percent, above the approved amount. This increase is due to increased salaries and wages expenditures, which are detailed below:

- **Salaries and Wages.** The agency requests \$3.1 million, all from special revenue funds, in salaries and wages expenditures for the Utilities program for FY 2019. This is an increase of \$52,194, or 1.7 percent, above the approved amount. The increase is due to increased employer contributions to KPERS.

The **Governor** concurs with the agency's revised FY 2019 estimate for the Utilities program.

### ***C. Conservation***

The Conservation Division is responsible for administering the state's oil and gas field regulatory programs. More specifically, the program enforces regulations and statutes concerning the abandoned well plugging and site remediation, underground injection control, Mississippi Lime Play, hydraulic fracturing, permitting/compliance, landspreading, intrastate gas storage, carbon dioxide sequestration, compressed air energy storage, and online filing (KOLAR).

In recent years, the Conservation Division has become involved with the underground storage of carbon dioxide. In HB 2419, the 2007 Legislature authorized the adoption of rules and regulations pertaining to carbon dioxide sequestration and the maintenance of underground storage of carbon dioxide. As part of developing and implementing the rules and regulations, the agency, in conjunction with the Kansas Department of Health and Environment (KDHE) and the U.S. Environmental Protection Agency (EPA), was charged with creating a Memorandum of Agreement regarding the agency's administration of the oversight and permitting of the carbon sequestration injection wells. The legislation also imposed possible rule-making obligations.

The abandoned oil and gas well plugging program was created in 1996 and, by law that was updated in 2015, receives annual transfers of \$400,000 from the State General Fund and \$800,000 from the Conservation Fee Fund. However, due to state revenue shortfalls, the \$400,000 transfer from the State General Fund was not approved by the Legislature for FY 2009 through FY 2017. The remaining \$500,000 transfer is made from the Well Plugging Assurance Fund.

| <p style="text-align: center;"><b>CONSERVATION</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                            |                            |                            |                            |                            |
|--------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                                                         | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                                                         |                            |                            |                            |                            |                            |
| Salaries and Wages                                                                                           | \$ 5,284,770               | \$ 5,073,379               | \$ 5,073,379               | \$ 4,870,444               | \$ 4,870,444               |
| Contractual Services                                                                                         | 3,814,329                  | 3,113,917                  | 3,113,917                  | 3,144,033                  | 3,144,033                  |
| Commodities                                                                                                  | 168,427                    | 230,300                    | 230,300                    | 230,300                    | 230,300                    |
| Capital Outlay                                                                                               | 300,384                    | 394,813                    | 394,813                    | 310,508                    | 310,508                    |
| Debt Service                                                                                                 | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                                                                 | <u>\$ 9,567,910</u>        | <u>\$ 8,812,409</u>        | <u>\$ 8,812,409</u>        | <u>\$ 8,555,285</u>        | <u>\$ 8,555,285</u>        |
| Aid to Local Units                                                                                           | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                                                             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                                                                                                 | <u><b>\$ 9,567,910</b></u> | <u><b>\$ 8,812,409</b></u> | <u><b>\$ 8,812,409</b></u> | <u><b>\$ 8,555,285</b></u> | <u><b>\$ 8,555,285</b></u> |
| <b>Financing:</b>                                                                                            |                            |                            |                            |                            |                            |
| State General Fund                                                                                           | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                                                              | 9,567,935                  | 8,812,409                  | 8,812,409                  | 8,555,285                  | 8,555,285                  |
| <b>TOTAL</b>                                                                                                 | <u><b>\$ 9,567,935</b></u> | <u><b>\$ 8,812,409</b></u> | <u><b>\$ 8,812,409</b></u> | <u><b>\$ 8,555,285</b></u> | <u><b>\$ 8,555,285</b></u> |
| FTE Positions                                                                                                | 75.5                       | 89.0                       | 89                         | 89.0                       | 89.0                       |

The **agency** requests \$8.8 million, all from special revenue funds, for the Conservation program in FY 2018. This is a decrease of \$986,403, or 10.1 percent, below the approved amount. This decrease is due to decreased expenditures in salaries and wages, which are detailed below:

- **Salaries and Wages.** The agency requests \$5.1 million, all from special revenue funds, for salaries and wages for the Conservation program in FY 2018. This is a decrease of \$986,403, or 16.3 percent, from the approved amount. This decrease is due to shrinkage, which is caused by holding positions vacant. This decrease is partially offset by increased employer contributions to KPERS.

The **Governor** concurs with the agency's revised FY 2018 estimate for the Conservation program.

The **agency** requests \$8.6 million, all from special revenue funds, for the Conservation program for FY 2019. This is a decrease of \$1.5 million, or 15.3 percent, from the approved amount. This decrease is due to decreased expenditures in salaries and wages, as well as contractual services:

- **Salaries and Wages.** The agency requests \$4.9 million, all for special revenue funds, for salaries and wages expenditures in the Conservation program for FY 2019. This is a decrease of \$1.3 million, or 20.8 percent, from the approved amount. This decrease is due to shrinkage, which is caused by holding positions vacant. This decrease is partially offset by increased employer contributions to KPERS; and

- **Contractual Services.** The agency requests \$3.1 million, all from special revenue funds, for contractual services expenditures in the Conservation program for FY 2019. This is a decrease of \$260,000, or 7.6 percent, below the approved amount. This decrease is due to decreased expenditures on computer software maintenance services.

The **Governor** concurs with the agency's revised FY 2019 estimate for the Conservation program.

#### **D. Transportation**

The Transportation Division regulates motor carriers of persons and property (common and private carriers) and works to assure compliance by regulated transportation industries in Kansas and safety for carrier-shippers and the consuming public. The program helps protect the public interest and safety through comprehensive inspection, licensing, and planning.

| <b>TRANSPORTATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|---------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                |                     |                        |                      |                        |                      |
| Salaries and Wages                                                  | \$ 1,070,744        | \$ 1,185,869           | \$ 1,185,869         | \$ 1,204,150           | \$ 1,204,150         |
| Contractual Services                                                | 402,245             | 209,230                | 209,230              | 242,055                | 242,055              |
| Commodities                                                         | 25,288              | 34,400                 | 34,400               | 35,350                 | 35,350               |
| Capital Outlay                                                      | 92,979              | 49,949                 | 49,949               | 39,192                 | 39,192               |
| Debt Service                                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                        | <i>\$ 1,591,256</i> | <i>\$ 1,479,448</i>    | <i>\$ 1,479,448</i>  | <i>\$ 1,520,747</i>    | <i>\$ 1,520,747</i>  |
| Aid to Local Units                                                  | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                    | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                        | <b>\$ 1,591,256</b> | <b>\$ 1,479,448</b>    | <b>\$ 1,479,448</b>  | <b>\$ 1,520,747</b>    | <b>\$ 1,520,747</b>  |
| <b>Financing:</b>                                                   |                     |                        |                      |                        |                      |
| State General Fund                                                  | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                     | 1,591,256           | 1,479,448              | 1,479,448            | 1,520,747              | 1,520,747            |
| <b>TOTAL</b>                                                        | <b>\$ 1,591,256</b> | <b>\$ 1,479,448</b>    | <b>\$ 1,479,448</b>  | <b>\$ 1,520,747</b>    | <b>\$ 1,520,747</b>  |
| FTE Positions                                                       | 17.0                | 17.0                   | 17.0                 | 17.0                   | 17.0                 |

The **agency** requests \$1.5 million, all from special revenue funds, for the Transportation program in FY 2018. This is an increase of \$23,775, or 1.6 percent, above the approved amount. This increase is due to increases in salaries and wages expenditures, which are detailed below:

- **Salaries and Wages.** The agency requests \$1.2 million, all from special revenue funds, in salaries and wages expenditures for the Transportation program in FY 2018. This is an increase of \$23,775, or 2.0 percent, above the approved amount. This increase is due to increased employer contributions to KPERs.

The **Governor** concurs with the agency's revised FY 2018 estimate for the Transportation program.

The **agency** requests \$1.5 million, all from special revenue funds, for the Transportation program for FY 2019. This is an increase of \$24,358, or 1.6 percent, above the approved amount. This increase is due to increased salaries and wages expenditures, which are detailed below:

- **Salaries and Wages.** The agency requests \$1.2 million, all from special revenue funds, in salaries and wages expenditures for the Transportation program in FY 2018. This is an increase of \$24,358, or 1.5 percent, above the approved amount. This increase is due to increased employer contributions to KPERs.

The **Governor** concurs with the agency's revised FY 2019 estimate for the Transportation program.

## E. Energy

The Energy Division administers federal and state programs aimed at promoting energy conservation practices and delivering energy conservation services. In FY 2013, the Energy Division shifted its focus to include economic development opportunities as part of KCC's economic mission to minimize public harm due to market imperfections, particularly in the state's rural opportunity zones. This division also is introducing a new program to focus on helping new and existing small businesses recognize the potential of renewable energy in Kansas.

| ENERGY<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|-----------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                |                   |                        |                      |                        |                      |
| Salaries and Wages                                  | \$ 145,163        | \$ 416,676             | \$ 416,676           | \$ 422,865             | \$ 422,865           |
| Contractual Services                                | 69,526            | 87,491                 | 87,491               | 87,491                 | 87,491               |
| Commodities                                         | 5,701             | 12,055                 | 12,055               | 12,055                 | 12,055               |
| Capital Outlay                                      | 5,330             | 7,305                  | 7,305                | 4,143                  | 4,143                |
| Debt Service                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations                               | \$ 225,720        | \$ 523,527             | \$ 523,527           | \$ 526,554             | \$ 526,554           |
| Aid to Local Units                                  | 306,049           | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                        | <b>\$ 531,769</b> | <b>\$ 523,527</b>      | <b>\$ 523,527</b>    | <b>\$ 526,554</b>      | <b>\$ 526,554</b>    |
| <b>Financing:</b>                                   |                   |                        |                      |                        |                      |
| State General Fund                                  | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                     | 531,769           | 523,527                | 523,527              | 526,554                | 526,554              |
| <b>TOTAL</b>                                        | <b>\$ 531,769</b> | <b>\$ 523,527</b>      | <b>\$ 523,527</b>    | <b>\$ 526,554</b>      | <b>\$ 526,554</b>    |
| FTE Positions                                       | 3.0               | 3.0                    | 3.0                  | 3.0                    | 3.0                  |

The **agency** requests \$523,527, all from special revenue funds, in expenditures for the Energy program in FY 2018. This is a decrease of \$147,325, or 22.0 percent, below the approved amount. This decrease is due to a decrease in contractual services expenditures, which are detailed as follows:

- **Contractual Services.** The agency requests \$87,491, all from special revenue funds, in contractual services expenditures for the Energy program in FY 2018. This is a decrease of \$147,325, or 62.7 percent, below the approved amount. This decrease is largely due to a Memorandum of Agreement with Kansas State University–Engineering Extension to provide work on the Facility Conservation Improvement Program and the State Energy Plan Grant. As a result of this arrangement, funding to pay Kansas State University was moved from the contractual services category to the non-expense items category. In addition, the Energy Division is no longer contracting with a staffing agency for a temporary employee.

The **Governor** concurs with the agency's revised FY 2018 estimate for the Energy program.

The **agency** requests \$526,554, all from special revenue funds, for the Energy program in FY 2019. This is a decrease of \$151,575, or 22.4 percent, below the approved amount. This decrease is attributable to decreases in contractual services, which are detailed below:

- **Contractual Services.** The agency requests \$87,491, all from special revenue funds, in contractual services expenditures for the Energy program for FY 2019. This is a decrease of \$151,575, or 63.4 percent, below the approved amount. This decrease is largely due to a Memorandum of Agreement with Kansas State University–Engineering Extension to provide work on the Facility Conservation Improvement Program and the State Energy Plan Grant. As a result of this arrangement, funding to pay Kansas State University was moved from the contractual services category to the non-expense items category. In addition, the Energy Division is no longer contracting with a staffing agency for a temporary employee.

The **Governor** concurs with the agency's revised FY 2019 estimate for the Energy program.

| PERFORMANCE MEASURES                                                                     |                          |                   |                      |                      |
|------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                  | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of new compliance dockets opened                                                  | 10                       | 7                 | 10                   | 10                   |
| Kansas electric rates compared to national rates (lowest price=1)                        | N/A                      | 35                | 35                   | 35                   |
| Number of telecommunications dockets opened                                              | N/A                      | 64                | 300                  | 300                  |
| Number of documents online                                                               | 160,000                  | 163,498           | 170,000              | 180,000              |
| Kansas natural gas rates compared to national rates (lowest price=1)                     | N/A                      | 17                | 17                   | 17                   |
| Number of Natural Gas Pipeline Safety Act noncompliance instances detected and corrected | 200                      | 70                | 200                  | 200                  |
| Average amount of rate increase granted as percent of requested amount                   | N/A                      | 32.5%             | 60.0%                | 60.0%                |
| Percent of priority 1A wells plugged                                                     | 100%                     | 100%              | 100%                 | 100%                 |
| Number of abandoned wells plugged                                                        | 302                      | 287               | 277                  | 276                  |
| Number of identified pollution sites resolved                                            | 3                        | 0                 | 0                    | 3                    |
| Number of oil and gas facility inspections performed                                     | 5,000                    | 4,938             | 5,000                | 5,000                |
| Number of environmental permit applications processed                                    | 4,500                    | 4,323             | 4,500                | 4,500                |
| Number of Kansas Motor Carrier driver inspections                                        | N/A                      | 53,000            | 53,000               | 53,000               |
| Number of driver inspections with out-of-service violations                              | N/A                      | 2,800             | 2,800                | 2,800                |
| Number of Kansas vehicle inspections                                                     | N/A                      | 30,000            | 30,000               | 30,000               |
| Number of vehicle inspections with out-of-service violations                             | N/A                      | 4,301             | 4,500                | 4,500                |
| Number of energy audits for rural businesses performed                                   | 40                       | 24                | 21                   | 21                   |
| Number of signed energy performance contracts                                            | N/A                      | 1                 | 3                    | 3                    |
| Number of public entities supported through the contracting process                      | N/A                      | 15                | 8                    | 8                    |



# CITIZENS' UTILITY RATEPAYER BOARD

| Expenditure             | Actual<br>FY 2017        | Agency Est.<br>FY 2018   | Gov. Rec.<br>FY 2018     | Agency Est.<br>FY 2019   | Gov. Rec.<br>FY 2019     |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Operating Expenditures: |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 821,586                  | 984,359                  | 984,359                  | 982,280                  | 982,280                  |
| <i>Subtotal</i>         | <i>\$ 821,586</i>        | <i>\$ 984,359</i>        | <i>\$ 984,359</i>        | <i>\$ 982,280</i>        | <i>\$ 982,280</i>        |
| Capital Improvements:   |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 0                        | 0                        | 0                        | 0                        | 0                        |
| <i>Subtotal</i>         | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              |
| <b>TOTAL</b>            | <b><u>\$ 821,586</u></b> | <b><u>\$ 984,359</u></b> | <b><u>\$ 984,359</u></b> | <b><u>\$ 982,280</u></b> | <b><u>\$ 982,280</u></b> |
| Percentage Change:      |                          |                          |                          |                          |                          |
| Operating Expenditures  |                          |                          |                          |                          |                          |
| State General Fund      | -- %                     | -- %                     | -- %                     | -- %                     | -- %                     |
| All Funds               | 9.8                      | 19.8                     | 19.8                     | (0.2)                    | (0.2)                    |
| FTE Positions           | 6.0                      | 7.0                      | 7.0                      | 7.0                      | 7.0                      |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

In 1989, the Legislature created the Citizens' Utility Ratepayer Board (CURB) as part of the Kansas Corporation Commission (KCC). Beginning in FY 1993, CURB was separated from the KCC for budgeting, purchasing, and related management functions, making it an independent agency. CURB is overseen by a five-member board, which is appointed by the Governor for four-year staggered terms. The Board currently employs one consumer counsel, two attorneys, two technical positions, and two support staff.

CURB's mission is to protect the interests of residential and small commercial utility ratepayers in Kansas by providing them with competent, quality legal representation before the KCC, the Courts, and the Legislature. While Kansas gas, electric, and telephone utility companies enjoy legal representation in these arenas, the cost of employing an attorney, the highly technical nature of the issues involved, and the necessity of traveling to Topeka for hearings hinders the participation of many ratepayers. Consequently, CURB was given the authority to represent ratepayers, initiate or intervene in cases that affect ratepayers, and request rehearing or review of KCC orders that affect ratepayers. This authority is limited, however, in that CURB may not participate in cases involving electric and telephone cooperatives that have a membership of less than 15,000. CURB is funded by assessments levied against the public utilities in whose cases CURB can intervene.

In addition to its work at the state level, when CURB became independent, it was able to join the National Association of State Utility Consumer Advocates (NASUCA). Through NASUCA, the agency represents Kansas consumers in utility issues considered by Congress, the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission, and other federal agencies.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **2007 Legislature** passed HB 2220, which amended prior law regarding transmission charges for retail electric service. Under the bill, transmission charges may be determined by the KCC in response to a general retail rate application or as part of a full rate case. Under prior law, as interpreted by Kansas courts, transmission delivery charges could not be determined during a rate case. In regard to transmission charges resulting from federal orders, the bill authorizes the KCC to order changes to a utility's transmission charge if a federal transmission rate order changes. Under prior law, utility companies had discretion regarding changing their transmission delivery charges when a federal transmission rate order was changed.

The **2007 Legislature** passed HB 2597, which enacted new law and amended prior law regarding municipal utilities and the extent to which those utilities are regulated by the KCC. The bill exempts municipal natural gas and electric utilities from KCC regulation for those services provided more than three miles from the municipality's boundary under certain circumstances. Under the bill, customers in an outlying area may protest a change in rates, charges, or terms and conditions of service.

The **2008 Legislature** passed HB 2637, which transferred into substantive law a proviso that had traditionally been included in the appropriations bill concerning competitive bidding for contractual services the agency utilizes during its participation in cases. The bill allowed CURB to negotiate contracts for professional services, including the services of engineers, accountants, attorneys, and economists, to assist in preparation and presentation of expert testimony or otherwise carry out the duties of CURB. The bill required negotiations be conducted by a committee and specifies the membership and duties of the negotiating committee.

The **2009 Legislature** passed Senate Sub. for HB 2369, which, among other things, required electric public utilities, except municipally owned electric utilities, to generate or purchase specified amounts of electricity generated from renewable resources. It also allowed large electric cooperatives to remove themselves from the regulatory jurisdiction of the KCC regarding rates.

During the **2010 Session**, SB 229 amended KSA 75-3170, which now requires certain fee funds, such as the Utility Regulatory Fee Fund, to contribute 10.0 percent, reduced from 20.0 percent, of revenues to the State General Fund to cover the costs of state governmental services performed on behalf of the agency.

The **Governor** in **2011** issued Executive Order 11-02, which created the Citizens' Regulatory Review Board. The existing CURB Board was tasked to act as the Citizens' Regulatory Review Board and take on the new duty of reviewing proposed state agency regulations for the impact on the lives of Kansas citizens. Specifically, the review board is tasked with receiving, and at its discretion, reviewing and advising the Governor of any concerns with proposed regulations. Currently, the review board is staffed by the Department of the Administration.

The **2011 Legislature**, in Senate Sub. for HB 2014, specifically prohibited CURB from spending any money in FY 2012 from its regulatory fee fund to support the Citizens' Regulatory Review Board.

The **2012 Legislature** added \$16,729, all from special revenue funds, in view of current and expected increases in ratepayer cases for FY 2013.

The **2013 Legislature** deleted \$27,100, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2014. It also deleted \$32,022, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2015.

The **2015 Legislature** added \$12,608, all from special revenue funds, to provide a 3.5 percent salary increase above the FY 2015 base salary amount for 5.0 FTE positions for FY 2016. Additionally, the Legislature added \$27,290, all from special revenue funds, to provide a 6.0 percent salary increase for 6.0 FTE positions above the FY 2015 base salary amount for FY 2017.

The **2016 Legislature** deleted \$3,018, all from special revenue funds, to eliminate the remaining three quarters of death and disability payments for FY 2017.

The **2017 Legislature** added \$4,374 for FY 2018 and \$6,156 for FY 2019, all from special revenue funds, to restore KPERS employer contributions to the approved levels in each respective fiscal year. Additionally, the Legislature added \$4,609, all from special revenue funds, for a 2.5 percent adjustment for all state employees with less than five years of service (except for Highway Patrol law enforcement personnel and employees at the Schools for the Deaf and the Blind, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other statewide elected officials); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019.

## **BUDGET SUMMARY AND KEY POINT**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$984,359, all from special revenue funds, in FY 2018. This estimate is an increase of \$19,368, or 2.0 percent, above the approved amount. This increase is attributable to a carry-forward balance in the contractual services category of expenditures that can only be spent on contracts and consultants. The agency is requesting 7.0 FTE positions, which is an increase of 1.0 FTE position for an in-house technical expert.

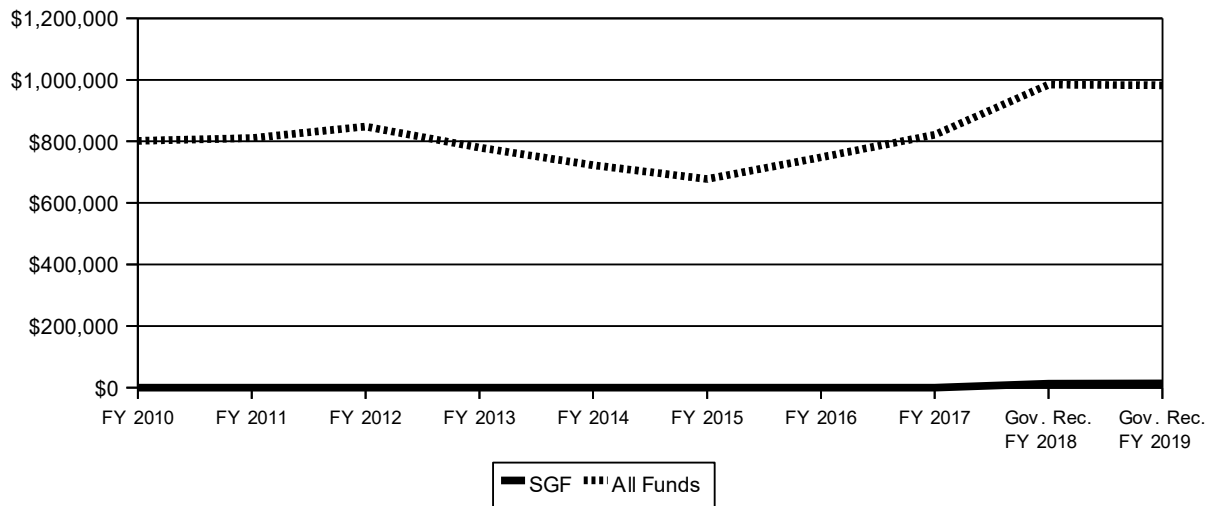
The **Governor** concurs with the agency's revised FY 2018 estimate.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$982,280, all from special revenue funds, for FY 2019. This estimate is the same as the approved amount. The agency is requesting 7.0 FTE positions, which is an increase of 1.0 FTE position for an in-house technical expert.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds  | % Change | FTE |
|-----------------|------|----------|------------|----------|-----|
| 2010            | \$ 0 | -- %     | \$ 801,657 | 8.6 %    | 6.0 |
| 2011            | 0    | --       | 810,796    | 1.1      | 6.0 |
| 2012            | 0    | --       | 848,150    | 4.6      | 6.0 |
| 2013            | 0    | --       | 779,820    | (8.1)    | 6.0 |
| 2014            | 0    | --       | 722,602    | (7.3)    | 6.0 |
| 2015            | 0    | --       | 677,585    | (6.2)    | 5.0 |
| 2016            | 0    | --       | 748,223    | 10.4     | 5.0 |
| 2017            | 0    | --       | 821,586    | 9.8      | 6.0 |
| 2018 Gov. Rec.  | 0    | --       | 984,359    | 19.8     | 7.0 |
| 2019 Gov. Rec.  | 0    | --       | 982,280    | (0.2)    | 7.0 |
| Ten-Year Change |      |          |            |          |     |
| Dollars/Percent | \$ 0 | -- %     | \$ 180,623 | 22.5 %   | 1.0 |

# Summary of Operating Budget FY 2017 - FY 2019

Citizens' Utility Ratepayer Board

|                                        |            | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                 |                                |                                 |  |
|----------------------------------------|------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|-----------------|--------------------------------|---------------------------------|--|
| Actual<br>FY 2017                      |            | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 |                           | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |
| <b>By Program:</b>                     |            |                     |                     |                                |                                 |                 |                           |                 |                                |                                 |  |
| Administration                         | \$ 821,586 | \$ 984,359          | \$ 982,280          | \$ (2,079)                     | (0.2) %                         | \$ 984,359      | \$ 982,280                | \$ (2,079)      | (0.2) %                        |                                 |  |
| <b>By Major Object of Expenditure:</b> |            |                     |                     |                                |                                 |                 |                           |                 |                                |                                 |  |
| Salaries and Wages                     | \$ 438,874 | \$ 590,337          | \$ 601,626          | \$ 11,289                      | 1.9 %                           | \$ 590,337      | \$ 601,626                | \$ 11,289       | 1.9 %                          |                                 |  |
| Contractual Services                   | 370,592    | 359,130             | 341,740             | (17,390)                       | (4.8)                           | 359,130         | 341,740                   | (17,390)        | (4.8)                          |                                 |  |
| Commodities                            | 2,830      | 6,258               | 6,354               | 96                             | 1.5                             | 6,258           | 6,354                     | 96              | 1.5                            |                                 |  |
| Capital Outlay                         | 9,290      | 28,634              | 32,560              | 3,926                          | 13.7                            | 28,634          | 32,560                    | 3,926           | 13.7                           |                                 |  |
| Debt Service                           | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0               | --                             |                                 |  |
| Subtotal-Operations                    | \$ 821,586 | \$ 984,359          | \$ 982,280          | \$ (2,079)                     | (0.2) %                         | \$ 984,359      | \$ 982,280                | \$ (2,079)      | (0.2) %                        |                                 |  |
| Aid to Local Units                     | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0               | --                             |                                 |  |
| Other Assistance                       | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0               | --                             |                                 |  |
| TOTAL                                  | \$ 821,586 | \$ 984,359          | \$ 982,280          | \$ (2,079)                     | (0.2) %                         | \$ 984,359      | \$ 982,280                | \$ (2,079)      | (0.2)%                         |                                 |  |
| <b>Financing:</b>                      |            |                     |                     |                                |                                 |                 |                           |                 |                                |                                 |  |
| State General Fund                     | \$ 0       | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0            | \$ 0                      | \$ 0            | -- %                           |                                 |  |
| All Other Funds                        | 821,586    | 984,359             | 982,280             | (2,079)                        | (0.2)                           | 984,359         | 982,280                   | (2,079)         | (0.2)                          |                                 |  |
| TOTAL                                  | \$ 821,586 | \$ 984,359          | \$ 982,280          | \$ (2,079)                     | (0.2) %                         | \$ 984,359      | \$ 982,280                | \$ (2,079)      | (0.2)%                         |                                 |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 964,991                            | 984,359                       | 19,368                            | 984,359                     | 19,368                              |
| <b>TOTAL</b>                | <b>\$ 964,991</b>                  | <b>\$ 984,359</b>             | <b>\$ 19,368</b>                  | <b>\$ 984,359</b>           | <b>\$ 19,368</b>                    |
| FTE Positions               | 6.0                                | 7.0                           | 1.0                               | 7.0                         | 1.0                                 |

The **agency** estimates FY 2018 expenditures of \$984,359, all from special revenue funds. This is an increase of \$19,368, or 2.0 percent, above the approved amount. This increase is largely attributable to a carry-forward balance in contractual services that can only be spent on contracts and consultants. Major changes are detailed below:

- **Salaries and Wages.** The agency estimates FY 2018 salaries and wages expenditures of \$590,337, which is an increase of \$57,175, or 10.7 percent, above the approved amount. The increase is attributable to adding 1.0 FTE position for an in-house technical expert. This increase is partially offset by a shift of funds from contractual services;
- **Contractual Services.** The agency estimates FY 2018 contractual services expenditures of \$359,130, which is a decrease of \$42,372, or 10.6 percent, below the approved amount. This decrease is attributable to the shifting of funds to salaries and wages for an additional in-house technical expert position; and
- **Capital Outlay.** The agency estimates FY 2018 capital outlay expenditures of \$28,634, which is an increase of \$4,290, or 17.6 percent, above the approved amount. The increase is attributable to expenditures for office furniture, a computer, and supplies for the requested new FTE position.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 982,280                            | 982,280                       | 0                                 | 982,280                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 982,280</b>                  | <b>\$ 982,280</b>             | <b>\$ 0</b>                       | <b>\$ 982,280</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 6.0                                | 7.0                           | 1.0                               | 7.0                         | 1.0                                 |

The **agency** requests \$982,280 in expenditures for FY 2019. This is the same as the approved amount. Major changes are detailed below:

- **Salaries and Wages.** The agency estimates FY 2019 salaries and wages expenditures of \$601,626, which is an increase of \$60,589, or 11.2 percent, above the approved amount. The increase is attributable to adding 1.0 FTE position for an in-house technical expert in FY 2018. This increase is largely offset by a shift of funds from contractual services to salaries and wages;
- **Contractual Services.** The agency estimates FY 2019 contractual services expenditures of \$341,740, which is a decrease of \$60,114, or 15.0 percent, below the approved amount. This decrease is attributable to the shifting of funds from contractual services to salaries and wages for an additional in-house technical expert position;

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **There are no longevity bonus payments for this agency.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source              | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------------|--------------------------------------------|------------------------------------------|
| Utility Regulatory Fee Fund | 100.0 %                                    | 100.0 %                                  |
| <b>TOTAL</b>                | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Utility Regulatory Fee Fund

The Utility Regulatory Fee Fund is a statutory fee fund funded through quarterly assessments on gas, electric, and telephone companies in Kansas, as required by KSA 66-1502 and KSA 66-1503. One assessment is based on end of year expenditures plus anticipated increases for the ensuing year, which is then prorated among the utilities. That amount cannot exceed the greater of \$100 or 0.2 percent of a company's gross operating revenue derived from intrastate operations in the prior calendar year. Another assessment is made for actual costs incurred by CURB during an investigation of a particular public utility. This assessment cannot exceed three-fifths of 1.0 percent (0.6 percent) of the utility's gross intrastate operations.

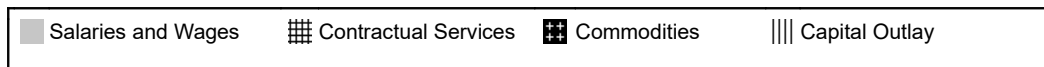
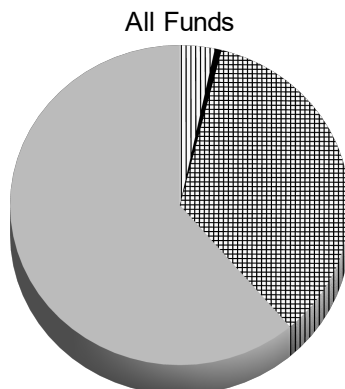
Because the Utility Regulatory Fee Fund is funded quarterly, receipts will change to accommodate the expenditures. Consequently, the balances shown are less meaningful than for most agencies. In particular, the agency contracts with consultants for utility cases and these contracts do not always coincide with the State's fiscal year. Moreover, in some instances the contracts do not terminate until a case is resolved. Thus, expenditures are estimated for each fiscal year according to budget submission instructions. However, the agency updates its estimates quarterly.

The Fund is required statutorily by KSA 75-3170 to contribute 10.0 percent of revenues to the State General Fund. This contribution usually is taken out of the first quarter assessment.

| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 227,718             | \$ 133,851                    | \$ 133,851             | \$ 119,132                    | \$ 119,132             |
| Revenue                                      | 727,719                | 969,640                       | 969,640                | 1,025,720                     | 1,025,720              |
| Transfers in                                 | 0                      | 0                             | 0                      | 0                             | 0                      |
| <b>Funds Available</b>                       | <b>\$ 955,437</b>      | <b>\$ 1,103,491</b>           | <b>\$ 1,103,491</b>    | <b>\$ 1,144,852</b>           | <b>\$ 1,144,852</b>    |
| Less:                                        |                        |                               |                        |                               |                        |
| Expenditures                                 | 821,586                | 984,359                       | 984,359                | 982,280                       | 982,280                |
| Transfers Out                                | 0                      | 0                             | 0                      | 0                             | 0                      |
| Off Budget Expenditures                      | 0                      | 0                             | 0                      | 0                             | 0                      |
| <b>Ending Balance</b>                        | <b>\$ 133,851</b>      | <b>\$ 119,132</b>             | <b>\$ 119,132</b>      | <b>\$ 162,572</b>             | <b>\$ 162,572</b>      |
| Ending Balance as Percent of<br>Expenditures | 16.3%                  | 12.1%                         | 12.1%                  | 16.6%                         | 16.6%                  |
| Month Highest Ending<br>Balance              | December<br>\$ 355,218 | December<br>\$ 333,094        | December<br>\$ 333,094 | December<br>\$ 344,156        | December<br>\$ 344,156 |
| Month Lowest Ending<br>Balance               | April<br>\$ 191,443    | July<br>\$ 238,025            | July<br>\$ 238,025     | February<br>\$ 225,182        | February<br>\$ 225,182 |

## Expenditures by Object

### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 601,626                        | 61.2 %              | \$ 0                        | -- %                |
| Contractual Services | 341,740                           | 34.7                | 0                           | --                  |
| Commodities          | 6,354                             | 0.6                 | 0                           | --                  |
| Capital Outlay       | 32,560                            | 3.3                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 982,280</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 6.0               | 7.0                    | 7.0                  | 7.0                    | 7.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                             | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|---------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of rate cases in which CURB intervened                       | 36                       | 23                | 29                   | 27                   |
| Number of open dockets                                              | 34                       | 26                | 32                   | 31                   |
| Percent of cases CURB filed testimony, briefs, comments, or motions | N/A                      | 45.0%             | 45.0%                | 45.0%                |
| Number of cases CURB signed Stipulation & Agreement                 | N/A                      | 4                 | N/A                  | N/A                  |

# KANSAS HUMAN RIGHTS COMMISSION

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 1,070,447        | \$ 1,063,472           | \$ 1,063,472         | \$ 1,068,352           | \$ 1,068,352         |
| Other Funds             | 288,634             | 420,465                | 407,460              | 468,076                | 454,908              |
| <i>Subtotal</i>         | <i>\$ 1,359,081</i> | <i>\$ 1,483,937</i>    | <i>\$ 1,470,932</i>  | <i>\$ 1,536,428</i>    | <i>\$ 1,523,260</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 1,359,081</b> | <b>\$ 1,483,937</b>    | <b>\$ 1,470,932</b>  | <b>\$ 1,536,428</b>    | <b>\$ 1,523,260</b>  |

## Percentage Change:

### Operating Expenditures

|                    |       |         |         |       |       |
|--------------------|-------|---------|---------|-------|-------|
| State General Fund | 2.2 % | (0.7) % | (0.7) % | 0.5 % | 0.5 % |
| All Funds          | (1.4) | 9.2     | 8.2     | 3.5   | 3.6   |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| FTE Positions | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 |
|---------------|------|------|------|------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Human Rights Commission (KHRC) is mandated by the Kansas Legislature to prevent and eliminate unlawful discrimination and is responsible for enforcing both the Kansas Act Against Discrimination and the Kansas Age Discrimination in Employment Act. The Commission educates the general populace on what constitutes acts of discrimination in employment, housing, and public accommodations and how such acts can be prevented.

The Commission is comprised of seven individuals appointed by the Governor and who are subject to approval by the Senate. The Commissioners include two representatives of industry, two representatives of labor, one licensed attorney, one representative of the real estate industry, and one at-large member.

Commissioners serve terms of four years and, at the will of the Governor and the discretion of the Senate, may be appointed for additional terms. No more than four Commissioners may be from the same political party.

The Kansas Act Against Discrimination has been declared equivalent to Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967, as amended; Title VIII of the Civil Rights Act of 1968, as amended; and the Genetic Information

Nondiscrimination Act. Because of this equivalent determination, the Commission is able to enter into contractual agreements with the Equal Employment Opportunity Commission (EEOC), the agency that enforces comparable laws at the federal level. Money generated under this federal contract is used to fund agency operations. The EEOC utilizes two programs.

The first is the Compliance and Education program, which is charged with the prevention and elimination of discrimination and the education of the public. The second is the Administrative Hearings Office, which was established by the 2004 Legislature in SB 141. The bill stated the Commission is required to use at least four commissioners or the Department of Administration's Office of Administrative Hearings to conduct hearings on complaints. A hearing is held when the Commission has reached a finding of probable cause and the case has not been resolved between the parties. The agency contracts with the Office of Administrative Hearings to provide this service.

## MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** took the following actions:

- Deleted \$22,212, all from the State General Fund, to reduce the agency's FY 2009 approved budget by 1.25 percent;
- Deleted \$171,359, all from the State General Fund, to reduce the agency's FY 2010 approved State General Fund budget to 10.10 percent below the FY 2009 approved amount; and
- Deleted \$113,780, all from special revenue funds, to hold the agency budget for FY 2011 at the legislatively approved amount for FY 2010.

The **2010 Legislature** deleted \$35,442, 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** concurred with GBA No. 1, Item 1, to add \$1,627,111, including \$1,189,084 from the State General Fund, to keep the Commission as a separate agency with 25.0 FTE positions for FY 2012, a reduction of 9.0 FTE positions from FY 2011. The Governor had initially recommended shifting the agency responsibilities to the Office of the Attorney General.

The **2012 Legislature** amended the disability provisions of the Kansas Statutes to bring the Kansas Act Against Discrimination into alignment with the federal Americans with Disabilities Act.

The **2013 Legislature** took the following actions:

- Deleted \$100,077, all from the State General Fund, for operating expenditures for FY 2014;
- Deleted \$10,423, including \$5,592 from the State General Fund, to reflect reduced funding for salaries and wages for FY 2014; and

- Deleted \$10,823, including \$5,811 from the State General Fund, to reflect reduced funding for salaries and wages for FY 2015.

The **2015 Legislature** took the following actions:

- Added \$8,000, all from special revenue funds, for the purchase of eight new computers for FY 2016; and
- Added \$3,000, all from special revenue funds, for the purchase of a new server for its Wichita office for FY 2017.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate for FY 2018 operating expenditures of \$1.5 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$13,358 or 1.0 percent, all from the Employment Discrimination Fund, above the approved amount. The increase is primarily attributable to one supplemental funding request totaling \$13,005 for a salary adjustment for those employees who did not receive a pay increase under the 2017 legislative pay plan. The FY 2018 request includes 23.0 FTE positions, which is no change from the approved number.

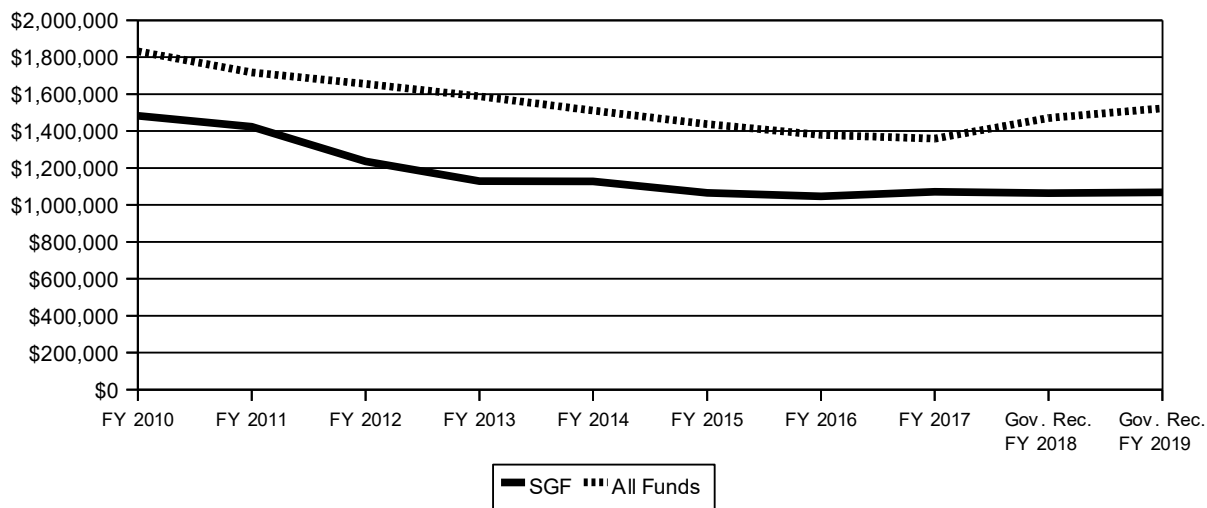
The **Governor** recommends \$1.5 million, including \$1.1 million from the State General Fund, for FY 2018 expenditures. The recommendation is a decrease of \$13,005, or 0.9 percent, all from the Employment Discrimination Fund, below the agency's FY 2018 revised estimate due to the Governor's recommendation not to fund the agency's supplemental request to equalize salaries for classified employees who did not receive a pay increase under the 2017 legislative pay plan in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for FY 2019 operating expenditures of \$1.5 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$42,396, or 2.8 percent, above the approved amount. The increase is primarily attributable to one supplemental funding request totaling \$13,168, all from the Employment Discrimination Fund, and for additional salaries and benefits for a Special Investigator position and two administrative assistant positions. The FY 2019 request includes 23.0 FTE positions, which is no change from the approved number.

The **Governor** recommends \$1.5 million, including \$1.1 million from the State General Fund, for FY 2019 expenditures. The recommendation is a decrease of \$13,168, or 0.9 percent, all from the Employment Discrimination Fund, below the agency's FY 2019 request due to the Governor's recommendation not to fund the agency's supplemental request to equalize salaries for classified employees who did not receive a pay increase under the 2017 legislative pay plan for FY 2019.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds    | % Change | FTE    |
|---------------------------------|--------------|----------|--------------|----------|--------|
| 2010                            | \$ 1,483,223 | (8.6)%   | \$ 1,831,795 | (11.3)%  | 34.0   |
| 2011                            | 1,422,992    | (4.1)    | 1,717,591    | (6.2)    | 34.0   |
| 2012                            | 1,236,246    | (13.1)   | 1,655,322    | (3.6)    | 25.0   |
| 2013                            | 1,128,863    | (8.7)    | 1,588,338    | (4.0)    | 23.0   |
| 2014                            | 1,127,908    | (0.1)    | 1,511,003    | (4.9)    | 23.0   |
| 2015                            | 1,064,562    | (5.6)    | 1,437,714    | (4.9)    | 23.0   |
| 2016                            | 1,047,108    | (1.6)    | 1,378,950    | (4.1)    | 23.0   |
| 2017                            | 1,070,447    | 2.2      | 1,359,081    | (1.4)    | 23.0   |
| 2018 Gov. Rec.                  | 1,063,472    | (0.7)    | 1,470,932    | 8.2      | 23.0   |
| 2019 Gov. Rec.                  | 1,068,352    | 0.5      | 1,523,260    | 3.6      | 23.0   |
| Ten-Year Change Dollars/Percent | \$ (414,871) | (28.0)%  | \$ (308,535) | (16.8)%  | (11.0) |

**Summary of Operating Budget FY 2017 - FY 2019**

|                                        |           | Agency Estimate   |                     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |  |
|----------------------------------------|-----------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|--|
|                                        |           | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |
| <b>By Program:</b>                     |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |  |
| Administration                         | \$        | 1,359,081         | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0                | \$ 0                           | -- %                            |  |
| Compliance                             |           | 0                 | 1,465,382           | 1,517,499           | 52,117                         | 3.6                             | 1,452,377                 | 1,504,331           | 51,954                         | 3.6                             |  |
| Public Information                     |           | 0                 | 18,555              | 18,929              | 374                            | 2.0                             | 18,555                    | 18,929              | 374                            | 2.0                             |  |
| <b>TOTAL</b>                           | <b>\$</b> | <b>1,359,081</b>  | <b>\$ 1,483,937</b> | <b>\$ 1,536,428</b> | <b>\$ 52,491</b>               | <b>3.5 %</b>                    | <b>\$ 1,470,932</b>       | <b>\$ 1,523,260</b> | <b>\$ 52,328</b>               | <b>3.6 %</b>                    |  |
| <b>By Major Object of Expenditure:</b> |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |  |
| Salaries and Wages                     | \$        | 882,935           | \$ 1,012,906        | \$ 1,093,045        | \$ 80,139                      | 7.9 %                           | \$ 999,901                | \$ 1,079,877        | \$ 79,976                      | 8.0 %                           |  |
| Contractual Services                   |           | 445,638           | 439,243             | 413,260             | (25,983)                       | (5.9)                           | 439,243                   | 413,260             | (25,983)                       | (5.9)                           |  |
| Commodities                            |           | 19,629            | 20,908              | 21,338              | 430                            | 2.1                             | 20,908                    | 21,338              | 430                            | 2.1                             |  |
| Capital Outlay                         |           | 10,879            | 10,880              | 8,785               | (2,095)                        | (19.3)                          | 10,880                    | 8,785               | (2,095)                        | (19.3)                          |  |
| Debt Service                           |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |  |
| <i>Subtotal-Operations</i>             | <i>\$</i> | <i>1,359,081</i>  | <i>\$ 1,483,937</i> | <i>\$ 1,536,428</i> | <i>\$ 52,491</i>               | <i>3.5 %</i>                    | <i>\$ 1,470,932</i>       | <i>\$ 1,523,260</i> | <i>\$ 52,328</i>               | <i>3.6 %</i>                    |  |
| Aid to Local Units                     |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |  |
| Other Assistance                       |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |  |
| <b>TOTAL</b>                           | <b>\$</b> | <b>1,359,081</b>  | <b>\$ 1,483,937</b> | <b>\$ 1,536,428</b> | <b>\$ 52,491</b>               | <b>3.5 %</b>                    | <b>\$ 1,470,932</b>       | <b>\$ 1,523,260</b> | <b>\$ 52,328</b>               | <b>3.6 %</b>                    |  |
| <b>Financing:</b>                      |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |  |
| State General Fund                     | \$        | 1,070,447         | \$ 1,063,472        | \$ 1,068,352        | \$ 4,880                       | 0.5 %                           | \$ 1,063,472              | \$ 1,068,352        | \$ 4,880                       | 0.5 %                           |  |
| All Other Funds                        |           | 288,634           | 420,465             | 468,076             | 47,611                         | 11.3                            | 407,460                   | 454,908             | 47,448                         | 11.6                            |  |
| <b>TOTAL</b>                           | <b>\$</b> | <b>1,359,081</b>  | <b>\$ 1,483,937</b> | <b>\$ 1,536,428</b> | <b>\$ 52,491</b>               | <b>3.5 %</b>                    | <b>\$ 1,470,932</b>       | <b>\$ 1,523,260</b> | <b>\$ 52,328</b>               | <b>3.6 %</b>                    |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$1.5 million in FY 2018. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$2,054 based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018.

This adjustment changes the FY 2018 approved State General Fund amount to \$1.1 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 1,063,472                       | \$ 1,063,472                  | \$ 0                              | \$ 1,063,472                | \$ 0                                |
| All Other Funds             | 407,107                            | 420,465                       | 13,358                            | 407,460                     | 353                                 |
| <b>TOTAL</b>                | <b>\$ 1,470,579</b>                | <b>\$ 1,483,937</b>           | <b>\$ 13,358</b>                  | <b>\$ 1,470,932</b>         | <b>\$ 353</b>                       |
| FTE Positions               | 23.0                               | 23.0                          | 0.0                               | 23.0                        | 0.0                                 |

The **agency** requests a revised estimate for FY 2018 operating expenditures of \$1.5 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$13,358 or 1.0 percent, all from the Employment Discrimination Fund, above the approved amount. The increase includes one supplemental funding request totaling \$13,005, all from the Employment Discrimination Fund in FY 2018. The FY 2018 request includes 23.0 FTE positions, which is no change from the approved amount.

**Absent the supplemental**, the agency's FY 2018 revised estimate is \$1.5 million, including \$1.1 million from the State General Fund, which is an increase of \$353, or less than 0.1 percent, all from the Employment Discrimination Fund. The agency's request includes 23.0 FTE positions, which is no change from the approved number. The agency request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's FY 2018 revised estimate totals \$1.0 million, including \$611,182 from the State General Fund. This is an all funds increase of \$11,557, or 1.2 percent, and a State General Fund decrease of \$1,790, or 0.3 percent, from the approved amount. Funding supports 23.0 regular classified FTE positions. The agency included a supplemental request for \$13,005, all from the Employment Discrimination Fund, to equalize salaries for classified



employees who did not receive a pay increase under the 2017 legislative pay plan. This enhancement request is offset by an increase in shrinkage (\$1,467);

- **Contractual Services.** The agency's FY 2018 revised estimate totals \$439,243, including \$431,281 from the State General Fund. This is an all funds increase of \$605, or 0.1 percent, and a State General Fund increase of \$1,845, or 0.4 percent, above the approved amount;
- **Commodities.** The agency's FY 2018 revised estimate totals \$20,908, including \$10,129 from the State General Fund. This is an all funds increase of \$1,470, or 7.6 percent, and a State General Fund increase of \$219, or 2.2 percent, above the approved amount. The increase is primarily due to food purchases for the agency's annual Employment Law Seminar (\$1,160) and for professional supplies and fuel (\$310); and
- **Capital Outlay.** The agency's FY 2018 revised estimate totals \$10,880, all from the State General Fund. This is an increase of \$1,780, or 19.6 percent, above the approved amount. The increase is attributable to additional funds needed for the replacement of computer equipment including two desktops, four laptops, and monitors.

The **Governor** recommends \$1.5 million, including \$1.1 million from the State General Fund, for FY 2018 expenditures. The recommendation is a decrease of \$13,005, or 0.9 percent, all from the Employment Discrimination Fund, below the agency's FY 2018 revised estimate due to the Governor's recommendation not to fund the agency's supplemental request to equalize salaries for classified employees who did not receive a pay increase under the 2017 legislative pay plan in FY 2018.

## Supplemental Detail

| FY 2018 SUPPLEMENTALS           |                 |           |     |                           |           |     |
|---------------------------------|-----------------|-----------|-----|---------------------------|-----------|-----|
| Supplementals                   | Agency Estimate |           |     | Governor's Recommendation |           |     |
|                                 | SGF             | All Funds | FTE | SGF                       | All Funds | FTE |
| 5.0% Equalizing Salary Increase | \$ 0            | \$ 13,005 | 0.0 | \$ 0                      | \$ 0      | 0.0 |

The **agency** requests \$13,005, all from the Employment Discrimination Fund, to equalize salaries for classified employees who did not receive a pay increase under the 2017 legislative pay plan in FY 2018. Under this supplemental request, five employees will receive equalizing pay increases of 5.0 percent each. These employees received promotions or reallocations after July 1, 2012, and did not receive a pay increase.

The **Governor** does not recommend the agency's supplemental request in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency has no adjustments to the approved State General Fund budget for FY 2019.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 1,068,352                       | \$ 1,068,352                  | \$ 0                              | \$ 1,068,352                | \$ 0                                |
| All Other Funds             | 425,680                            | 468,076                       | 42,396                            | 454,908                     | 29,228                              |
| <b>TOTAL</b>                | <b>\$ 1,494,032</b>                | <b>\$ 1,536,428</b>           | <b>\$ 42,396</b>                  | <b>\$ 1,523,260</b>         | <b>\$ 29,228</b>                    |
| FTE Positions               | 23.0                               | 23.0                          | 0.0                               | 23.0                        | 0.0                                 |

The **agency** requests a revised estimate for FY 2019 operating expenditures of \$1.5 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$42,396, or 2.8 percent, above the approved amount. The increase is primarily attributable to one supplemental funding request totaling \$13,168, all from the Employment Discrimination Fund, and for additional salaries and benefits for a Special Investigator position and two administrative assistant positions. The FY 2018 request includes 23.0 FTE positions, which is no change from the approved number.

**Absent the supplemental**, the agency's FY 2019 revised estimate is \$1.5 million, including \$1.1 million from the State General Fund, which is an all funds increase of \$29,228, or 2.0 percent, above the approved amount. The agency's request includes 23.0 FTE positions, which is no change from the approved number. The agency request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's FY 2019 revised estimate totals \$1.1 million, including \$644,092 from the State General Fund. This is an all funds increase of \$69,776, or 6.8 percent, and a State General Fund increase of \$27,385, or 4.4 percent, above the approved amount. Funding supports 23.0 regular classified FTE positions. The agency included an enhancement request for \$13,168, all from the Employment Discrimination Fund, to equalize salaries for classified employees who did not receive a pay increase under the 2017 legislative pay plan. Additional increases are due to salary and benefits for the filling of a Special Investigator position and two administrative assistant positions;
- **Contractual Services.** The agency's FY 2019 revised estimate totals \$413,260, including \$405,142 from the State General Fund. This is an all funds decrease of \$31,662, or 7.1 percent, and a State General Fund decrease of \$30,390, or 7.0 percent, below the approved amount. The decrease is primarily attributable to the agency no longer needing to contract for a part-time investigator position due to the hiring of a full-time Special Investigator (\$33,556), which is partially offset by increases other contractual services categories;

- **Commodities.** The agency's FY 2019 revised estimate totals \$21,338, including \$10,333 from the State General Fund. This is an all funds increase of \$1,492, or 7.5 percent, and a State General Fund increase of \$215, or 2.1 percent, above the approved amount. The increase is primarily due to food purchases for the agency's annual Employment Law Seminar (\$1,184) and for professional supplies and fuel (\$308); and
- **Capital Outlay.** The agency's FY 2019 revised estimate totals \$8,785, all from the State General Fund. This is an increase of \$2,790, or 46.5 percent, above the approved amount. The increase is attributable to computer equipment replacement expenditures.

The **Governor** recommends \$1.5 million, including \$1.1 million from the State General Fund, for FY 2019 expenditures. The recommendation is a decrease of \$13,168, or 0.9 percent, all from the Employment Discrimination Fund, below the agency's FY 2019 request due to the Governor's recommendation not to fund the agency's supplemental request to equalize salaries for classified employees who did not receive a pay increase under the 2017 legislative pay plan for FY 2019.

## Supplemental Detail

| FY 2019 SUPPLEMENTALS           |                 |           |     |                           |           |     |  |
|---------------------------------|-----------------|-----------|-----|---------------------------|-----------|-----|--|
| Supplementals                   | Agency Estimate |           |     | Governor's Recommendation |           |     |  |
|                                 | SGF             | All Funds | FTE | SGF                       | All Funds | FTE |  |
| 5.0% Equalizing Salary Increase | \$ 0            | \$ 13,168 | 0.0 | \$ 0                      | \$ 0      | 0.0 |  |

The **agency** requests \$13,168, all from the Employment Discrimination Fund, to equalize salaries for classified employees who did not receive a pay increase under the 2017 legislative pay plan for FY 2019. Under this supplemental request five employees will receive equalizing pay increases of 5.0 percent each. These employees received promotions or reallocations after July 1, 2012, and did not receive a pay increase.

The **Governor** does not recommend the agency's supplemental request for FY 2019.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$7,640, including \$4,670 from the State General Fund, and FY 2019 longevity payments total \$8,040, including \$4,795 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                              | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                          | 69.5 %                                     | 70.1 %                                   |
| Employment Discrimination<br>Fund (Federal) | 28.7                                       | 28.1                                     |
| Education and Training<br>Fund              | 1.7                                        | 1.7                                      |
| <b>TOTAL</b>                                | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Employment Discrimination Fund Analysis

The agency has the ability to receive and accept federal funds to carry out its agency functions, pursuant to KSA 10-1004. The agency enters into a contract with the federal Equal Employment Opportunity Commission (EEOC) each federal fiscal year for the processing and resolving of complaints jointly filed under Kansas statutes and federal regulations. The contract includes reimbursement for the receipt of complaints that fall under federal regulations but outside of the agency's jurisdiction. The agency receives \$700 for each case resolution and \$70 for the receipt and forwarding of complaints that fall under the EEOC's purview.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 91,403             | \$ 174,328                    | \$ 174,328            | \$ 158,821                    | \$ 171,826            |
| Revenue                                      | 357,250               | 378,790                       | 378,790               | 328,400                       | 328,400               |
| Transfers in                                 | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 448,653</b>     | <b>\$ 553,118</b>             | <b>\$ 553,118</b>     | <b>\$ 487,221</b>             | <b>\$ 500,226</b>     |
| Less:                                        |                       |                               |                       |                               |                       |
| Expenditures                                 | 274,325               | 394,297                       | 381,292               | 441,531                       | 428,363               |
| Transfers Out                                | 0                     | 0                             | 0                     | 0                             | 0                     |
| Off Budget Expenditures                      | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 174,328</b>     | <b>\$ 158,821</b>             | <b>\$ 171,826</b>     | <b>\$ 45,690</b>              | <b>\$ 71,863</b>      |
| Ending Balance as Percent of<br>Expenditures | 63.5%                 | 40.3%                         | 45.1%                 | 10.3%                         | 16.8%                 |
| Month Highest Ending<br>Balance              | January<br>\$ 447,286 | January<br>\$ 853,084         | January<br>\$ 853,084 | January<br>\$ 777,200         | January<br>\$ 840,841 |
| Month Lowest Ending<br>Balance               | July<br>\$ 91,323     | July<br>\$ 174,175            | July<br>\$ 174,175    | July<br>\$ 158,682            | July<br>\$ 171,675    |

## Education and Training Fund Analysis

Revenues to the Education and Training Fund are generated by fees for copies and registration fees for the Annual Employment Law Seminar. Budgetary legislation for the current fiscal year authorizes the Executive Director to fix, charge, and collect fees in order to recover all or part of the operating expenses incurred for training programs. Expenditures from this

program are limited to operating expenditures for the Commission's education and training programs for the general public.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 9,336              | \$ 17,207                     | \$ 17,207             | \$ 9,539                      | \$ 9,539              |
| Revenue                                      | 22,180                | 18,500                        | 18,500                | 18,500                        | 18,500                |
| Transfers in                                 | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 31,516</b>      | <b>\$ 35,707</b>              | <b>\$ 35,707</b>      | <b>\$ 28,039</b>              | <b>\$ 28,039</b>      |
| Less:                                        |                       |                               |                       |                               |                       |
| Expenditures                                 | 14,309                | 26,168                        | 26,168                | 26,545                        | 26,545                |
| Transfers Out                                | 0                     | 0                             | 0                     | 0                             | 0                     |
| Off Budget Expenditures                      | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 17,207</b>      | <b>\$ 9,539</b>               | <b>\$ 9,539</b>       | <b>\$ 1,494</b>               | <b>\$ 1,494</b>       |
| Ending Balance as Percent of<br>Expenditures | 120.3%                | 36.5%                         | 36.5%                 | 5.6%                          | 5.6%                  |
| Month Highest Ending<br>Balance              | February<br>\$ 18,170 | February<br>\$ 33,489         | February<br>\$ 33,489 | February<br>\$ 18,565         | February<br>\$ 18,565 |
| Month Lowest Ending<br>Balance               | October<br>\$ 0       | October<br>\$ 0               | October<br>\$ 0       | October<br>\$ 0               | October<br>\$ 0       |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program            | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|--------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Compliance         | \$ 1,504,331                      | 98.8 %              | \$ 1,066,961                | 99.9 %              |
| Public Information | 18,929                            | 1.2                 | 1,391                       | 0.1                 |
| <b>TOTAL</b>       | <b>\$ 1,523,260</b>               | <b>100.0 %</b>      | <b>\$ 1,068,352</b>         | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program            | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|--------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration     | 23.0              | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Compliance         | 0.0               | 23.0                   | 23.0                 | 23.0                   | 23.0                 |
| Public Information | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>       | <b>23.0</b>       | <b>23.0</b>            | <b>23.0</b>          | <b>23.0</b>            | <b>23.0</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Administration

| ADMINISTRATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                        | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                        |                     |                        |                      |                        |                      |
| Salaries and Wages                                          | \$ 882,935          | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Contractual Services                                        | 445,638             | 0                      | 0                    | 0                      | 0                    |
| Commodities                                                 | 19,629              | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                              | 10,879              | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                | <i>\$ 1,359,081</i> | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| Aid to Local Units                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                | <b>\$ 1,359,081</b> | <b>\$ 0</b>            | <b>\$ 0</b>          | <b>\$ 0</b>            | <b>\$ 0</b>          |
| <b>Financing:</b>                                           |                     |                        |                      |                        |                      |
| State General Fund                                          | \$ 1,070,447        | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                             | 288,634             | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                | <b>\$ 1,359,081</b> | <b>\$ 0</b>            | <b>\$ 0</b>          | <b>\$ 0</b>            | <b>\$ 0</b>          |
| FTE Positions                                               | 23.0                | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests \$0 in FY 2018 and for FY 2019, attributable to the creation of two new programs to replace this program. Expenditures for the new programs are detailed in the next two sections.

The **Governor** concurs with the agency's request for the Administration program in FY 2018 and for FY 2019.

## B. Compliance

The compliance program investigates and resolves complaints pertaining to discrimination in employment, housing, and public accommodations. Revenues are generated through a contractual relationship with the Equal Employment Opportunity Commission (EEOC). The EEOC pays the Kansas Human Rights Commission (KHRC) a specified amount for each case resolved that falls under both federal and state jurisdiction, while it pays a fee for all complaints KHRC receives that it refers to EEOC that only fall under federal jurisdiction. KHRC also may initiate a complaint and investigate when it concludes that a pattern and practice violation may be occurring.



| COMPLIANCE<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|---------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                    | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                    |                   |                        |                      |                        |                      |
| Salaries and Wages                                      | \$ 0              | \$ 1,012,906           | \$ 999,901           | \$ 1,093,045           | \$ 1,079,877         |
| Contractual Services                                    | 0                 | 431,667                | 431,667              | 405,540                | 405,540              |
| Commodities                                             | 0                 | 9,929                  | 9,929                | 10,129                 | 10,129               |
| Capital Outlay                                          | 0                 | 10,880                 | 10,880               | 8,785                  | 8,785                |
| Debt Service                                            | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                            | <i>\$ 0</i>       | <i>\$ 1,465,382</i>    | <i>\$ 1,452,377</i>  | <i>\$ 1,517,499</i>    | <i>\$ 1,504,331</i>  |
| Aid to Local Units                                      | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                            | <b>\$ 0</b>       | <b>\$ 1,465,382</b>    | <b>\$ 1,452,377</b>  | <b>\$ 1,517,499</b>    | <b>\$ 1,504,331</b>  |
| <b>Financing:</b>                                       |                   |                        |                      |                        |                      |
| State General Fund                                      | \$ 0              | \$ 1,062,105           | \$ 1,062,105         | \$ 1,066,961           | \$ 1,066,961         |
| All Other Funds                                         | 0                 | 403,277                | 390,272              | 450,538                | 437,370              |
| <b>TOTAL</b>                                            | <b>\$ 0</b>       | <b>\$ 1,465,382</b>    | <b>\$ 1,452,377</b>  | <b>\$ 1,517,499</b>    | <b>\$ 1,504,331</b>  |
| FTE Positions                                           | 0.0               | 23.0                   | 23.0                 | 23.0                   | 23.0                 |

The **agency** requests a revised estimate of \$1.5 million, including \$1.1 million from the State General Fund, for the Compliance program, in FY 2018. This includes expenditures for all salaries and benefits; contractual services, including fees, rent, and Office of Information Technology Services (OITS) services; commodities, including office supplies and data processing supplies; and all capital outlay expenditures.

The **Governor** recommends \$1.5 million, including \$1.1 million from the State General Fund, for the Compliance program, which is a decrease of \$13,005, all from the Employment Discrimination Fund, in FY 2018. The decrease is attributable to the Governor's recommendation not to fund the agency's supplemental request to equalize salary increases.

The **agency** requests a revised estimate of \$1.5 million, including \$1.1 million from the State General Fund, for the Compliance program, for FY 2019. This includes expenditures for all salaries and benefits; contractual services, including fees, rent, and OITS services; commodities, including office supplies and data processing supplies; and all capital outlay expenditures.

The **Governor** recommends \$1.5 million, including \$1.1 million from the State General Fund, for the Compliance program, which is a decrease of \$13,168, all from the Employment Discrimination Fund, for FY 2019. The decrease is attributable to the Governor's recommendation not to fund the agency's supplemental request to equalize salary increases.

### **C. Public Information**

This program is responsible for the dissemination of information to all segments of the public about the provisions of the Kansas Act Against Discrimination and the Kansas Age Discrimination in Employment Act. The Commission distributes informational materials and conducts seminars and workshops, which provide an overview of the laws against discrimination or a specific segment of laws. The agency conducts an annual Employment Law

Seminar with anti-discrimination law experts presenting on a range of issues focused on human resources professionals, legal community, and employers.

| PUBLIC INFORMATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|-----------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                            | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                            |                   |                        |                      |                        |                      |
| Salaries and Wages                                              | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Contractual Services                                            | 0                 | 7,576                  | 7,576                | 7,720                  | 7,720                |
| Commodities                                                     | 0                 | 10,979                 | 10,979               | 11,209                 | 11,209               |
| Capital Outlay                                                  | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                    | <i>\$ 0</i>       | <i>\$ 18,555</i>       | <i>\$ 18,555</i>     | <i>\$ 18,929</i>       | <i>\$ 18,929</i>     |
| Aid to Local Units                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                    | <b>\$ 0</b>       | <b>\$ 18,555</b>       | <b>\$ 18,555</b>     | <b>\$ 18,929</b>       | <b>\$ 18,929</b>     |
| <b>Financing:</b>                                               |                   |                        |                      |                        |                      |
| State General Fund                                              | \$ 0              | \$ 1,367               | \$ 1,367             | \$ 1,391               | \$ 1,391             |
| All Other Funds                                                 | 0                 | 17,188                 | 17,188               | 17,538                 | 17,538               |
| <b>TOTAL</b>                                                    | <b>\$ 0</b>       | <b>\$ 18,555</b>       | <b>\$ 18,555</b>     | <b>\$ 18,929</b>       | <b>\$ 18,929</b>     |
| FTE Positions                                                   | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests a revised estimate of \$18,555, including \$1,367 from the State General Fund, for the Public Information Program in FY 2018. Expenditures are primarily for the Employment Law Seminar, including food (\$10,635), fees and rentals (\$4,919), and printing services (\$500).

The **Governor** concurs with the agency's revised estimate for the Public Information program in FY 2018.

The **agency** requests a revised estimate of \$18,929, including \$1,391 from the State General Fund, for the Public Information Program for FY 2019. Expenditures are primarily for the Employment Law Seminar, including food (\$10,858), fees and rentals (\$5,012), and printing services (\$510).

The **Governor** concurs with the agency's revised estimate for the Public Information program for FY 2019.

| PERFORMANCE MEASURES        |                          |                   |                      |                      |
|-----------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                     | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of open cases        | 598                      | 636               | 621                  | 601                  |
| Number of complaints filed  | 675                      | 705               | 680                  | 685                  |
| Number of complaints closed | 700                      | 692               | 695                  | 705                  |
| Processing time (in months) | 8.4                      | 9.4               | 9.2                  | 8.9                  |

# HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

| Expenditure             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 30,466,644           | 39,723,486             | 39,723,486           | 42,773,654             | 42,773,654           |
| <i>Subtotal</i>         | <i>\$ 30,466,644</i> | <i>\$ 39,723,486</i>   | <i>\$ 39,723,486</i> | <i>\$ 42,773,654</i>   | <i>\$ 42,773,654</i> |
| Capital Improvements:   |                      |                        |                      |                        |                      |
| State General Fund      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 30,466,644</b> | <b>\$ 39,723,486</b>   | <b>\$ 39,723,486</b> | <b>\$ 42,773,654</b>   | <b>\$ 42,773,654</b> |

## Percentage Change:

### Operating Expenditures

|                    |        |      |      |      |      |
|--------------------|--------|------|------|------|------|
| State General Fund | -- %   | -- % | -- % | -- % | -- % |
| All Funds          | (12.1) | 30.4 | 30.4 | 7.7  | 7.7  |
| FTE Positions      | 20.0   | 20.0 | 20.0 | 20.0 | 20.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The 1976 Health Care Providers Insurance Availability Act created the Health Care Stabilization Fund (Fund) to stabilize the availability of medical professional liability coverage for health care providers. From 1976 to 1995, the Fund was the administrative responsibility of the Commissioner of Insurance. Beginning in 1995, the administration of the Fund was established as an independent state agency separate from the Kansas Insurance Department.

Among the provisions of the Fund law are a mandate for health care providers to maintain basic professional liability insurance as a condition to render services in Kansas; a requirement that the Fund provide excess professional liability insurance coverage; and the establishment of an availability plan to provide the required basic professional liability insurance coverage when such coverage is not available through insurance companies.

Fund loss exposures begin when a medical professional liability claim or legal action exceeds the required professional liability coverage of \$200,000 per claim, with an annual aggregate for all claims of \$600,000. Fund coverage also may be provided for claims and legal actions brought against eligible inactive health care providers. Since July 1, 1999, health care providers have selected one of three fund coverage limits: \$100,000/\$300,000; \$300,000/\$900,000; or \$800,000/\$2,400,000.

The Fund is financed by a surcharge levied on and paid by Kansas health care providers based on a rating classification system established by the Board of Governors. The surcharge revenue in FY 1991 was \$35.7 million. Surcharge receipts in FY 2017 were \$28.1 million and is estimated at \$28.0 million in FY 2018. In addition to Fund surcharges, the Fund also receives interest on agency investments. The investment income for FY 2017 was \$8.1 million and is expected to be approximately \$8.8 million in FY 2018 based on an assumption of 3.10 percent yield on average assets. Investments for the Board are administered by the Pooled Money Investment Board.

Full-time faculty, private practice foundations and corporations, and residents at the University of Kansas Medical Center (KUMC) and affiliated programs in Wichita and Salina receive basic coverage through statutory self-insurance provisions and excess coverage from the Fund. Basic coverage provisions applicable to these individuals and entities are set forth in the Fund law, including a \$500,000 reserve fund maintained by the University of Kansas School of Medicine private practice foundations. The law also contains provisions for reimbursement to the Fund of basic coverage losses arising from these statutory basic coverage self-insurance provisions from the State General Fund.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **2008 Legislature** added \$75,000, all from special revenue funds, to fund an independent audit of the agency's claims procedures.

The **2009 Legislature** limited transfers from the State General Fund to the Fund to \$2,805,000 in FY 2009 and for FY 2010, which was 6.5 percent, or \$195,000, less than the \$3.0 million transfer projected in both years. The Governor, whose original recommendation had eliminated the entire projected \$3.0 million transfer in both years, vetoed language limiting the transfers and through the allotment process deleted those transfers.

The **2009 Legislature** also added \$251,834 for FY 2010, all from special revenue funds, for the sole purpose of technology improvements and professional development.

The **2010 Legislature** authorized an additional FTE position for the agency beginning for FY 2011. This position is assigned to the Legal department and focuses on responding to Kansas Open Records Act requests. Although this is not a statutory duty of the Fund, external clients, such as hospitals and insurance companies, rely on the Fund to provide information on levels of coverage and claims history for health care providers.

The **2010 Legislature** also passed SB 414, which amended the Health Care Provider Insurance Availability Act to exempt the Fund from transfers to the State General Fund under the allotment authority delegated to the Secretary of Administration by KSA 75-3722. The bill also deferred payment to the Fund from the State General Fund for costs and expenditures associated with the administration of a self-insurance program for the full-time faculty, private practice foundations and corporations, and the residents of KUMC and affiliated programs. Payments scheduled for state FY 2010, FY 2011, FY 2012, and FY 2013 were not transferred until July 1, 2013. At that time, annual State General Fund payments resumed and continued through July 1, 2017, each in the amount of 20.0 percent of the total amount owed.

On October 5, 2012, in *Miller v. Johnson*, the Kansas Supreme Court upheld the \$250,000 cap on non-economic damage awards in a 5-2 decision. This cap on the amount of damages for pain and suffering awarded by juries to personal injury action claimants has been previously upheld (1990, *Samsel II*). The majority of the Court upheld KSA 60-19a02 as it applied to Miller (personal injury plaintiff, medical malpractice claim)—the statute provides for a \$250,000 cap on non-economic damages and applies to all personal injury actions, including medical malpractice claims, accruing on or after July 1, 1988.

The opinion also cited the Health Care Provider Insurance Availability Act by indicating, “As noted in several of our prior cases, the legislature’s expressed goals for the comprehensive legislation comprising the Health Care Provider Insurance Availability Act and the non-economic damages cap have long been accepted by this court to carry a valid public interest objective.”

The opinion also noted the Legislature passed this statute “in an attempt to reduce and stabilize liability insurance premiums by eliminating both the difficulty with rate setting due to the unpredictability of non-economic damages awards and the possibility of large non-economic damage awards.”

On July 31, 2012, in *Watts v. Lester E. Cox Medical Centers*, the Missouri Supreme Court struck down a 2005 law that had capped non-economic damage awards in Missouri medical malpractice actions at \$350,000 in a 4-3 decision. The plaintiff, Deborah Watts, filed suit against Cox Medical Centers in Springfield; her son was born with severe brain injuries in 2006. A jury had awarded Watts \$1.450 million for non-economic damages for the injuries (Watts also was awarded \$3.371 million for future medical expenses). Missouri law limited the awards to \$350,000. The Supreme Court found the cap unconstitutional because it violated the state’s constitutional right to trial by jury.

The decision states the statutory cap (§538.210) is “unconstitutional to the extent that it infringes on the jury’s constitutionally protected purpose of determining the amount of damages sustained by an injured party. Such a limitation was not permitted at common law when Missouri’s constitution first was adopted in 1820 and, therefore, violates the right to trial by jury guaranteed by Article I, section 22(a) of the *Missouri Constitution*.”

The **2014 Legislature** passed SB 311, which increased the statutory limit on non-economic damages in personal injury actions. On July 1, 2014, the “cap” increased from \$250,000 to \$300,000. The limit will increase again on July 1, 2018, to \$325,000 and then again on July 1, 2022, to \$350,000.

The **2014 Legislature** also passed HB 2516, which added five new categories of health care providers to the definition section of the Health Care Provider Insurance Availability Act. The new categories of providers include physician assistants, nurse-midwives, assisted living facilities, nursing facilities, and residential health care facilities. The Legislature added \$73,379 and 1.0 FTE position for FY 2015 to allow the agency to implement relevant provisions of the Act.

The **2015 Legislature** passed HB 2064, which allowed health care systems to aggregate insurance premiums for the purpose of obtaining a certificate of self-insurance. The Legislature added \$40,980 and 0.5 FTE positions for FY 2016 and FY 2017 to fund operating expenditures associated with a Compliance Officer.

The **2016 Legislature** added \$1.7 million, all from the Health Care Stabilization Fund, due to a revised estimate of claims payments and associated legal expenditures in FY 2016.

The **2017 Legislature** passed HB 2118, which stated that the Fund will not be liable for any claim that is a result of professional services rendered as a charitable health care provider or that is covered under the Federal Tort Claims Act. The bill also established an annual maximum amount of \$3.0 million for the aggregate liability of the Fund for judgments and settlements arising from claims made against a resident or nonresident inactive health care provider.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$39.7 million, all from special revenue funds, in FY 2018. This is the same amount approved by the 2017 Legislature. The revised estimate includes 20.0 FTE positions, which is the same as the approved number.

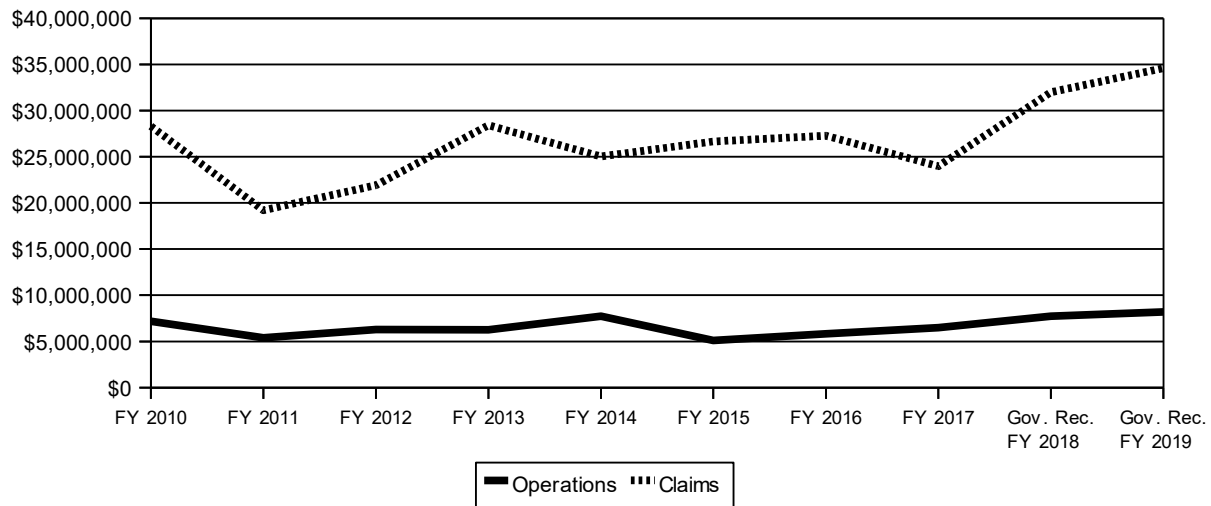
The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$42.8 million, all from special revenue funds, for FY 2019. This is the same amount approved by the 2017 Legislature. The revised estimate includes 20.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | Operations   | % Change | Claims        | % Change | FTE  |
|---------------------------------|--------------|----------|---------------|----------|------|
| 2010                            | \$ 7,164,969 | 7.6 %    | \$ 28,314,866 | 3.0 %    | 20.0 |
| 2011                            | 5,373,243    | (25.0)   | 19,207,586    | (32.2)   | 20.0 |
| 2012                            | 6,292,258    | 17.1     | 21,910,074    | 14.1     | 20.0 |
| 2013                            | 6,250,365    | (0.7)    | 28,405,415    | 29.6     | 20.0 |
| 2014                            | 7,722,355    | 23.6     | 25,029,266    | (11.9)   | 20.0 |
| 2015                            | 5,099,207    | (34.0)   | 26,654,184    | 6.5      | 20.0 |
| 2016                            | 5,824,554    | 14.2     | 27,278,643    | 2.3      | 20.0 |
| 2017                            | 6,490,517    | 11.4     | 23,976,127    | (12.1)   | 20.0 |
| 2018 Gov. Rec.                  | 7,723,786    | 19.0     | 31,999,700    | 33.5     | 20.0 |
| 2019 Gov. Rec.                  | 8,181,979    | 5.9      | 34,591,675    | 8.1      | 20.0 |
| Ten-Year Change Dollars/Percent | \$ 1,017,010 | 14.2 %   | \$ 6,276,809  | 22.2 %   | 0.0  |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                         | \$ 1,807,655         | \$ 2,155,841         | \$ 2,163,029         | \$ 7,188                       | 0.3 %                           | \$ 2,155,841              | \$ 2,163,029         | \$ 7,188                       | 0.3 %                           |
| Claims                                 | 28,658,989           | 37,567,645           | 40,610,625           | 3,042,980                      | 8.1                             | 37,567,645                | 40,610,625           | 3,042,980                      | 8.1                             |
| <b>TOTAL</b>                           | <b>\$ 30,466,644</b> | <b>\$ 39,723,486</b> | <b>\$ 42,773,654</b> | <b>\$ 3,050,168</b>            | <b>7.7 %</b>                    | <b>\$ 39,723,486</b>      | <b>\$ 42,773,654</b> | <b>\$ 3,050,168</b>            | <b>7.7 %</b>                    |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 1,500,502         | \$ 1,611,868         | \$ 1,637,861         | \$ 25,993                      | 1.6 %                           | \$ 1,611,868              | \$ 1,637,861         | \$ 25,993                      | 1.6 %                           |
| Contractual Services                   | 4,942,580            | 6,008,893            | 6,459,528            | 450,635                        | 7.5                             | 6,008,893                 | 6,459,528            | 450,635                        | 7.5                             |
| Commodities                            | 22,969               | 33,640               | 33,820               | 180                            | 0.5                             | 33,640                    | 33,820               | 180                            | 0.5                             |
| Capital Outlay                         | 24,466               | 69,385               | 50,770               | (18,615)                       | (26.8)                          | 69,385                    | 50,770               | (18,615)                       | (26.8)                          |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Subtotal-Operations                    | \$ 6,490,517         | \$ 7,723,786         | \$ 8,181,979         | \$ 458,193                     | 5.9 %                           | \$ 7,723,786              | \$ 8,181,979         | \$ 458,193                     | 5.9 %                           |
| Aid to Local Units                     | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Other Assistance                       | 23,976,127           | 31,999,700           | 34,591,675           | 2,591,975                      | 8.1                             | 31,999,700                | 34,591,675           | 2,591,975                      | 8.1                             |
| <b>TOTAL</b>                           | <b>\$ 30,466,644</b> | <b>\$ 39,723,486</b> | <b>\$ 42,773,654</b> | <b>\$ 3,050,168</b>            | <b>7.7 %</b>                    | <b>\$ 39,723,486</b>      | <b>\$ 42,773,654</b> | <b>\$ 3,050,168</b>            | <b>7.7 %</b>                    |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                      | \$ 0                 | \$ 0                           | -- %                            |
| Conference Fee Fund                    | 13,961               | 12,000               | 12,000               | 0                              | 0.0                             | 12,000                    | 12,000               | 0                              | 0.0                             |
| Health Care Stabilization Fund         | 30,452,683           | 39,711,486           | 42,761,654           | 3,050,168                      | 7.7                             | 39,711,486                | 42,761,654           | 3,050,168                      | 7.7                             |
| <b>TOTAL</b>                           | <b>\$ 30,466,644</b> | <b>\$ 39,723,486</b> | <b>\$ 42,773,654</b> | <b>\$ 3,050,168</b>            | <b>7.7 %</b>                    | <b>\$ 39,723,486</b>      | <b>\$ 42,773,654</b> | <b>\$ 3,050,168</b>            | <b>7.7 %</b>                    |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 39,723,486                         | 39,723,486                    | 0                                 | 39,723,486                  | 0                                   |
| <b>TOTAL</b>                | <b>\$ 39,723,486</b>               | <b>\$ 39,723,486</b>          | <b>\$ 0</b>                       | <b>\$ 39,723,486</b>        | <b>\$ 0</b>                         |
| FTE Positions               | 20.0                               | 20.0                          | 0.0                               | 20.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$39.7 million, all from special revenue funds, in FY 2018. This is the same amount approved by the 2017 Legislature. The revised estimate includes 20.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 42,773,654                         | 42,773,654                    | 0                                 | 42,773,654                  | 0                                   |
| <b>TOTAL</b>                | <b>\$ 42,773,654</b>               | <b>\$ 42,773,654</b>          | <b>\$ 0</b>                       | <b>\$ 42,773,654</b>        | <b>\$ 0</b>                         |
| FTE Positions               | 20.0                               | 20.0                          | 0.0                               | 20.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$42.8 million, all from special revenue funds, for FY 2019. This is the same amount approved by the 2017 Legislature. The revised estimate includes 20.0 FTE positions, which is the same as the approved number. The increase is primarily due to the agency estimating a settlements and jury awards increase based on a

recent 8.1 percent five-year average annual increase used to determine the original agency request in the previous budget submission.

The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,000, all from special revenue funds and FY 2019 longevity payments total \$1,000, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                 | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------------------|--------------------------------------------|------------------------------------------|
| Health Care Stabilization Fund | 100.0 %                                    | 100.0 %                                  |
| Conference Fee Fund            | 0.0                                        | 0.0                                      |
| <b>TOTAL</b>                   | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

**Note:** Details may not add to totals due to rounding. The Conference Fee Fund accounts for less than 0.1 percent of total funding.

## Health Care Stabilization Fund Analysis

The Health Care Stabilization Fund (Fund) was established by KSA 40-3401. The Fund receives deposits from annual premium surcharges on every health care provider who has obtained basic professional liability insurance coverage and upon all self-insurers, investments, and transfers from the Health Care Provider Insurance Availability Plan.

KSA 40-3403 authorizes the transfer of moneys from the State General Fund to reimburse the Fund for costs incurred defending any claim filed against a person participating in the University of Kansas Medical Center (KUMC) residency programs, including affiliated programs in Wichita and Salina, and for that portion of the paid claims, which is equal to the basic coverage liability of self-insurers. This statute also authorizes the transfer of moneys from the State General Fund and the KUMC Private Practice Foundation Reserve Fund to reimburse the Fund for costs incurred to defend any claim filed against KUMC foundations and full-time faculty and for that portion of any claim that is equal to the basic liability of self-insurers.

The Governor's July 2010 allotment eliminated the State General Fund transfer into the Fund related to KUMC claims expenditures. The Fund wrote off the transfer, which would have been approximately \$2.9 million, as not collectible. The 2010 Legislature passed SB 414, which exempted the Fund from future allotments. It also deferred payment to the Fund from the State General Fund for costs and expenditures associated with the KUMC and the Wichita Center for Graduate Medical Education claims expenditures. The legislation stated payments scheduled for state FY 2010, FY 2011, FY 2012, and FY 2013 would not be transferred until July 1, 2013. At that time, annual State General Fund payments would begin and continue through July 1, 2017, each in the amount of 20.0 percent of the total amount owed. All repayment obligations were met and completed July 1, 2017.

| Resource Estimate                            | Actual<br>FY 2017        | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018    | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019     |
|----------------------------------------------|--------------------------|-------------------------------|-------------------------|-------------------------------|--------------------------|
| Beginning Balance                            | \$ 3,319,564             | \$ 2,086,487                  | \$ 2,086,487            | \$ 2,063,917                  | \$ 2,063,917             |
| Revenue                                      | 66,508,071               | 70,798,680                    | 70,798,680              | 60,453,680                    | 60,453,680               |
| Transfers in                                 | 3,998,119                | 4,090,236                     | 4,090,236               | 2,546,152                     | 2,546,152                |
| <b>Funds Available</b>                       | <b>\$ 73,825,754</b>     | <b>\$ 76,975,403</b>          | <b>\$ 76,975,403</b>    | <b>\$ 65,063,749</b>          | <b>\$ 65,063,749</b>     |
| Less:                                        |                          |                               |                         |                               |                          |
| Expenditures                                 | 30,452,683               | 39,711,486                    | 39,711,486              | 42,761,654                    | 42,761,654               |
| Transfers Out                                | 200,000                  | 200,000                       | 200,000                 | 200,000                       | 200,000                  |
| Off Budget Expenditures                      | 41,086,584               | 35,000,000                    | 35,000,000              | 20,000,000                    | 20,000,000               |
| <b>Ending Balance</b>                        | <b>\$ 2,086,487</b>      | <b>\$ 2,063,917</b>           | <b>\$ 2,063,917</b>     | <b>\$ 2,102,095</b>           | <b>\$ 2,102,095</b>      |
| Ending Balance as Percent of<br>Expenditures | 6.9%                     | 5.2%                          | 5.2%                    | 4.9%                          | 4.9%                     |
| Month Highest Ending<br>Balance              | February<br>\$ 3,980,019 | October<br>\$ 4,129,247       | October<br>\$ 4,129,247 | January<br>\$ 3,303,920       | January<br>\$ 3,303,920  |
| Month Lowest Ending<br>Balance               | April<br>\$ 955,194      | August<br>\$ 1,445,393        | August<br>\$ 1,445,393  | December<br>\$ 1,101,307      | December<br>\$ 1,101,307 |

### Staff Notes

The actual cash balance on any given day of the year is a function of three principal variables:

- Fund premium surcharges collected and remitted by commercial liability insurance companies;
- Investment maturity dates; and
- Pending claim payments.

Because many medical professional liability insurance policies have effective dates and renewal dates at January 1 or July 1, Fund premium surcharges are often collected by insurance companies in late December or late June. Because insurers have a statutory 30-day remittance period, the surcharge revenue is often received near the end of January or near the end of July. Therefore, those two months normally have a comparatively high ending balance.

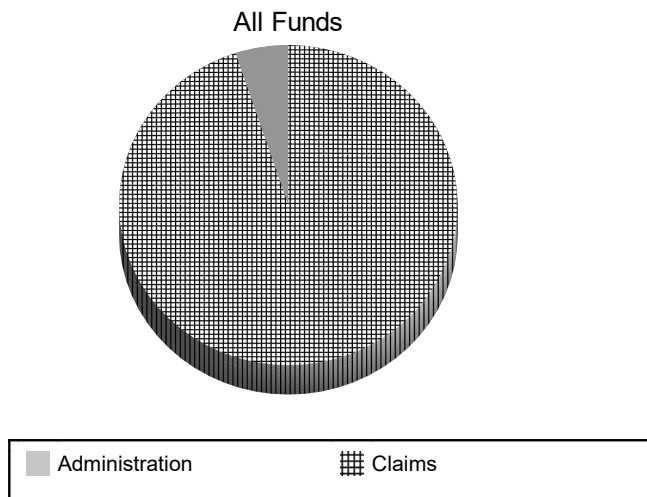
The Health Care Stabilization Fund Board of Governors employs a conservative, laddered investment strategy. Reserves are invested by the Pooled Money Investment Board on behalf of the Board of Governors. As a result, there are maturities throughout the year. If a maturity occurs near the end of the month, there will of course be a higher ending balance at the conclusion of that particular month.

The Board's Chief Attorney maintains a contemporary accounting of settlements and jury awards that have been approved by the courts. This includes scheduled future payments attributable to settlements and jury awards in prior fiscal years. The agency indicates it is imperative that sufficient, unencumbered cash balances be maintained in order to promptly pay these statutory Fund liabilities. Consequently, the ending balance is often a reflection of pending claim payments at the conclusion of a particular month.

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation



| Program        | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration | \$ 2,163,029                      | 5.1 %               | \$ 0                        | -- %                |
| Claims         | 40,610,625                        | 94.9                | 0                           | --                  |
| <b>TOTAL</b>   | <b>\$ 42,773,654</b>              | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 20.0              | 20.0                   | 20.0                 | 20.0                   | 20.0                 |
| Claims         | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>   | <b>20.0</b>       | <b>20.0</b>            | <b>20.0</b>          | <b>20.0</b>            | <b>20.0</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### A. Administration

The Administration program is responsible for agency operations at the Health Care Stabilization Fund Board of Governors. The program includes the Board of Governors and the

Executive Director, as well as the Legal, Compliance, and Administrative Support departments. The administrative expenditures of the Fund have traditionally been subject to an expenditure limitation as opposed to the Claims program, which does not have an expenditure limit.

| <b>ADMINISTRATION</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|---------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                      | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                      |                     |                        |                      |                        |                      |
| Salaries and Wages                                                        | \$ 1,500,502        | \$ 1,611,868           | \$ 1,611,868         | \$ 1,637,861           | \$ 1,637,861         |
| Contractual Services                                                      | 260,543             | 443,208                | 443,208              | 443,018                | 443,018              |
| Commodities                                                               | 22,144              | 31,380                 | 31,380               | 31,380                 | 31,380               |
| Capital <b>Outlay</b>                                                     | 24,466              | 69,385                 | 69,385               | 50,770                 | 50,770               |
| Debt Service                                                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                              | <b>\$ 1,807,655</b> | <b>\$ 2,155,841</b>    | <b>\$ 2,155,841</b>  | <b>\$ 2,163,029</b>    | <b>\$ 2,163,029</b>  |
| Aid to Local Units                                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                              | <b>\$ 1,807,655</b> | <b>\$ 2,155,841</b>    | <b>\$ 2,155,841</b>  | <b>\$ 2,163,029</b>    | <b>\$ 2,163,029</b>  |
| <b>Financing:</b>                                                         |                     |                        |                      |                        |                      |
| State General Fund                                                        | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                           | 1,807,655           | 2,155,841              | 2,155,841            | 2,163,029              | 2,163,029            |
| <b>TOTAL</b>                                                              | <b>\$ 1,807,655</b> | <b>\$ 2,155,841</b>    | <b>\$ 2,155,841</b>  | <b>\$ 2,163,029</b>    | <b>\$ 2,163,029</b>  |
| FTE Positions                                                             | 20.0                | 20.0                   | 20.0                 | 20.0                   | 20.0                 |

The **agency** requests a revised estimate of \$1.8 million, all from special revenue funds, for the Administration program in FY 2018. The revised estimate includes 20.0 FTE positions. The revised estimate is the same as the amount approved by the 2017 Legislature. Expenditures are budgeted in the following categories:

- **Salaries and Wages.** The revised estimate includes \$1.6 million, all from special revenue funds, for salaries and wages in FY 2018. This is the same amount approved by the 2017 Legislature and includes \$6,191 for the legislative salary adjustment. All salaries and benefits expenditures for the agency are budgeted in the Administration program;
- **Contractual Services.** The revised estimate includes \$443,208, all from special revenue funds, for contractual services in FY 2018. This is the same as the amount approved by the 2017 Legislature and includes a recent decision made by the Board to provide matching 50.0 percent tuition assistance to employees who decide to pursue a degree program;
- **Commodities.** The revised estimate includes \$31,380, all from special revenue funds, for commodities in FY 2018, which is the same as the approved amount; and
- **Capital Outlay.** The revised estimate includes \$69,385, all from special revenue funds, for capital outlay in FY 2018, which is the same as the approved amount. The request includes the replacement of desktop computers, which the agency

states have become obsolete, and upgrades to the audio visual system in the Board's conference room.

The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount in FY 2018.

The **agency** requests a revised estimate of \$2.2 million, all from special revenue funds, for the Administration program for FY 2019. The revised estimate includes 20.0 FTE positions. The revised estimate is the same as the amount approved by the 2017 Legislature. Expenditures are budgeted in the following categories:

- **Salaries and Wages.** The revised estimate includes \$1.6 million, all from special revenue funds, for salaries and wages for FY 2019. This is the same amount approved by the 2017 Legislature and includes \$6,191 for the legislative salary adjustment. All salaries and benefits expenditures for the agency are budgeted in the Administration program;
- **Contractual Services.** The revised estimate includes \$443,018, all from special revenue funds, for contractual services for FY 2019. This is the same as the amount approved by the 2017 Legislature and a slight decrease below the amount requested in FY 2018. The revised estimate includes a recent decision made by the Board to provide matching 50.0 percent tuition assistance to employees who decide to pursue a degree program;
- **Commodities.** The revised estimate includes \$31,380, all from special revenue funds, for commodities for FY 2019, which is the same as the approved amount and the amount requested in FY 2018; and
- **Capital Outlay.** The revised estimate includes \$50,770, all from special revenue funds, for capital outlay in FY 2019, which is the same as the approved number. The revised estimate is a decrease of \$18,615, or 26.8 percent, below the revised estimate in FY 2018 and represents a return to routine system maintenance after the replacement of desktop computers and upgrades to the audio visual system in the Board's conference room in FY 2018. The revised estimate does include funding for a new file server to operate the documents management system.

The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount for FY 2019.

## ***B. Claims***

The Claims program was instituted as a separate program in FY 2010 as the portion of the Fund responsible for the payment of court-approved claims, attorneys' fees, and other expenditures associated with claims activity. Historically, expenditures for the payment of claims have been treated as no limit by the Legislature. No limit means that although the Claims program operates within a budget, it does not have an appropriated limit on its expenditures.



| <p style="text-align: center;"><b>CLAIMS</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                             |                             |                             |                             |                             |
|--------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Item                                                                                                   | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
| <b>Expenditures:</b>                                                                                   |                             |                             |                             |                             |                             |
| Salaries and Wages                                                                                     | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Contractual Services                                                                                   | 4,682,037                   | 5,565,685                   | 5,565,685                   | 6,016,510                   | 6,016,510                   |
| Commodities                                                                                            | 825                         | 2,260                       | 2,260                       | 2,440                       | 2,440                       |
| Capital <b>Outlay</b>                                                                                  | 0                           | 0                           | 0                           | 0                           | 0                           |
| Debt Service                                                                                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal - Operations</i>                                                                           | <i>\$ 4,682,862</i>         | <i>\$ 5,567,945</i>         | <i>\$ 5,567,945</i>         | <i>\$ 6,018,950</i>         | <i>\$ 6,018,950</i>         |
| Aid to Local Units                                                                                     | 0                           | 0                           | 0                           | 0                           | 0                           |
| Other Assistance                                                                                       | 23,976,127                  | 31,999,700                  | 31,999,700                  | 34,591,675                  | 34,591,675                  |
| <b>TOTAL</b>                                                                                           | <b><u>\$ 28,658,989</u></b> | <b><u>\$ 37,567,645</u></b> | <b><u>\$ 37,567,645</u></b> | <b><u>\$ 40,610,625</u></b> | <b><u>\$ 40,610,625</u></b> |
| <b>Financing:</b>                                                                                      |                             |                             |                             |                             |                             |
| State General Fund                                                                                     | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| All Other Funds                                                                                        | 28,658,989                  | 37,567,645                  | 37,567,645                  | 40,610,625                  | 40,610,625                  |
| <b>TOTAL</b>                                                                                           | <b><u>\$ 28,658,989</u></b> | <b><u>\$ 37,567,645</u></b> | <b><u>\$ 37,567,645</u></b> | <b><u>\$ 40,610,625</u></b> | <b><u>\$ 40,610,625</u></b> |
| FTE Positions                                                                                          | 0.0                         | 0.0                         | 0.0                         | 0.0                         | 0.0                         |

The **agency** requests a revised estimate of \$37.6 million, all from special revenue funds, for claims and expenditures related to claims in FY 2018. This is the same as the amount approved by the 2017 Legislature. Claims in FY 2017 were much lower than expected; however, the agency did not reduce estimated expenditures in FY 2018 as past experience indicates FY 2018 will likely compensate for the abnormal trend seen in FY 2017. In addition, the agency has begun to receive notices of claims against the five new categories of health care providers added in 2015 and it is difficult to predict the frequency and severity of claims until there has been a few more years of loss experience. The revised estimate is detailed below by category of expenditure (salaries and wages and capital outlay expenditures are not budgeted for in this program):

- **Contractual Services.** The agency requests \$5.6 million, all from special revenue funds, for contractual services in FY 2018. This is the same amount approved by the 2017 Legislature and includes attorney fees, expert witness fees, staff travel expenses, and deposition and defense expenditures directly related to claims. Expenditures are based on 17.4 percent of the budget for settlements and jury awards;
- **Commodities.** The agency requests \$2,260, all from special revenue funds, for commodities in FY 2018. This is the same as the approved number. The expenditures in this category include gasoline purchases for legal staff travel. Gasoline prices are difficult to predict; there was a significant drop in FY 2016 and increases were seen in FY 2017. The revised estimate assumes that prices will continue to increase over FY 2017; and
- **Other Assistance.** The agency requests \$34.6 million, all from special revenue funds, for other assistance in FY 2018. This is the same amount approved by the 2017 Legislature. These expenditures are the result of court-approved settlement agreements or jury awards; the revised estimate is consistent with the average

annual increase during the five most recent fiscal years used for the original estimates in the previous budget submission.

The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount in FY 2018.

The **agency** requests a revised estimate of \$40.6 million, all from special revenue funds, for claims and expenditures related to claims for FY 2019. This is the same as the amount approved by the 2017 Legislature. The revised estimate is detailed below by category of expenditure (salaries and wages and capital outlay expenditures are not budgeted for in this program):

- **Contractual Services.** The agency requests \$6.0 million, all from special revenue funds, for contractual services in FY 2019. This is the same amount approved by the 2017 Legislature. Expenditures are based on 17.4 percent of the budget for settlements and jury awards;
- **Commodities.** The agency requests \$2,440, all from special revenue funds, for commodities in FY 2019. This is the same as the approved number. The revised estimate assumes a slight increase over the previous year; and
- **Other Assistance.** The agency requests \$32.0 million, all from special revenue funds, for other assistance in FY 2019. This is the same amount approved by the 2017 Legislature and assumes an 8.1 percent increase over FY 2018, consistent with the average annual increase seen when original estimates were developed for the previous budget submission. These expenditures are the result of court-approved settlement agreements or jury awards; the revised estimate is consistent with the average annual increase during the past five fiscal years.

The **Governor** concurs with the agency's revised estimate, which is the same as the approved amount for FY 2019.

| PERFORMANCE MEASURES                                    |                          |                   |                      |                      |
|---------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                 | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of cases opened                                  | 525                      | 595               | 600                  | 610                  |
| Number of cases closed                                  | 475                      | 503               | 525                  | 560                  |
| Unassigned reserves as percent of indicated liabilities | 20.7%                    | 20.9%             | 20.5%                | 20.5%                |

# OFFICE OF ADMINISTRATIVE HEARINGS

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 1,133,106           | 1,094,870              | 1,091,870            | 1,107,670              | 1,104,670            |
| <i>Subtotal</i>         | <i>\$ 1,133,106</i> | <i>\$ 1,094,870</i>    | <i>\$ 1,091,870</i>  | <i>\$ 1,107,670</i>    | <i>\$ 1,104,670</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 1,133,106</b> | <b>\$ 1,094,870</b>    | <b>\$ 1,091,870</b>  | <b>\$ 1,107,670</b>    | <b>\$ 1,104,670</b>  |

## Percentage Change:

### Operating Expenditures

|                    |      |       |       |      |      |
|--------------------|------|-------|-------|------|------|
| State General Fund | -- % | -- %  | -- %  | -- % | -- % |
| All Funds          | 20.6 | (3.4) | (3.6) | 1.2  | 1.2  |
| FTE Positions      | 9.0  | 11.0  | 11.0  | 11.0 | 11.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The mission of the Office of Administrative Hearings is to conduct fair and impartial hearings for citizens and other affected parties when they contest actions of state agencies determining their legal rights. The Office of Administrative Hearings acts in accordance with all applicable policies, regulations, statutes, and general principles of law.

The Office of Administrative Hearings originally was a program in the Department of Social and Rehabilitation Services, and conducted hearings only for that agency. On July 1, 1998, the Office of Administrative Hearings was moved to the Department of Administration. The agency continued to conduct all adjudicative proceedings for the Kansas Department of Social and Rehabilitation Services, pursuant to KSA 75-37,121, but also began providing hearings for other agencies. Section 145 of the 2004 Session Laws created an independent Office of Administrative Hearings, which was phased in and took full effect on July 1, 2009. Agencies providing adjudicative proceedings in accordance with the Kansas Administrative Procedure Act are required to utilize the Office of Administrative Hearings when the agency head is not involved.

The Office of Administrative Hearings conducts adjudicative proceedings in accordance with the Kansas Administrative Procedure Act for many state agencies and a variety of programs within those agencies. The state agencies (and their programs) that have been

phased into Office of Administrative Hearings operations include, but are not limited to the: Department for Children and Families; Department of Health and Environment; Department for Aging and Disability Services; Department of Agriculture; Department of Administration; Department of Revenue; Department of Education; Department of Commerce; Insurance Department; Department of Labor; Board of Accountancy; Office of the State Bank Commissioner; Dental Board; Board of Healing Arts; Human Rights Commission; Board of Pharmacy; Board of Nursing; Real Estate Commission; Kansas Public Employees Retirement System; Office of the Attorney General; Behavioral Sciences Regulatory Board; Board of Cosmetology; and State Fire Marshal. These agencies are charged a fee for the adjudicative proceeding. While the agency expenditures are recorded in the accounting system, the agency budget is categorized as off-budget expenditures.

## MAJOR ISSUES FROM PRIOR YEARS

Beginning in **FY 2010**, the Office of Administrative Hearings became a separately funded agency from the Department of Administration. Other state agencies are billed for services provided by the agency, which results in all agency expenditures being non-reportable.

The **2011 Legislature** transferred \$150,000, all from the Administrative Hearings Office Fund, to the State General Fund.

The **2012 Legislature** eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days. For this agency, 3.0 FTE positions and 0.5 non-FTE positions were eliminated. No adjustments were made to the agency's FTE position limitation.

The **2013 Legislature** added \$54,808, all from non-reportable special revenue funds, to fill a vacant Legal Assistant position in FY 2014. The Legislature also deleted \$53,396 and \$53,436 from FY 2014 and FY 2015, respectively, all from non-reportable special revenue funds, to reflect reduced funding for salaries and wages.

The **2014 Legislature** added \$2,718, all from non-reportable special revenue funds, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013.

The **2015 Legislature** added \$32,886, all from non-reportable special revenue funds, for increases in building rent and information technology expenditures to the Office of Information Technology Services (OITS) for both FY 2016 and FY 2017.

The **2016 Legislature** deleted \$630 for FY 2016 and \$9,725 for FY 2017, all from the Administrative Hearings Office Fund, for reductions in travel, rent, and court reporter expenditures, partially offset by an increase in wages associated with salary increases for some employees and increased expenditures related to a database replacement.

The **2016 Legislature** deleted \$4,289, all from the Administrative Hearings Office Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017.

In addition, the **2016 Legislature** approved the conversion of 2.0 FTE positions from classified to unclassified, reducing the total number of FTE positions to 2.0 for FY 2016 and FY 2017.

The **2017 Legislature** added \$101,050, all from the Administrative Hearings Office Fund, for FY 2017 for the development of computer database improvements and an online

public web portal to facilitate the electronic filing of hearing documents, per legislation enacted by amendment to KSA 77-531.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised FY 2018 estimate of \$1.1 million, all from the Administrative Hearings Office Fund, which is an increase of \$110,579, or 11.2 percent, above the amount approved by the 2017 Legislature. The request includes 11.0 FTE positions, which is an increase of 2.0 FTE positions above the approved amount. The FTE increase is due to two new positions, including a full-time unclassified legal assistant associated with the Governor’s KanCare improvement initiative and a full-time administrative assistant position. The salaries and wages for these positions are the primary reasons for the expenditure increase from the approved amount.

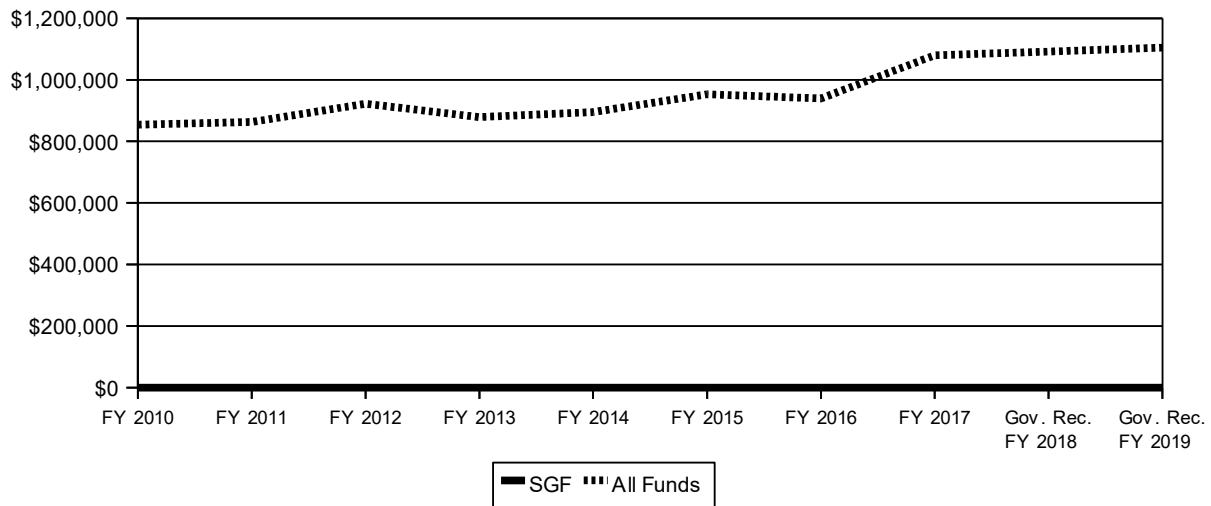
The **Governor** recommends FY 2018 expenditures of \$1.1 million, all from the Administrative Hearings Office Fund. The recommendation is a decrease of \$3,000, or 0.3 percent, below the agency’s revised FY 2018 estimate. The decrease is attributable to a reduction in travel and subsistence expenditures in FY 2018. The agency spent \$9,432 for travel and subsistence in FY 2017 for 36 hearings and this recommendation would reduce the FY 2018 amount to \$9,500 for travel and subsistence for an estimated 25 hearings.

**FY 2019 – Budget Year.** The **agency** requests a revised FY 2019 estimate of \$1.1 million, all from the Administrative Hearings Office Fund, which is an increase of \$124,169, or 12.6 percent, above the amount approved by the 2017 Legislature. The request includes 11.0 FTE positions, which is an increase of 2.0 FTE positions above the approved amount. The FTE increase is due to two new positions, including a full-time unclassified legal assistant associated with the Governor’s KanCare improvement initiative and a full-time administrative assistant position. The salaries and wages for these positions are the primary reasons for the expenditure increase from the approved amount.

The **Governor** recommends FY 2019 expenditures of \$1.1 million, all from the Administrative Hearings Office Fund. The recommendation is a decrease of \$3,000, or 0.3 percent, below the agency’s revised FY 2019 estimate. The decrease is attributable to a reduction for travel and subsistence expenditures for FY 2019. The agency spent \$9,432 in travel and subsistence expenditures in FY 2017 for 36 hearings and this recommendation would reduce the FY 2019 amount to \$9,500 for travel and subsistence for an estimated 25 hearings.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds  | % Change | FTE   |
|-----------------|------|----------|------------|----------|-------|
| 2010            | \$ 0 | -- %     | \$ 854,182 | -- %     | 13.0  |
| 2011            | 0    | --       | 863,153    | 1.1      | 13.0  |
| 2012            | 0    | --       | 922,203    | 6.8      | 13.0  |
| 2013            | 0    | --       | 878,814    | (4.7)    | 10.0  |
| 2014            | 0    | --       | 895,318    | 1.9      | 9.0   |
| 2015            | 0    | --       | 952,899    | 6.4      | 9.0   |
| 2016            | 0    | --       | 939,485    | (1.4)    | 9.0   |
| 2017            | 0    | --       | 1,133,106  | 20.6     | 9.0   |
| 2018 Gov. Rec.  | 0    | --       | 1,091,870  | (3.6)    | 11.0  |
| 2019 Gov. Rec.  | 0    | --       | 1,104,670  | 1.2      | 11.0  |
| Ten-Year Change |      |          |            |          |       |
| Dollars/Percent | \$ 0 | -- %     | \$ 250,488 | 29.3 %   | (2.0) |

# Summary of Operating Budget FY 2017 - FY 2019

|                                        |              | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|--------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |              | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |              |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Administration                         | \$ 1,133,106 | \$ 1,094,870        | \$ 1,107,670        | \$ 12,800                      | 1.2 %                           | \$ 1,091,870    | \$ 1,104,670              | \$ 12,800                      | 1.2 %                           |  |  |
| <b>By Major Object of Expenditure:</b> |              |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 786,638   | \$ 848,068          | \$ 860,268          | \$ 12,200                      | 1.4 %                           | \$ 848,068      | \$ 860,268                | \$ 12,200                      | 1.4 %                           |  |  |
| Contractual Services                   | 205,621      | 206,002             | 206,602             | 600                            | 0.3                             | 203,002         | 203,602                   | 600                            | 0.3                             |  |  |
| Commodities                            | 12,107       | 13,300              | 13,300              | 0                              | --                              | 13,300          | 13,300                    | 0                              | --                              |  |  |
| Capital Outlay                         | 128,740      | 27,500              | 27,500              | 0                              | --                              | 27,500          | 27,500                    | 0                              | --                              |  |  |
| Debt Service                           | 0            | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 1,133,106 | \$ 1,094,870        | \$ 1,107,670        | \$ 12,800                      | 1.2 %                           | \$ 1,091,870    | \$ 1,104,670              | \$ 12,800                      | 1.2 %                           |  |  |
| Aid to Local Units                     | 0            | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0            | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 1,133,106 | \$ 1,094,870        | \$ 1,107,670        | \$ 12,800                      | 1.2 %                           | \$ 1,091,870    | \$ 1,104,670              | \$ 12,800                      | 1.2 %                           |  |  |
| <b>Financing:</b>                      |              |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0         | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0            | \$ 0                      | \$ 0                           | -- %                            |  |  |
| All Other Funds                        | 1,133,106    | 1,094,870           | 1,107,670           | 12,800                         | 1.2                             | 1,091,870       | 1,104,670                 | 12,800                         | 1.2                             |  |  |
| TOTAL                                  | \$ 1,133,106 | \$ 1,094,870        | \$ 1,107,670        | \$ 12,800                      | 1.2 %                           | \$ 1,091,870    | \$ 1,104,670              | \$ 12,800                      | 1.2 %                           |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 984,291                            | 1,094,870                     | 110,579                           | 1,091,870                   | 107,579                             |
| <b>TOTAL</b>                | <b>\$ 984,291</b>                  | <b>\$ 1,094,870</b>           | <b>\$ 110,579</b>                 | <b>\$ 1,091,870</b>         | <b>\$ 107,579</b>                   |
| FTE Positions               | 9.0                                | 11.0                          | 2.0                               | 11.0                        | 2.0                                 |

The **agency** requests a revised FY 2018 estimate of \$1.1 million, all from the Administrative Hearings Office Fund, which is an increase of \$110,579, or 11.2 percent, above the amount approved by the 2017 Legislature. The request includes 11.0 FTE positions, which is an increase of 2.0 FTE positions above the approved number. The FTE increase is due to two new positions, including a full-time unclassified legal assistant associated with the Governor's KanCare improvement initiative and a full-time administrative assistant position. The salaries and wages for these positions are the primary reasons for the expenditure increase from the approved amount. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$848,068, which is an increase of \$103,345, or 13.9 percent, above the approved amount. The increase is primarily attributable to salaries and wages correlated with the hiring of a full-time unclassified legal assistant (\$53,874) associated with the Governor's KanCare improvement initiative and a full-time administrative assistant position (\$37,174). The agency added \$11,330 for the self-funded pay plan authorized by the Executive Branch;
- **Contractual Services.** The agency requests \$206,002, which is a decrease of \$12,891, or 5.9 percent, below the approved amount. The decrease is primarily attributable to a decrease in professional fees and OITS data processing and computer programming expenditures, partially offset by an increase in court reporting fees, vehicle mileage, meals and lodging, and OITS communication expenditures;
- **Commodities.** The agency requests \$13,300, which is an increase of \$2,125, or 19.0 percent, above the approved amount. The increase is primarily attributable to an increase in supplies and materials, partially offset by a decrease in computer system parts and materials; and



- **Capital Outlay.** The agency requests \$27,500, which is an increase of \$18,000, or 189.5 percent, above the approved amount. The increase is primarily attributable to software-related expenditures include software programming for enhanced features of the agency's newly implemented electronic filing system, Adobe licensing for optical character recognition, cloud storage and hosting, and off-site access to office data for remote work. Additional expenditures are for the gradual purchase and lease of replacement computers as well as other hardware and software purchases and enhancements.

The **Governor** recommends FY 2018 expenditures of \$1.1 million, all from the Administrative Hearings Office Fund. The recommendation is a decrease of \$3,000, or 0.3 percent, below the agency's revised FY 2018 estimate. The decrease is attributable to a reduction in travel and subsistence expenditures in FY 2018. The agency spent \$9,432 for travel and subsistence in FY 2017 for 36 hearings and this recommendation would reduce the FY 2018 amount to \$9,500 for travel and subsistence for an estimated 25 hearings.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 983,501                            | 1,107,670                     | 124,169                           | 1,104,670                   | 121,169                             |
| <b>TOTAL</b>                | <b>\$ 983,501</b>                  | <b>\$ 1,107,670</b>           | <b>\$ 124,169</b>                 | <b>\$ 1,104,670</b>         | <b>\$ 121,169</b>                   |
| FTE Positions               | 9.0                                | 11.0                          | 2.0                               | 11.0                        | 2.0                                 |

The **agency** requests a revised FY 2019 estimate of \$1.1 million, all from the Administrative Hearings Office Fund, which is an increase of \$124,169, or 12.6 percent, above the amount approved by the 2017 Legislature. The request includes 11.0 FTE positions, which is an increase of 2.0 FTE positions above the approved number. The FTE increase is due to two new positions, including a full-time unclassified legal assistant associated with the Governor's KanCare improvement initiative and a full-time administrative assistant position. The salaries and wages for these positions are the primary reasons for the expenditure increase from the approved amount. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$860,268, which is an increase of \$114,132, or 15.3 percent, above the approved amount. The increase is primarily attributable to salaries and wages correlated with the hiring of a full-time unclassified legal assistant (\$54,948) associated with the Governor's KanCare improvement initiative and a full-time administrative assistant position (\$37,959). The agency added \$11,330 for the self-funded pay plan authorized by the Executive Branch;

- **Contractual Services.** The agency requests \$206,002, which is a decrease of \$10,088, or 4.7 percent, below the approved amount. The decrease is primarily attributable to a decrease in professional fees and OITS data processing and computer programming expenditures, partially offset by an increase in court reporting fees, vehicle mileage, meals and lodging, and OITS communication expenditures;
- **Commodities.** The agency requests \$13,300, which is an increase of \$2,125, or 19.0 percent, above the approved amount. The increase is primarily attributable to an increase in supplies and materials, partially offset by a decrease in computer system parts and materials; and
- **Capital Outlay.** The agency requests \$27,500, which is an increase of \$18,000, or 189.5 percent, above the approved amount. The increase is primarily attributable to software-related expenditures include software programming for enhanced features of the agency's newly implemented electronic filing system, Adobe licensing for optical character recognition, cloud storage and hosting, and off-site access to office data for remote work. Additional expenditures are for the gradual purchase and lease of replacement computers as well as other hardware and software purchases and enhancements.

The **Governor** recommends FY 2019 expenditures of \$1.1 million, all from the Administrative Hearings Office Fund. The recommendation is a decrease of \$3,000, or 0.3 percent, below the agency's revised FY 2019 request. The decrease is attributable to a reduction in travel and subsistence expenditures for FY 2019. The agency spent \$9,432 for travel and subsistence in FY 2017 for 36 hearings and this recommendation would reduce the FY 2019 amount to \$9,500 for travel and subsistence for an estimated 25 hearings.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,000, and FY 2019 longevity payments total \$1,000.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                         | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                     | 0.0 %                                      | 0.0 %                                    |
| Administrative Hearings<br>Office Fund | 100.0                                      | 100.0                                    |
| <b>TOTAL</b>                           | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Administrative Hearings Office Fund Analysis

Funding for the agency is derived entirely from the Administrative Hearings Office Fund. State agencies providing adjudicative proceedings in accordance with the Kansas Administrative Procedure Act are required to utilize the Office of Administrative Hearings when the agency head is not involved. Agencies are billed based upon contracts entered into with the Office of Administrative Hearings. The contracts take into account the level of service provided and the amount of cases filed with the Office of Administrative Hearings.

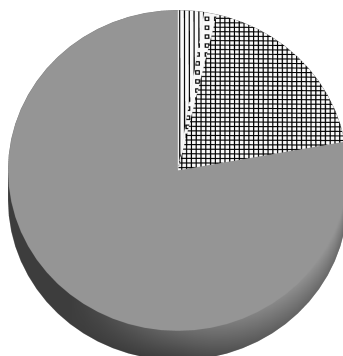
| Resource Estimate                            | Actual<br>FY 2017       | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018    | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019    |
|----------------------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
| Beginning Balance                            | \$ 370,521              | \$ 238,326                    | \$ 238,326              | \$ 238,326                    | \$ 241,326              |
| Revenue                                      | 1,000,911               | 1,094,870                     | 1,094,870               | 1,107,670                     | 1,107,670               |
| Transfers in                                 | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Funds Available</b>                       | <b>\$ 1,371,432</b>     | <b>\$ 1,333,196</b>           | <b>\$ 1,333,196</b>     | <b>\$ 1,345,996</b>           | <b>\$ 1,348,996</b>     |
| Less:                                        |                         |                               |                         |                               |                         |
| Expenditures                                 | 1,133,106               | 1,094,870                     | 1,091,870               | 1,107,670                     | 1,104,670               |
| Transfers Out                                | 0                       | 0                             | 0                       | 0                             | 0                       |
| Off Budget Expenditures                      | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Ending Balance</b>                        | <b>\$ 238,326</b>       | <b>\$ 238,326</b>             | <b>\$ 241,326</b>       | <b>\$ 238,326</b>             | <b>\$ 244,326</b>       |
| Ending Balance as Percent of<br>Expenditures | 21.0%                   | 21.8%                         | 22.1%                   | 21.5%                         | 22.1%                   |
| Month Highest Ending<br>Balance              | April<br>\$ 378,135     | January<br>\$ 360,972         | January<br>\$ 360,972   | January<br>\$ 365,383         | January<br>\$ 365,383   |
| Month Lowest Ending<br>Balance               | September<br>\$ 145,940 | September<br>\$ 190,297       | September<br>\$ 190,297 | September<br>\$ 192,724       | September<br>\$ 192,724 |

## OBJECT DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 860,268                        | 77.9 %              | \$ 0                        | -- %                |
| Contractual Services | 203,602                           | 18.4                | 0                           | --                  |
| Commodities          | 13,300                            | 1.2                 | 0                           | --                  |
| Capital Outlay       | 27,500                            | 2.5                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 1,104,670</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>0.0 %</b>        |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 9.0               | 11.0                   | 11.0                 | 11.0                   | 11.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

#### PERFORMANCE MEASURES

| Measure                                                     | Gov. Rec.<br>FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|-------------------------------------------------------------|----------------------|-------------------|----------------------|----------------------|
| Number of appeals filed                                     | 3,900                | 3,657             | 3,900                | 3,900                |
| Number of agencies contracting with the agency for services | 22                   | 30                | 30                   | 30                   |
| Percentage of hearings requiring travel                     | 1.3%                 | 3.0%              | 2.0%                 | 2.0%                 |

# ABSTRACTERS' BOARD OF EXAMINERS

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 23,933            | 26,103                 | 26,103               | 25,702                 | 25,702               |
| <i>Subtotal</i>         | <i>\$ 23,933</i>  | <i>\$ 26,103</i>       | <i>\$ 26,103</i>     | <i>\$ 25,702</i>       | <i>\$ 25,702</i>     |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 23,933</b>  | <b>\$ 26,103</b>       | <b>\$ 26,103</b>     | <b>\$ 25,702</b>       | <b>\$ 25,702</b>     |

## Percentage Change:

|                        |      |      |      |       |       |
|------------------------|------|------|------|-------|-------|
| Operating Expenditures |      |      |      |       |       |
| State General Fund     | -- % | -- % | -- % | -- %  | -- %  |
| All Funds              | 6.4  | 9.1  | 9.1  | (1.5) | (1.5) |
| FTE Positions          | 0.0  | 0.0  | 0.0  | 0.0   | 0.0   |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Abstracters' Board of Examiners was created by the 1941 Legislature (KSA 74-3901 *et seq.*) to administer the Kansas Abstracters' Act (KSA 58-2801 *et seq.*). The Act provides for regulation of individuals and firms that compile and sell abstracts of Kansas real estate.

The Abstracters' Board of Examiners consists of three members appointed by the Governor for overlapping three-year terms. The Board's staff consists of a part-time executive secretary and a part-time secretary. Neither are employed the minimum number of hours to account for an FTE position.

The Board licenses and regulates companies and their employees that sell abstracts of land titles to Kansas real estate. Company licenses are issued to properly insured and bonded abstracting companies having at least one licensed abstracter. Sole proprietors are considered companies for this purpose. Each company licensee must be bonded for a minimum of \$25,000 against the loss or destruction of public records and must carry at least \$25,000 in errors and omission insurance. The Board must verify bond and insurance requirements are met prior to issuing a company a license.

Employee licenses are issued to persons who pass an examination prepared and administered by the Board and are employed by a company that is licensed, insured, and bonded.

The Board strives to ensure practicing abstracters are professional so the public may rely on their work products.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **1994 Legislature** instructed certain state agencies, including the Abstracters' Board of Examiners, to prepare and submit biennial budgets beginning with the biennium for FY 1996-FY 1997. The legislation also required the Governor to include the biennial request in the Governor's Budget Report.

On July 6, 2009, the **State Finance Council** approved an expenditure limitation increase of \$1,200. The Abstracters' Fee Fund-approved limitation for FY 2009 was \$21,160. The agency had spent more than authorized and the additional funds allowed the agency to make payroll and cover other operating expenditures related to record keeping, which had already been processed for incurred expenses.

The **2012 Legislature** passed HB 2743, which authorized the Abstracters' Board of Examiners to increase the annual fee for each person, firm, partnership, association, or corporation licensed to make, compile, and sell abstracts of title to real estate in Kansas from a limit not to exceed \$50 to a new limit not to exceed \$75 each year.

The **2013 Legislature** deleted \$472 in expenditure authority to hold funding for salaries and wages at the FY 2013 level as adjusted for employer retirement contributions and group health insurance.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** estimates a revised FY 2018 budget totaling \$26,103, all from the Abstracters' Fee Fund, which is unchanged from the amount approved by the 2017 Legislature. The request includes 0.0 FTE positions, which is the same as the approved number.

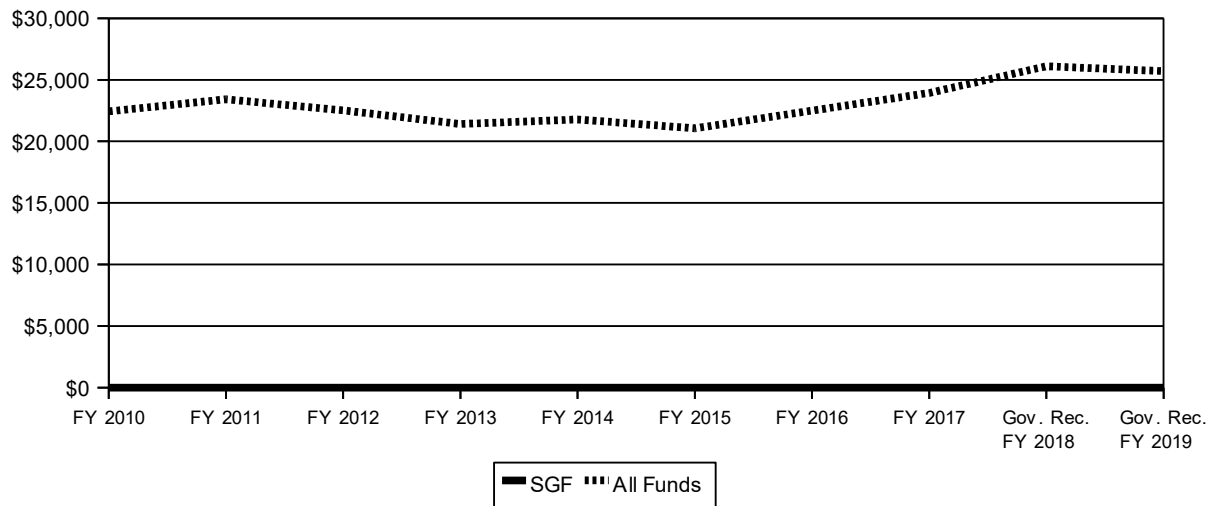
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests FY 2019 operating expenditures of \$25,702, all from the Abstracters' Fee Fund, which is a decrease of \$401, or 1.5 percent, below the FY 2018 request. The decrease is attributable to eliminating expenditures for computer programming. The agency request is unchanged from the amount approved by the 2017 Legislature. The request includes 0.0 FTE positions, which is the same number included in the agency's FY 2017 request.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds | % Change | FTE |
|---------------------------------|------|----------|-----------|----------|-----|
| 2010                            | \$ 0 | -- %     | \$ 22,434 | 0.4 %    | 0.0 |
| 2011                            | 0    | --       | 23,420    | 4.4      | 0.0 |
| 2012                            | 0    | --       | 22,519    | (3.8)    | 0.0 |
| 2013                            | 0    | --       | 21,410    | (4.9)    | 0.0 |
| 2014                            | 0    | --       | 21,777    | 1.7      | 0.0 |
| 2015                            | 0    | --       | 21,064    | (3.3)    | 0.0 |
| 2016                            | 0    | --       | 22,500    | 6.8      | 0.0 |
| 2017                            | 0    | --       | 23,933    | 6.4      | 0.0 |
| 2018 Gov. Rec.                  | 0    | --       | 26,103    | 9.1      | 0.0 |
| 2019 Gov. Rec.                  | 0    | --       | 25,702    | (1.5)    | 0.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 3,268  | 14.6 %   | 0.0 |



# Summary of Operating Budget FY 2017 - FY 2019

|                                        |           | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|-----------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |           | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |           |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Administration                         | \$ 23,933 | \$ 26,103           | \$ 25,702           | \$ (401)                       | (1.5)%                          | \$ 26,103       | \$ 25,702                 | \$ (401)                       | (1.5)%                          |  |  |
| <b>By Major Object of Expenditure:</b> |           |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 21,282 | \$ 21,426           | \$ 21,427           | \$ 1                           | 0.0 %                           | \$ 21,426       | \$ 21,427                 | \$ 1                           | 0.0 %                           |  |  |
| Contractual Services                   | 2,651     | 4,527               | 4,125               | (402)                          | (8.9)                           | 4,527           | 4,125                     | (402)                          | (8.9)                           |  |  |
| Commodities                            | 0         | 150                 | 150                 | 0                              | --                              | 150             | 150                       | 0                              | --                              |  |  |
| Capital Outlay                         | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Debt Service                           | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 23,933 | \$ 26,103           | \$ 25,702           | \$ (401)                       | (1.5) %                         | \$ 26,103       | \$ 25,702                 | \$ (401)                       | (1.5) %                         |  |  |
| Aid to Local Units                     | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 23,933 | \$ 26,103           | \$ 25,702           | \$ (401)                       | (1.5) %                         | \$ 26,103       | \$ 25,702                 | \$ (401)                       | (1.5)%                          |  |  |
| <b>Financing:</b>                      |           |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0      | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0            | \$ 0                      | \$ 0                           | -- %                            |  |  |
| All Other Funds                        | 23,933    | 26,103              | 25,702              | (401)                          | (1.5)                           | 26103           | 25,702                    | (401)                          | (1.5)                           |  |  |
| TOTAL                                  | \$ 23,933 | \$ 26,103           | \$ 25,702           | \$ (401)                       | (1.5) %                         | \$ 26,103       | \$ 25,702                 | \$ (401)                       | (1.5)%                          |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 26,103                             | 26,103                        | 0                                 | 26,103                      | 0                                   |
| <b>TOTAL</b>                | <b>\$ 26,103</b>                   | <b>\$ 26,103</b>              | <b>\$ 0</b>                       | <b>\$ 26,103</b>            | <b>\$ 0</b>                         |
| FTE Positions               | 0.0                                | 0.0                           | 0.0                               | 0.0                         | 0.0                                 |

The **agency** requests a revised FY 2018 budget totaling \$26,103, all from the Abstracters' Fee Fund, which is unchanged from the amount approved by the 2017 Legislature. The request includes 0.0 FTE positions, the same as the approved number. The request is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$21,426, which is a decrease of \$8, or less than 0.1 percent, below the approved amount. The decrease is primarily due to fewer expenditures in unemployment compensation and worker's compensation; and
- **Contractual Services.** The agency requests \$4,527, which is an increase of \$8, or 0.2 percent, above the approved amount. The increase is due to an increase in expenditures for private vehicle miles.

The **Governor** concurs with the agency's revised estimate totaling \$26,103, all from the Abstracters' Fee Fund, in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 25,702                             | 25,702                        | 0                                 | 25,702                      | 0                                   |
| <b>TOTAL</b>                | <b>\$ 25,702</b>                   | <b>\$ 25,702</b>              | <b>\$ 0</b>                       | <b>\$ 25,702</b>            | <b>\$ 0</b>                         |
| FTE Positions               | 0.0                                | 0.0                           | 0.0                               | 0.0                         | 0.0                                 |

The **agency** requests a revised estimate for its FY 2019 budget of \$25,702, all from the Abstracters' Fee Fund, which is unchanged from the amount approved by the 2017 Legislature. The request includes 0.0 FTE positions, the same as the approved amount. The request is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$21,427, which is a decrease of \$7, or less than 0.1 percent, below the approved amount;
- **Contractual Services.** The agency requests \$4,125, which is an increase of \$7, or 0.2 percent, above the approved amount; and
- **Commodities.** The agency requests \$150, which is the same as the FY 2018 request.

The **Governor** concurs with the agency's revised estimate totaling \$25,702, all from the Abstracters' Fee Fund, for FY 2019.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------|--------------------------------------------|------------------------------------------|
| State General Fund    | 0.0 %                                      | 0.0 %                                    |
| Abstracters' Fee Fund | 100.0                                      | 100.0                                    |
| <b>TOTAL</b>          | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Abstracters' Fee Fund Analysis

The Abstracters' Board of Examiners is a fee-funded agency. The agency generates fee revenues from three primary sources: annual fees (\$75); examination fees (\$75); and additional exams (\$50) (KAR 85-4-1 & 85-7-1). The revenue received provides financing for all agency operations, with 90.0 percent retained by the agency and 10.0 percent remitted to the State General Fund.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 22,627             | \$ 23,789                     | \$ 23,789             | \$ 24,686                     | \$ 24,686             |
| Revenue                                      | 27,090                | 27,000                        | 27,000                | 27,000                        | 27,000                |
| Transfers in                                 | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 49,717</b>      | <b>\$ 50,789</b>              | <b>\$ 50,789</b>      | <b>\$ 51,686</b>              | <b>\$ 51,686</b>      |
| Less:                                        |                       |                               |                       |                               |                       |
| Expenditures                                 | 23,933                | 26,103                        | 26,103                | 25,702                        | 25,702                |
| Transfers Out                                | 1,995                 | 0                             | 0                     | 0                             | 0                     |
| Off Budget Expenditures                      | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 23,789</b>      | <b>\$ 24,686</b>              | <b>\$ 24,686</b>      | <b>\$ 25,984</b>              | <b>\$ 25,984</b>      |
| Ending Balance as Percent of<br>Expenditures | 99.4%                 | 94.6%                         | 94.6%                 | 101.1%                        | 101.1%                |
| Month Highest Ending<br>Balance              | February<br>\$ 31,755 | February<br>\$ 33,386         | February<br>\$ 33,386 | February<br>\$ 34,645         | February<br>\$ 34,645 |
| Month Lowest Ending<br>Balance               | November<br>\$ 13,442 | November<br>\$ 14,132         | November<br>\$ 14,132 | November<br>\$ 14,665         | November<br>\$ 14,665 |

### ABSTRACTERS' BOARD OF EXAMINERS LICENSURE FEES

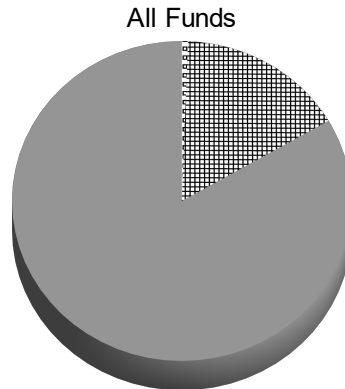
| License                            | Current<br>Fee | Statutory<br>Limit |
|------------------------------------|----------------|--------------------|
| License Fee (original and renewal) | \$ 75          | \$ 75              |
| Examination Fee                    | 75             | *                  |
| Additional Examinations            | 50             | *                  |

\* KSA 58-2805(a) provides that the examination fee shall be fixed by the Board by rules and regulations in an amount adequate to cover the cost of the examination.

## PROGRAM DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation



Salaries and Wages
  Contractual Services
  Commodities

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 21,427                         | 83.4 %              | \$ 0                        | 0.0 %               |
| Contractual Services | 4,125                             | 16.0                | 0                           | 0.0                 |
| Commodities          | 150                               | 0.6                 | 0                           | 0.0                 |
| <b>TOTAL</b>         | <b>\$ 25,702</b>                  | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>0.0 %</b>        |

### PERFORMANCE MEASURES

| Measure                              | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|--------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of business licenses issued   | 180                      | 181               | 181                  | 181                  |
| Number of individual licenses issued | 215                      | 207               | 211                  | 211                  |
| Number of examinations conducted     | 5                        | 6                 | 5                    | 5                    |

# BOARD OF ACCOUNTANCY

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 349,406           | 383,151                | 383,151              | 387,029                | 387,029              |
| <i>Subtotal</i>         | <i>\$ 349,406</i> | <i>\$ 383,151</i>      | <i>\$ 383,151</i>    | <i>\$ 387,029</i>      | <i>\$ 387,029</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 349,406</b> | <b>\$ 383,151</b>      | <b>\$ 383,151</b>    | <b>\$ 387,029</b>      | <b>\$ 387,029</b>    |

## Percentage Change:

### Operating Expenditures

|                    |       |      |      |      |      |
|--------------------|-------|------|------|------|------|
| State General Fund | -- %  | -- % | -- % | -- % | -- % |
| All Funds          | (3.0) | 9.7  | 9.7  | 1.0  | 1.0  |

|               |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|
| FTE Positions | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
|---------------|-----|-----|-----|-----|-----|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Board of Accountancy consists of seven members and provides for the certification, registration, and regulation of Certified Public Accountants (CPAs) within the state of Kansas. The Board issues permits to practice within the state and also may censure, suspend, or revoke CPA certificates and permits to practice. In addition, the Board approves applications for reciprocity to those who meet minimum qualifying requirements.

## MAJOR ISSUES FROM PRIOR YEARS

In the **2009 Session**, HB 2339 clarified the Board's ability to investigate violations of accountancy statutes and rules and regulations, and to allow out-of-state CPAs to practice in Kansas without being individually licensed.

In the **2016 Session**, HB 2512 was passed, which allowed Kansas CPA exam applicants to sit for the exam up to 60 days before meeting the education requirements.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a FY 2018 revised estimate of \$383,151, all from the Board of Accountancy Fee Fund, which is unchanged from the amount approved by the 2017 Legislature. The agency requests 3.0 FTE positions, which is unchanged from the approved number.

The **Governor** concurs with the agency's revised estimate in FY 2018.

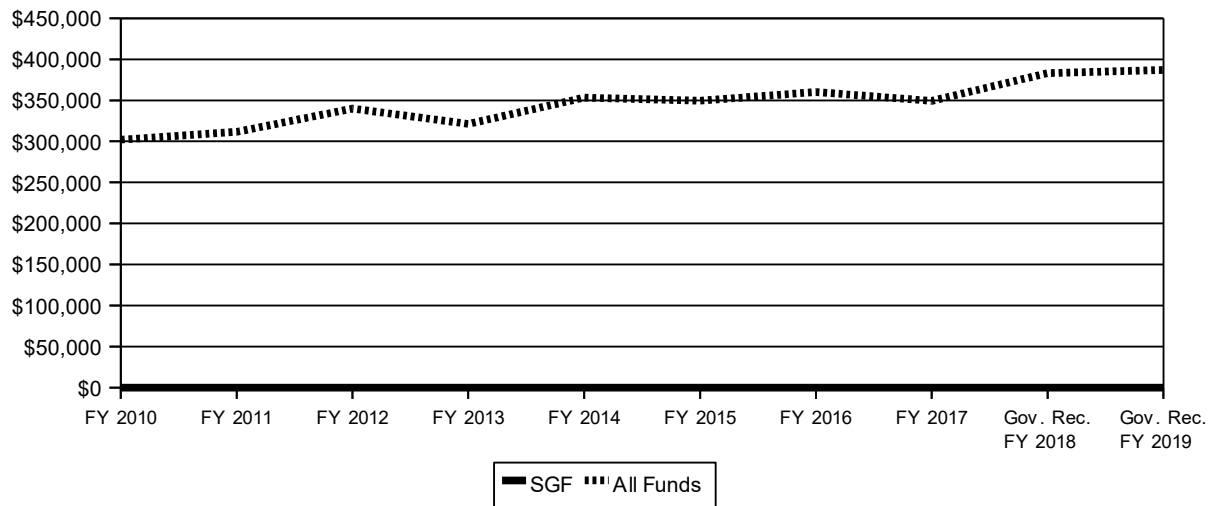
**FY 2019 – Budget Year.** The **agency** requests a FY 2019 revised estimate of \$387,029, all from the Board of Accountancy Fee Fund, which is unchanged from the amount approved by the 2017 Legislature. The agency requests 3.0 FTE positions, which is unchanged from the approved number.

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



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds  | % Change | FTE |
|---------------------------------|------|----------|------------|----------|-----|
| 2010                            | \$ 0 | -- %     | \$ 302,088 | (3.6)%   | 3.0 |
| 2011                            | 0    | --       | 311,583    | 3.1      | 3.0 |
| 2012                            | 0    | --       | 339,920    | 9.1      | 3.0 |
| 2013                            | 0    | --       | 321,253    | (5.5)    | 3.0 |
| 2014                            | 0    | --       | 353,361    | 10.0     | 3.0 |
| 2015                            | 0    | --       | 349,588    | (1.1)    | 3.0 |
| 2016                            | 0    | --       | 360,115    | 3.0      | 3.0 |
| 2017                            | 0    | --       | 349,406    | (3.0)    | 3.0 |
| 2018 Gov. Rec.                  | 0    | --       | 383,151    | 9.7      | 3.0 |
| 2019 Gov. Rec.                  | 0    | --       | 387,029    | 1.0      | 3.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 84,941  | 28.1 %   | 0.0 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                  |            | Agency Estimate   |                     |                     |                                | Governor's Recommendation       |                 |                 |                                |                                 |
|----------------------------------|------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|-----------------|--------------------------------|---------------------------------|
|                                  |            | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| By Program:                      |            |                   |                     |                     |                                |                                 |                 |                 |                                |                                 |
| Administration                   | \$ 349,406 | \$ 383,151        | \$ 387,029          | \$ 3,878            | 1.0 %                          | \$ 383,151                      | \$ 387,029      | \$ 3,878        | 1.0 %                          |                                 |
| By Major Object of Expenditure:  |            |                   |                     |                     |                                |                                 |                 |                 |                                |                                 |
| Salaries and Wages               | \$ 156,529 | \$ 189,240        | \$ 192,453          | \$ 3,213            | 1.7 %                          | \$ 189,240                      | \$ 192,453      | \$ 3,213        | 1.7 %                          |                                 |
| Contractual Services             | 175,685    | 190,819           | 191,484             | 665                 | 0.3                            | 190,819                         | 191,484         | 665             | 0.3                            |                                 |
| Commodities                      | 6,467      | 3,092             | 3,092               | 0                   | --                             | 3,092                           | 3,092           | 0               | --                             |                                 |
| Capital Outlay                   | 10,725     | 0                 | 0                   | 0                   | --                             | 0                               | 0               | 0               | --                             |                                 |
| Debt Service                     | 0          | 0                 | 0                   | 0                   | --                             | 0                               | 0               | 0               | --                             |                                 |
| Subtotal-Operations              | \$ 349,406 | \$ 383,151        | \$ 387,029          | \$ 3,878            | 1.0 %                          | \$ 383,151                      | \$ 387,029      | \$ 3,878        | 1.0 %                          |                                 |
| Other Assistance                 | 0          | 0                 | 0                   | 0                   | --                             | 0                               | 0               | 0               | --                             |                                 |
| TOTAL                            | \$ 349,406 | \$ 383,151        | \$ 387,029          | \$ 3,878            | 1.0 %                          | \$ 383,151                      | \$ 387,029      | \$ 3,878        | 1.0 %                          |                                 |
| Financing:                       |            |                   |                     |                     |                                |                                 |                 |                 |                                |                                 |
| State General Fund               | \$ 0       | \$ 0              | \$ 0                | \$ 0                | -- %                           | \$ 0                            | \$ 0            | \$ 0            | -- %                           |                                 |
| Board of Accountancy<br>Fee Fund | 349,406    | 383,151           | 387,029             | 3,878               | 1.0                            | 383,151                         | 387,029         | 3,878           | 1.0                            |                                 |
| TOTAL                            | \$ 349,406 | \$ 383,151        | \$ 387,029          | \$ 3,878            | 1.0 %                          | \$ 383,151                      | \$ 387,029      | \$ 3,878        | 1.0 %                          |                                 |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 383,151                            | 383,151                       | 0                                 | 383,151                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 383,151</b>                  | <b>\$ 383,151</b>             | <b>\$ 0</b>                       | <b>\$ 383,151</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 3.0                                | 3.0                           | 0.0                               | 3.0                         | 0.0                                 |

The **agency** requests a FY 2018 revised estimate of \$383,151, all from the Board of Accountancy Fee Fund, which is unchanged from the amount approved by the 2017 Legislature. The agency requests 3.0 FTE positions, which is unchanged from the approved number. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$189,240 for salaries and wages in FY 2018, which is a decrease of \$11,241, or 5.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in unclassified regular salaries and wages (\$19,588) and employer contributions to health insurance (\$6,553) and KPERS (\$2,474), which is partially offset by an increase in unclassified temporary salaries and wages (\$17,606);
- **Contractual Services.** The agency requests \$190,819 for contractual services in FY 2018, which is an increase of \$11,241, or 6.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in staffing services (\$15,503) and fees (\$6,300), which is offset by a decrease in outside counsel services (\$8,470) and information technology services (\$1,511); and
- **Commodities.** The agency requests \$3,092 for commodities in FY 2018, which is unchanged from the amount approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 387,029                            | 387,029                       | 0                                 | 387,029                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 387,029</b>                  | <b>\$ 387,029</b>             | <b>\$ 0</b>                       | <b>\$ 387,029</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 3.0                                | 3.0                           | 0.0                               | 3.0                         | 0.0                                 |

The **agency** requests a FY 2019 revised estimate of \$387,029, all from the Board of Accountancy Fee Fund, which is unchanged from the amount approved by the 2017 Legislature. The agency requests 3.0 FTE positions, which is unchanged from the approved number. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$192,453 for salaries and wages in FY 2018, which is a decrease of \$11,247, or 5.5 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in unclassified regular salaries and wages (\$21,305) and employer contributions to Social Security (\$9,079), health insurance (\$6,204), and KPERS (\$3,027), which is offset by an increase in unclassified temporary salaries and wages (\$19,323);
- **Contractual Services.** The agency requests \$191,484 for contractual services in FY 2018, which is an increase of \$11,247, or 6.2 percent, above the amount approved by the 2017 Legislature. The increase is attributable to an increase in staffing services (\$11,247); and
- **Commodities.** The agency requests \$3,092 for commodities in FY 2018, which is unchanged from the amount approved by the 2017 Legislature.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                   | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund               | 0.0 %                                      | 0.0 %                                    |
| Board of Accountancy Fee<br>Fund | 100.0                                      | 100.0                                    |
| <b>TOTAL</b>                     | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Board of Accountancy Fee Fund Analysis

The Board of Accountancy receives revenue from the issuance of certificates, permits, firm registrations, and the issuance and collection of fines. Each year, 10.0 percent of the revenue generated transfers to the State General Fund. The 2005 Legislature established the Special Litigation Reserve Fund for costs incurred in litigation cases that would cause the Board to expend more than the amount approved by the Legislature. Expenditures may be made only from this reserve fund upon the approval of the State Finance Council. Each year, \$15,000 from the Board of Accountancy Fee Fund is placed into the Special Litigation Reserve Fund until the \$300,000 cap is reached.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 259,412           | \$ 300,181                    | \$ 300,181           | \$ 277,080                    | \$ 277,080           |
| Revenue                                      | 405,175              | 375,050                       | 375,050              | 458,226                       | 458,226              |
| Transfers in                                 | 1,000                | 1,200                         | 1,200                | 1,200                         | 1,200                |
| <b>Funds Available</b>                       | <b>\$ 665,587</b>    | <b>\$ 676,431</b>             | <b>\$ 676,431</b>    | <b>\$ 736,506</b>             | <b>\$ 736,506</b>    |
| Less:                                        |                      |                               |                      |                               |                      |
| Expenditures                                 | 349,406              | 383,151                       | 383,151              | 387,029                       | 387,029              |
| Transfers Out                                | 16,000               | 16,200                        | 16,200               | 16,200                        | 16,200               |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 300,181</b>    | <b>\$ 277,080</b>             | <b>\$ 277,080</b>    | <b>\$ 333,277</b>             | <b>\$ 333,277</b>    |
| Ending Balance as Percent of<br>Expenditures | 85.9%                | 72.3%                         | 72.3%                | 86.1%                         | 86.1%                |
| Month Highest Ending<br>Balance              | August<br>\$ 371,806 | July<br>\$ 408,866            | July<br>\$ 408,866   | August<br>\$ 422,673          | August<br>\$ 422,673 |
| Month Lowest Ending<br>Balance               | May<br>\$ 223,500    | May<br>\$ 235,057             | May<br>\$ 235,057    | May<br>\$ 272,195             | May<br>\$ 272,195    |

# **BOARD OF ACCOUNTANCY LICENSURE FEES**

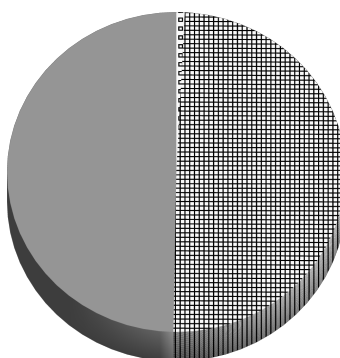
| License                                       | Current<br>Fee | Statutory<br>Limit |
|-----------------------------------------------|----------------|--------------------|
| Firm Registration                             | \$ 40.00       | \$ 300.00          |
| Firm Renewal                                  | 40.00          | 300.00             |
| Firm Renewal (late)                           | 60.00          | 450.00             |
| Certification by Exam                         | 25.00          | 50.00              |
| Certification by Reciprocity                  | 250.00         | 350.00             |
| Certification Renewal                         | 150.00         | 350.00             |
| Certification Renewal (late)                  | 225.00         | 525.00             |
| Duplicate Certificate                         | 25.00          | 50.00              |
| Permit to Practice                            | 150.00         | 175.00             |
| Permit to Practice (late)                     | 225.00         | 525.00             |
| Reinstatement of Permit to Practice (1 year)  | 112.50         | 262.50             |
| Reinstatement of Permit to Practice (2 years) | 225.00         | 525.00             |
| Duplicate Permit to Practice                  | 25.00          | 50.00              |
| Municipal Public Accountant Renewal           | 50.00          | 80.00              |

## OBJECT DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages
  Contractual Services
  Commodities
  Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 192,453                        | 49.7 %              | \$ 0                        | --                  |
| Contractual Services | 191,484                           | 49.5                | 0                           | --                  |
| Commodities          | 3,092                             | 0.8                 | 0                           | --                  |
| Capital Outlay       | 0                                 | --                  | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 387,029</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>--</b>           |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 3.0               | 3.0                    | 3.0                  | 3.0                    | 3.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

#### PERFORMANCE MEASURES

| Measure                                            | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of certificate holders                      | 12,617                   | 12,527            | 12,652               | 12,787               |
| Number of permit holders                           | N/A                      | 3,799             | 3,626                | 3,459                |
| CPA firms registered to practice                   | 780                      | 807               | 800                  | 800                  |
| Complaints and referrals received and investigated | 80                       | 77                | 80                   | 75                   |



# OFFICE OF THE STATE BANK COMMISSIONER

| Expenditure             | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating Expenditures: |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 10,532,210                  | 11,247,208                  | 11,247,208                  | 11,712,856                  | 11,712,856                  |
| <i>Subtotal</i>         | <i>\$ 10,532,210</i>        | <i>\$ 11,247,208</i>        | <i>\$ 11,247,208</i>        | <i>\$ 11,712,856</i>        | <i>\$ 11,712,856</i>        |
| Capital Improvements:   |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal</i>         | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 |
| <b>TOTAL</b>            | <b><u>\$ 10,532,210</u></b> | <b><u>\$ 11,247,208</u></b> | <b><u>\$ 11,247,208</u></b> | <b><u>\$ 11,712,856</u></b> | <b><u>\$ 11,712,856</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |      |      |
|--------------------|------|------|------|------|------|
| State General Fund | -- % | -- % | -- % | -- % | -- % |
| All Funds          | 1.0  | 6.8  | 6.8  | 4.1  | 4.1  |

|               |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|
| FTE Positions | 106.0 | 106.0 | 106.0 | 106.0 | 106.0 |
|---------------|-------|-------|-------|-------|-------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Office of the State Bank Commissioner (OSBC) ensures the integrity of regulated providers of financial services through responsible and proactive oversight while protecting and educating consumers. The agency is responsible for the supervision of state-chartered banks, trust companies/departments, savings and loan associations, money transmitters, mortgage and consumer credit lenders, and credit service organizations. In doing so, the OSBC educates regulated entities to promote compliance with governing laws and regulations. The agency also preserves the dual banking system through the chartering of new state banks, maintenance of existing state charters, and equitable regulation of state banks. Finally, the OSBC is responsible for protecting consumers from unfair or unscrupulous credit practices, and promoting public trust in the state financial system.

Authority for the OSBC was established in KSA §9-101 *et seq.* The OSBC was established by the 1981 Legislature to regulate and examine all financial institutions. The regulation of savings and loan associations, credit unions, and securities activities were later removed. Authority for the OSBC is found in KSA §75-1304 *et seq.*, while the State Banking Board is authorized by KSA §74-3004 *et seq.*

The agency is headed by a commissioner, who is appointed by the Governor to serve a four-year term. A nine-member banking board is appointed by the Governor. The board serves in an advisory capacity to the office and is comprised of six banker members (with a minimum of five years of state banking experience) and three public interest members. Four banker members represent each of the state's four congressional districts. The other two banker members represent the state at large. The board has responsibility for the approval of new charters and branch applications from banks that are ineligible, as well as other activities.

The agency, under the supervision of the Commissioner, conducts examinations of the banks and trust companies approximately every 18 months. These examinations include an on-site evaluation of assets, capital adequacy, internal routines and controls, bank management, and other risk areas. The OSBC also works closely with the Federal Reserve Bank and the Federal Insurance Corporation in the regulation and supervision of these entities.

The agency's Banking Division is self-supporting through statutory assessments based on the total assets of the institutions under the agency's supervision. The agency's Consumer and Mortgage Division also is self-supporting through fees for licensing and renewal activities. The agency remits \$100,000 annually to the State General Fund. The remainder of the funds are for expenditures incurred by the agency in the regulation of the entities supervised and to fund consumer education initiatives.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **1999 Legislature** passed SB 271, which merged the Office of the Consumer Credit Commissioner with and into the OSBC. The bill created a Division of Consumer and Mortgage Lending within the OSBC, and an unclassified position of Deputy of Consumer and Mortgage Lending. The Deputy serves as Administrator of the Kansas Uniform Consumer Credit Code.

The **2003 Legislature** approved for FY 2004 a 5.9 percent reduction in operating expenditures for all biennial budget agencies to match the 5.9 percent allotment reductions most other agencies absorbed in FY 2003. The Legislature restored expenditures of \$179,388 (or one-half) of the Governor's recommended decrease of \$358,775 for the OSBC. The amount reduced from this agency's budget totaled \$179,387, which was transferred to the State General Fund.

The **2004 Legislature** authorized the transfer of \$700,000 from the Bank Commissioner Fee Fund to the State General Fund for FY 2005. The amount certified by the Director of the Budget on April 19, 2004, for this agency was \$1,251,028. The 2004 Legislature also added 1.0 FTE position and appropriated \$56,426 from the Bank Commissioner Fee Fund for an attorney position in the Consumer and Mortgage Lending program for FY 2005.

The **2010 Legislature** added \$381,553, all from special revenue funds, for additional salaries and wages for the Examination and Consumer and Mortgage Lending departments in order to maintain operations for FY 2011. The 2009 Legislature had reduced the expenditure authority for FY 2011 below the amount approved for FY 2010 by \$267,536.

The **2013 Legislature** added \$438,797, all from special revenue funds, in salaries and wages to maintain a salary increase to address the problem of retaining examination staff for FY 2014, and added \$136,999, all from special revenue funds, for FY 2015. The 2013 Legislature also deleted \$42,707 and \$93,378, from FY 2014 and FY 2015 respectively, all from special revenue funds, to reflect reduced funding for salaries and wages.

The **2014 Legislature** passed HB 2525, which added change of control provisions and change in officer and director requirements to the statute. An additional change increased the amount of allowed accounts receivable to be used for permissible investment purposes.

The **2016 Legislature** transferred \$1.5 million from the Bank Commissioner Fee Fund to the State General Fund in FY 2016.

The **2017 Legislature** added language to increase expenditure limitation by \$76,650 to compensate for legal fees and transferred \$534,517 from the State General Fund to the Bank Commission Fee Fund for the fee fund settlement agreement.

## **BUDGET SUMMARY AND KEY POINTS**

***FY 2018 – Current Year.*** The **agency** requests FY 2018 operating expenditures of \$11.2 million, all from special revenue funds, which is the same as the amount approved by the FY 2017 Legislature. The agency requests 106.0 FTE positions, which is the same as the approved number.

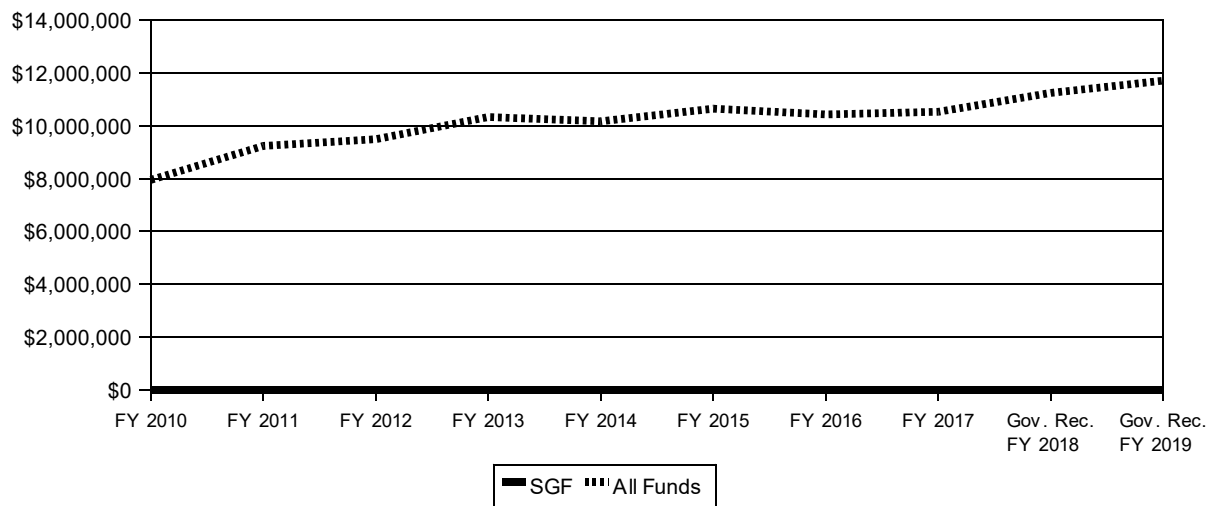
The **Governor** concurs with the agency's revised estimate in FY 2018.

***FY 2019 – Budget Year.*** The **agency** requests a revised estimate for FY 2019 operating expenditures of \$11.7 million, all from special revenue funds, which is the same as the amount approved by the FY 2017 Legislature. The agency requests 106.0 FTE positions, which is the same as the approved number.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds    | % Change | FTE   |
|---------------------------------|------|----------|--------------|----------|-------|
| 2010                            | \$ 0 | -- %     | \$ 7,948,496 | (0.3)%   | 99.0  |
| 2011                            | 0    | --       | 9,234,822    | 16.2     | 99.0  |
| 2012                            | 0    | --       | 9,489,429    | 2.8      | 107.0 |
| 2013                            | 0    | --       | 10,331,736   | 8.9      | 109.0 |
| 2014                            | 0    | --       | 10,169,917   | (1.6)    | 108.0 |
| 2015                            | 0    | --       | 10,647,140   | 4.7      | 106.0 |
| 2016                            | 0    | --       | 10,429,304   | (2.0)    | 106.0 |
| 2017                            | 0    | --       | 10,532,210   | 1.0      | 106.0 |
| 2018 Gov. Rec.                  | 0    | --       | 11,247,208   | 6.8      | 106.0 |
| 2019 Gov. Rec.                  | 0    | --       | 11,712,856   | 4.1      | 106.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 3,764,360 | 47.4 %   | 7.0   |

# Summary of Operating Budget FY 2017 - FY 2019

Office of the State Bank Commissioner

|                                        | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                         | \$ 1,356,438         | \$ 1,733,900         | \$ 1,828,342         | \$ 94,442                      | 5.4 %                           | \$ 1,733,900              | \$ 1,828,342         | \$ 94,442                      | 5.4 %                           |
| Bank Regulation                        | 6,139,307            | 6,163,379            | 6,439,944            | 276,565                        | 4.5                             | 6,163,379                 | 6,439,944            | 276,565                        | 4.5                             |
| Consumer Mortgage<br>Regulation        | 3,036,465            | 3,349,929            | 3,444,570            | 94,641                         | 2.8                             | 3,349,929                 | 3,444,570            | 94,641                         | 2.8                             |
| <b>TOTAL</b>                           | <b>\$ 10,532,210</b> | <b>\$ 11,247,208</b> | <b>\$ 11,712,856</b> | <b>\$ 465,648</b>              | <b>4.1 %</b>                    | <b>\$ 11,247,208</b>      | <b>\$ 11,712,856</b> | <b>\$ 465,648</b>              | <b>4.1 %</b>                    |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 8,688,870         | \$ 9,147,678         | \$ 9,413,024         | \$ 265,346                     | 2.9 %                           | \$ 9,147,678              | \$ 9,413,024         | \$ 265,346                     | 2.9 %                           |
| Contractual Services                   | 1,478,757            | 1,761,828            | 1,893,232            | 131,404                        | 7.5                             | 1,761,828                 | 1,893,232            | 131,404                        | 7.5                             |
| Commodities                            | 60,596               | 86,702               | 91,600               | 4,898                          | 5.6                             | 86,702                    | 91,600               | 4,898                          | 5.6                             |
| Capital Outlay                         | 127,987              | 81,000               | 145,000              | 64,000                         | 79.0                            | 81,000                    | 145,000              | 64,000                         | 79.0                            |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Subtotal-Operations                    | \$ 10,356,210        | \$ 11,077,208        | \$ 11,542,856        | \$ 465,648                     | 4.2 %                           | \$ 11,077,208             | \$ 11,542,856        | \$ 465,648                     | 4.2 %                           |
| Aid to Local Units                     | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Other Assistance                       | 176,000              | 170,000              | 170,000              | 0                              | --                              | 170,000                   | 170,000              | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 10,532,210</b> | <b>\$ 11,247,208</b> | <b>\$ 11,712,856</b> | <b>\$ 465,648</b>              | <b>4.1 %</b>                    | <b>\$ 11,247,208</b>      | <b>\$ 11,712,856</b> | <b>\$ 465,648</b>              | <b>4.1 %</b>                    |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                      | \$ 0                 | \$ 0                           | -- %                            |
| Consumer Education<br>Settlement Fund  | 176,000              | 170,000              | 170,000              | 0                              | --                              | 170,000                   | 170,000              | 0                              | --                              |
| Bank Commissioner<br>Fee Fund          | 10,356,210           | 11,077,208           | 11,542,856           | 465,648                        | 4.2                             | 11,077,208                | 11,542,856           | 465,648                        | 4.2                             |
| <b>TOTAL</b>                           | <b>\$ 10,532,210</b> | <b>\$ 11,247,208</b> | <b>\$ 11,712,856</b> | <b>\$ 465,648</b>              | <b>4.1 %</b>                    | <b>\$ 11,247,208</b>      | <b>\$ 11,712,856</b> | <b>\$ 465,648</b>              | <b>4.1 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 11,247,208                         | 11,247,208                    | 0                                 | 11,247,208                  | 0                                   |
| <b>TOTAL</b>                | <b>\$ 11,247,208</b>               | <b>\$ 11,247,208</b>          | <b>\$ 0</b>                       | <b>\$ 11,247,208</b>        | <b>\$ 0</b>                         |
| FTE Positions               | 106.0                              | 106.0                         | 0.0                               | 106.0                       | 0.0                                 |

The **agency** requests FY 2018 operating expenditures of \$11.2 million, all from special revenue funds, which is the same as the amount approved by the FY 2017 Legislature. The agency requests 106.0 FTE positions, which is the same as the approved number.

The majority of expenditures, over 80.0 percent incurred by the Office of the State Bank Commission (OSBC), are salaries and wages for authorized full-time and part-time positions. The second largest expenditure category is for training and travel. In-state travel costs are incurred during the examination and inspection functions of the agency's statutory responsibilities. The majority of out-of-state travel is incurred for personnel training. The OSBC also incurs out-of-state travel costs associated with Consumer Mortgage Lending (CML) and Money Transmitter (MT) examinations, as the majority of state licenses are held by companies located in other states.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 11,712,856                         | 11,712,856                    | 0                                 | 11,712,856                  | 0                                   |
| <b>TOTAL</b>                | <b>\$ 11,712,856</b>               | <b>\$ 11,712,856</b>          | <b>\$ 0</b>                       | <b>\$ 11,712,856</b>        | <b>\$ 0</b>                         |
| FTE Positions               | 106.0                              | 106.0                         | 0.0                               | 106.0                       | 0.0                                 |

The **agency** requests a revised estimate for FY 2019 operating expenditures of \$11.7 million, all from special revenue funds which is the same as the amount approved by the FY 2017 Legislature. The agency requests 106.0 FTE positions, the same as the approved number. The agency shifted 1.0 FTE position from the Administration function to the Consumer Mortgage Regulation function.

The majority of expenditures, over 80.0 percent incurred by the OSBC are salaries and wages for authorized full-time and part-time positions. The second largest expenditure category is for training and travel. In-state travel costs are incurred during the examination and inspection functions of the agency's statutory responsibilities. The majority of out-of-state travel is incurred for personnel training. The OSBC also incurs out-of-state travel costs associated with CML and MT examinations, as the majority of state licenses are held by companies located in other states. The request is provided below by categories of expenditures:

- **Salaries and Wages.** The agency requests \$9.4 million, all from special revenue funds. The request is a decrease of \$298,532, or 3.1 percent, below the approved amount. The decrease is attributable to a decrease unclassified regular pay, partially offset by increases in unclassified temporary pay;
- **Contractual Services.** The agency requests \$1.9 million, all from special revenue funds. The request is an increase of \$257,532, or 15.7 percent, above the approved amount. The increase is attributable to an increase in attorneys and other professional services, job-related training, and computer maintenance services, partially offset by a decrease in travel expenditures;
- **Commodities.** The agency requests \$91,600, all from special revenue funds. The request is a decrease of \$1,000, or 1.1 percent, below the approved amount due to a reduction in supplies;
- **Capital Outlay.** The agency requests \$145,000, all from special revenue funds. The request is an increase of \$42,000, or 40.8 percent, above the FY 2019 approved amount. The increase is attributable to the anticipated purchase of a passenger car; and
- **Other Assistance.** The agency requests \$170,000, all from special revenue funds. The request is the same as the approved amount.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source                        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                    | 0.0 %                                      | 0.0 %                                    |
| Consumer Education<br>Settlement Fund | 1.5                                        | 1.5                                      |
| Bank Commissioner Fee<br>Fund         | 98.5                                       | 98.5                                     |
| <b>TOTAL</b>                          | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Bank Commissioner Fee Fund Analysis

The Bank Commissioner Fee Fund is funded in part by assessments on state-chartered banks and trust companies. Revenues of the Bank Commissioner Fee Fund are generated by fee income through the Banking Regulation and Consumer Mortgage Regulation programs. The agency receives no money from the State General Fund. Cash flow analysis provided is for Bank Commissioner Fee Fund, the agency's largest fee fund.

Banking revenues are in the form of assessments paid by state-chartered banks and trust companies to provide operating funds, pursuant to KSA §9-1703. Assessments for banks, trust companies, and trust departments are calculated prior to the beginning of each fiscal year. Bank assessments are based on bank assets as reported to the Federal Deposit Insurance Corporation (FDIC) as of the quarter ending March 31, while trust company assessments are based on the total amount of fiduciary assets under management as reported on the December 31 OSBC call report. For trust departments, fiduciary assets reported to the FDIC on the March 31 call report are utilized. The OSBC employs a four-tier rate schedule for determining assessment fees. The agency states that predicting application revenue each year is difficult because the level of revenues received is dependent solely on the submission of applications.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|-----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 4,009,045          | \$ 3,577,439                  | \$ 3,577,439         | \$ 3,411,753                  | \$ 3,411,753         |
| Revenue                                      | 9,925,604             | 10,377,005                    | 10,377,005           | 10,834,000                    | 10,834,000           |
| Transfers in                                 | 76,000                | 534,517                       | 534,517              | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 14,010,649</b>  | <b>\$ 14,488,961</b>          | <b>\$ 14,488,961</b> | <b>\$ 14,245,753</b>          | <b>\$ 14,245,753</b> |
| Less:                                        |                       |                               |                      |                               |                      |
| Expenditures                                 | \$ 10,357,210         | \$ 11,077,208                 | \$ 11,077,208        | \$ 11,542,856                 | \$ 11,542,856        |
| Transfers Out                                | 76,000                | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                     | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 3,577,439</b>   | <b>\$ 3,411,753</b>           | <b>\$ 3,411,753</b>  | <b>\$ 2,702,897</b>           | <b>\$ 2,702,897</b>  |
| Ending Balance as Percent of<br>Expenditures | 34.5%                 | 30.8%                         | 30.8%                | 23.4%                         | 23.4%                |
| Month Highest Ending<br>Balance              | July<br>\$ 6,012,128  | July<br>\$ 6,394,416          | July<br>\$ 6,394,416 | July<br>\$ 5,797,545          | July<br>\$ 5,797,545 |
| Month Lowest Ending<br>Balance               | April<br>\$ 3,537,654 | June<br>\$ 3,411,753          | June<br>\$ 3,411,753 | June<br>\$ 2,702,897          | June<br>\$ 2,702,897 |

# OFFICE OF THE STATE BANK COMMISSIONER LICENSURE FEES

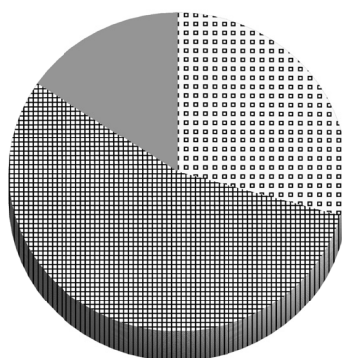
| Bank Assessment Rates per Million             | Current<br>Fee | Statutory<br>Limit |
|-----------------------------------------------|----------------|--------------------|
| Less than \$250,000,000                       | \$ 180         | \$ N/A             |
| Over \$250,000,000, less than \$500,000,000   | 172            | N/A                |
| Over \$500,000,000, less than \$1,000,000,000 | 135            | N/A                |
| Greater than \$1,000,000,000                  | 90             | N/A                |
| Less than \$1,000,000                         | 1,000          | N/A                |
| Over \$1,000,000, less than \$10,000,000      | 2,800          | N/A                |
| Over \$50,000,000, less than \$100,000,000    | 3,500          | N/A                |
| Over \$100,000,000, less than \$500,000,000   | 4,000          | N/A                |
| Over \$500,000,000, less than \$1,000,000,000 | 5,000          | N/A                |
| Greater than \$2,000,000,000                  | 14,500         | N/A                |
| New Main Company                              | 400            | 400                |
| Renewal Main Company                          | 400            | 400                |
| New Branch                                    | 300            | 300                |
| Renewal Branch                                | 300            | 300                |
| Volume Fee Assessment (per \$100,000)         | 3.0            | N/A                |
| New Loan Originator                           | 100            | 100                |
| Renewal                                       | 150            | 150                |
| Amendment of License                          | 0              | 0                  |
| New Fee for Credit Services Organizations     | 400            | 400                |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation

All Funds



Administration

Bank Regulation

Consumer Mortgage Regulation

| Program                      | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration               | \$ 1,828,342                      | 15.6 %              | \$ 0                        | -- %                |
| Bank Regulation              | 6,439,944                         | 55.0                | 0                           | --                  |
| Consumer Mortgage Regulation | 3,444,570                         | 29.4                | 0                           | --                  |
| <b>TOTAL</b>                 | <b>\$ 11,712,856</b>              | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program                         | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|---------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration                  | 13.0              | 12.0                   | 12.0                 | 12.0                   | 12.0                 |
| Bank Regulation                 | 60.0              | 60.0                   | 60.0                 | 60.0                   | 60.0                 |
| Consumer Mortgage<br>Regulation | 33.0              | 34.0                   | 34.0                 | 34.0                   | 34.0                 |
| <b>TOTAL</b>                    | <b>106.0</b>      | <b>106.0</b>           | <b>106.0</b>         | <b>106.0</b>           | <b>106.0</b>         |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Administration

The Administration program provides support for the supervisory and regulatory functions of the Office of State Bank Commissioner. This program encompasses many functions, including administering and formulating OSBC policies; administering fiscal systems and processes, including formulation of the OSBC budget; providing legal services to staff in their execution of regulatory requirements; administering the human resource functions of recruitment, payroll, and benefits for employees of the OSBC; supporting information technologies utilized by the OSBC; and resolving banking complaints and inquiries from consumers.

| ADMINISTRATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                        | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                        |                     |                        |                      |                        |                      |
| Salaries and Wages                                          | \$ 934,450          | \$ 1,117,120           | \$ 1,117,120         | \$ 1,136,860           | \$ 1,136,860         |
| Contractual Services                                        | 366,775             | 566,478                | 566,478              | 597,482                | 597,482              |
| Commodities                                                 | 30,700              | 27,302                 | 27,302               | 28,000                 | 28,000               |
| Capital Outlay                                              | 24,513              | 23,000                 | 23,000               | 66,000                 | 66,000               |
| Debt Service                                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                | <i>\$ 1,356,438</i> | <i>\$ 1,733,900</i>    | <i>\$ 1,733,900</i>  | <i>\$ 1,828,342</i>    | <i>\$ 1,828,342</i>  |
| Aid to Local Units                                          | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                            | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                | <b>\$ 1,356,438</b> | <b>\$ 1,733,900</b>    | <b>\$ 1,733,900</b>  | <b>\$ 1,828,342</b>    | <b>\$ 1,828,342</b>  |
| <b>Financing:</b>                                           |                     |                        |                      |                        |                      |
| State General Fund                                          | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                             | 1,356,438           | 1,733,900              | 1,733,900            | 1,828,342              | 1,828,342            |
| <b>TOTAL</b>                                                | <b>\$ 1,356,438</b> | <b>\$ 1,733,900</b>    | <b>\$ 1,733,900</b>  | <b>\$ 1,828,342</b>    | <b>\$ 1,828,342</b>  |
| FTE Positions                                               | 13.0                | 12.0                   | 12.0                 | 12.0                   | 12.0                 |

The **agency** requests FY 2018 operating expenditures of \$1.7 million, all from special revenue funds, for the Administration program. The request is an increase of \$40,262, or 2.4 percent, above the approved amount. The increase is primarily attributable to an increase in salaries and wages and contractual service expenditures. The request is provided below by categories of expenditures:

- **Salaries and Wages.** The agency requests \$1.1 million, all from special revenue funds. The request is an increase of \$11,260, or 1.0 percent, above the approved amount, largely due to the intent to fill a position that had previously been vacant. This supports 12.0 FTE positions, which is a decrease of 1.0 FTE position below the approved amount. The 1.0 FTE position was shifted to the Consumer Mortgage Regulation program;
- **Contractual Services.** The agency requests \$566,478, all from special revenue funds. The request is an increase of \$29,500, or 5.5 percent, above the approved amount. The increase is attributable to increases in computer software maintenance fees and travel expenditures;

- **Commodities.** The agency requests \$27,302, all from special revenue funds. The request is a decrease of \$498, or 1.8 percent, below the approved amount due to a reduction in the purchase of office supplies; and
- **Capital Outlay.** The agency requests \$23,000, all from special revenue funds. The request is the same as the approved amount.

The **Governor** concurs with the agency's revised estimate for the Administration program in FY 2018.

The **agency** requests FY 2019 operating expenditures of \$1.8 million, all from special revenue funds, for the Administration program. The request is an increase of \$200,199, or 12.3 percent, above the approved amount. The increase is primarily attributable to an increase in contractual services and capital outlay. The request is provided below by categories of expenditures:

- **Salaries and Wages.** The agency requests \$1.1 million, all from special revenue funds. The request is an increase of \$1,667, or 0.1 percent, above the approved amount, largely due to an increase in unclassified temporary pay. This supports 12.0 FTE positions, a decrease of 1.0 FTE position below the approved amount. The 1.0 FTE position was shifted to the Consumer Mortgage Regulation program;
- **Contractual Services.** The agency requests \$597,482, all from special revenue funds. The request is an increase of \$156,532, or 35.5 percent, above the FY 2019 approved amount. The increase is attributable to increases in job-related training, professional services, computer software maintenance, and travel expenditures;
- **Commodities.** The agency requests \$28,000, all from special revenue funds. The request is the same as the approved amount; and
- **Capital Outlay.** The agency requests \$66,000, all from special revenue funds. This is an increase of \$42,000, or 175.0 percent, above the approved amount. The increase is attributable to the anticipated purchase of a passenger car.

The **Governor** concurs with the agency's revised estimate for the Administration program for FY 2019.

## ***B. Bank Regulation***

The Bank Regulation program is responsible for oversight and supervision of all state-chartered banks and trust departments, trust companies, and money transmitter companies. Total assets supervised in banks and trust entities are approximately \$91.1 billion.

| BANK REGULATION<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|--------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                         | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                         |                     |                        |                      |                        |                      |
| Salaries and Wages                                           | \$ 5,218,303        | \$ 5,235,079           | \$ 5,235,079         | \$ 5,409,294           | \$ 5,409,294         |
| Contractual Services                                         | 829,717             | 854,400                | 854,400              | 932,750                | 932,750              |
| Commodities                                                  | 19,550              | 43,900                 | 43,900               | 46,900                 | 46,900               |
| Capital Outlay                                               | 71,737              | 30,000                 | 30,000               | 51,000                 | 51,000               |
| Debt Service                                                 | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                 | <i>\$ 6,139,307</i> | <i>\$ 6,163,379</i>    | <i>\$ 6,163,379</i>  | <i>\$ 6,439,944</i>    | <i>\$ 6,439,944</i>  |
| Aid to Local Units                                           | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                 | <b>\$ 6,139,307</b> | <b>\$ 6,163,379</b>    | <b>\$ 6,163,379</b>  | <b>\$ 6,439,944</b>    | <b>\$ 6,439,944</b>  |
| <b>Financing:</b>                                            |                     |                        |                      |                        |                      |
| State General Fund                                           | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                              | 6,139,307           | 6,163,379              | 6,163,379            | 6,439,944              | 6,439,944            |
| <b>TOTAL</b>                                                 | <b>\$ 6,139,307</b> | <b>\$ 6,163,379</b>    | <b>\$ 6,163,379</b>  | <b>\$ 6,439,944</b>    | <b>\$ 6,439,944</b>  |
| FTE Positions                                                | 60.0                | 60.0                   | 60.0                 | 60.0                   | 60.0                 |

The **agency** requests FY 2018 operating expenditures of \$6.2 million, all from special revenue funds, for the Bank Regulation program. The request is a decrease of \$19,569, or 0.3 percent, below the approved amount. The decrease is primarily attributable to reduced salaries and wages and capital outlay expenditures, partially offset by increased contractual services expenditures. The request is provided below by categories of expenditures:

- **Salaries and Wages.** The agency requests \$5.2 million, all from special revenue funds. The request is a decrease of \$22,569, or 0.4 percent, below the approved amount. The request supports 60.0 FTE positions, which is the same as the approved amount;
- **Contractual Services.** The agency requests \$854,000 all from special revenue funds. The request is an increase of \$27,000, or 3.3 percent, above the approved amount. The increase is attributable to increased job-related training and travel expenditures;
- **Commodities.** The agency requests \$43,900, all from special revenue funds. The request is a decrease of \$3,000, or 6.4 percent, below the approved amount, and is due to a reduction in the purchase of office supplies; and
- **Capital Outlay.** The agency requests \$30,000, all from special revenue funds. The request is a decrease of \$21,000, or 41.2 percent, below approved amount. The decrease is attributable to reduced expenditures on microcomputer equipment.

The **Governor** concurs with the agency's revised estimate for the Bank Regulation program in FY 2018.

The **agency** requests FY 2019 operating expenditures of \$6.4 million, all from special revenue funds, for the Bank Regulation program. The request is a decrease of \$96,756, or 1.5 percent, below the approved amount. The decrease is attributable to decreases in salaries and wages and contractual services expenditures. The request is provided below by categories of expenditures:

- **Salaries and Wages.** The agency requests \$5.4 million, all from special revenue funds. The request is a decrease of \$196,756, or 3.5 percent, below the approved amount. The request supports 60.0 FTE positions, which is the same as the approved number. The decrease is attributable to a decrease in salary and wage expenditures for unclassified regular, partially offset by an increase in unclassified temporary pay;
- **Contractual Services.** The agency requests \$932,750, all from special revenue funds. The request is an increase of \$100,000, or 12.0 percent, above the approved amount. The increase is attributable to a potential increase in attorney expenditures for a specific complex case that may need outside counsel;
- **Commodities.** The agency requests \$46,900, all from special revenue funds. The request is the same as the approved amount; and
- **Capital Outlay.** The agency requests \$51,000, all from special revenue funds. The request is the same as the approved amount.

The **Governor** concurs with the agency's revised estimate for the Bank Regulation program for FY 2019.

### ***C. Consumer Mortgage Regulation***

The Consumer Mortgage Regulation program is responsible for the oversight and supervision of consumer credit lenders, mortgage lenders and brokers, debt management companies, sales finance companies, and other credit providers, with approximately \$18.0 billion in loans to Kansas consumers. This program's duties include promoting reasonable regulation to foster a competitive credit marketplace; enforcing laws to discourage unscrupulous or illegal credit activities; licensing and regulating consumer and mortgage credit providers; conducting examinations to promote lawful credit practices and adherence to state and federal laws; investigating consumer complaints; and facilitating consumer education and awareness of credit issues.

| <b>CONSUMER MORTGAGE REGULATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|-----------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                              | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                              |                            |                            |                            |                            |                            |
| Salaries and Wages                                                                | \$ 2,536,117               | \$ 2,795,479               | \$ 2,795,479               | \$ 2,866,870               | \$ 2,866,870               |
| Contractual Services                                                              | 282,265                    | 340,950                    | 340,950                    | 363,000                    | 363,000                    |
| Commodities                                                                       | 10,346                     | 15,500                     | 15,500                     | 16,700                     | 16,700                     |
| Capital Outlay                                                                    | 31,737                     | 28,000                     | 28,000                     | 28,000                     | 28,000                     |
| Debt Service                                                                      | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                                      | <i>\$ 2,860,465</i>        | <i>\$ 3,179,929</i>        | <i>\$ 3,179,929</i>        | <i>\$ 3,274,570</i>        | <i>\$ 3,274,570</i>        |
| Aid to Local Units                                                                | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                                  | 176,000                    | 170,000                    | 170,000                    | 170,000                    | 170,000                    |
| <b>TOTAL</b>                                                                      | <b><u>\$ 3,036,465</u></b> | <b><u>\$ 3,349,929</u></b> | <b><u>\$ 3,349,929</u></b> | <b><u>\$ 3,444,570</u></b> | <b><u>\$ 3,444,570</u></b> |
| <b>Financing:</b>                                                                 |                            |                            |                            |                            |                            |
| State General Fund                                                                | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                                   | 3,036,465                  | 3,349,929                  | 3,349,929                  | 3,444,570                  | 3,444,570                  |
| <b>TOTAL</b>                                                                      | <b><u>\$ 3,036,465</u></b> | <b><u>\$ 3,349,929</u></b> | <b><u>\$ 3,349,929</u></b> | <b><u>\$ 3,444,570</u></b> | <b><u>\$ 3,444,570</u></b> |
| FTE Positions                                                                     | 33.0                       | 34.0                       | 34.0                       | 34.0                       | 34.0                       |

The **agency** requests FY 2018 operating expenditures of \$3.3 million, all from special revenue funds, for the Consumer Mortgage Regulation program. The request is an increase of \$20,393, or 0.6 percent, above the approved amount. The increase is primarily attributable to increases in salaries and wages, partially offset by a decrease in contractual services and commodities. The request is provided below by categories of expenditures:

- **Salaries and Wages.** The agency requests \$2.8 million, all from special revenue funds. The request is an increase of \$40,443, or 1.5 percent, above the approved amount. This supports 34.0 FTE positions, which is an increase of 1.0 FTE position. The increase is attributable to an increase in unclassified temporary pay, offset by a decrease in unclassified regular pay;
- **Contractual Services.** The agency requests \$340,950, all from special revenue funds. The request is a decrease of \$18,050, or 5.0 percent, below the approved amount. The decrease is attributable to a decrease in job-related training and travel expenditures, partially offset by an increase in professional fees;
- **Commodities.** The agency requests \$15,500, all from special revenue funds. The request is a decrease of \$2,000, or 11.4 percent, below the approved amount due to a reduction in office supplies;
- **Capital Outlay.** The agency requests \$28,000, all from special revenue funds. The request is the same as the the approved amount; and
- **Other Assistance.** The agency requests \$170,000, all from special revenue funds. The request is the same as the approved amount.



The **Governor** concurs with the agency's estimate for the Consumer Mortgage Regulation program in FY 2018.

The **agency** requests FY 2019 operating expenditures of \$3.4 million, all from special revenue funds, for the Consumer Mortgage Regulation program. The request is a decrease of \$62,357, or 2.1 percent, below the approved amount. The decrease is primarily attributable to a decrease in salary and wage and commodities expenditures. The agency requests 34.0 FTE positions, which is an increase of 1.0 FTE position above the approved number. The request is provided below by categories of expenditures:

- **Salaries and Wages.** The agency requests \$2.9 million, all from special revenue funds. The request is a decrease of \$62,357, or 2.1 percent, below the approved amount. This supports 34.0 FTE positions, which is an increase of 1.0 position above the approved number. The decrease is attributable to an increase in salary and wage expenditures for unclassified temporary and overtime pay, offset by a decrease in unclassified regular pay;
- **Contractual Services.** The agency requests \$363,000, all from special revenue funds. The request is an increase of \$1,000, or 0.3 percent, above the approved amount. The increase is attributable to increased dues and subscriptions, offset by a decrease in travel expenditures;
- **Commodities.** The agency requests \$16,700, all from special revenue funds. The request is a decrease of \$1,000, or 5.6 percent, below the approved amount due to a decrease in the purchase of supplies;
- **Capital Outlay.** The agency requests \$28,000, all from special revenue funds. The request is the same as the approved amount; and
- **Other Assistance.** The agency requests \$170,000, all from special revenue funds. The request is the same as the approved amount.

The **Governor** concurs with the agency's estimate for the Consumer Mortgage Regulation program for FY 2019.

| PERFORMANCE MEASURES                                       |                          |                   |                      |                      |
|------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                    | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of state-chartered banks                            | 212                      | 208               | 197                  | 192                  |
| Assets of state-chartered banks (in billions)              | \$42.1                   | \$42.4            | \$44.2               | \$46.4               |
| Problem bank assets as a percentage of total bank assets   | 4.7%                     | 2.9%              | 4.0%                 | 4.5%                 |
| Number of consumer and mortgage lending regulated entities | N/A                      | 10,173            | 11,134               | 12,243               |

# BOARD OF BARBERING

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 151,470           | 150,398                | 150,398              | 151,157                | 151,157              |
| <i>Subtotal</i>         | <i>\$ 151,470</i> | <i>\$ 150,398</i>      | <i>\$ 150,398</i>    | <i>\$ 151,157</i>      | <i>\$ 151,157</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 151,470</b> | <b>\$ 150,398</b>      | <b>\$ 150,398</b>    | <b>\$ 151,157</b>      | <b>\$ 151,157</b>    |

## Percentage Change:

|                        |       |       |       |      |      |
|------------------------|-------|-------|-------|------|------|
| Operating Expenditures |       |       |       |      |      |
| State General Fund     | -- %  | -- %  | -- %  | -- % | -- % |
| All Funds              | (7.2) | (0.7) | (0.7) | 0.5  | 0.5  |
| FTE Positions          | 1.5   | 2.0   | 2.0   | 2.0  | 2.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Board of Barbering has the power to supervise and regulate the barbering industry; investigate all matters pertaining to the proper supervision and control of barber shops and the practice of barbering; subpoena barber shop owners, operators, managers, employees, their books and accounts, and other persons from whom such information may be desired; and act as a mediator and arbitrator for the barbering industry.

## MAJOR ISSUES FROM PRIOR YEARS

The **1998, 1999, 2000, 2001, 2002, 2003, 2010, and 2017 Sessions** considered merging the administrative functions of the Board of Barbering and the Board of Cosmetology.

The **2012 Legislature** added \$10,000, all from the Board of Barbering Fee Fund, for the Administrative Officer's salary and other miscellaneous items, in both FY 2012 and FY 2013.

The **2014 Legislature** deleted 0.5 FTE positions to change a part-time 0.5 FTE inspector position to a 0.6 non-FTE position in FY 2014 and for FY 2015.

The **2015 Legislature** added \$3,985, all from the Board of Barbering Fee Fund, to provide health insurance to an inspector position in FY 2015 and to continue to provide insurance for this position in future years.

The **2017 Legislature** did not approve the Governor's recommendation to merge the Board of Barbering with the Board of Cosmetology. The merger would have added \$114,297 in FY 2018 and \$114,258 for FY 2019 in expenditures and 1.5 non-FTE positions to the Board of Cosmetology. The Board of Barbering Fee Fund would have been transferred to the Board of Cosmetology.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$150,398 all from the Board of Barbering Fee Fund, in FY 2018. This is a decrease of \$38,091, or 20.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a decrease in salaries and benefits associated with the elimination of a 0.5 FTE position and a decrease in contractual services. The decrease is partially offset by an increase attributable to expenditures associated with moving to a smaller office space within Jayhawk Tower to decrease long-term office space rent fees (\$2,090).

The agency requests 2.0 FTE positions, which is 0.5 FTE positions below the amount approved by the 2017 Legislature. This decrease is due to the Administrator position changing from a full-time position (1.0 FTE) to a part-time position (0.5 FTE).

The **Governor** concurs with the agency's revised estimate in FY 2018.

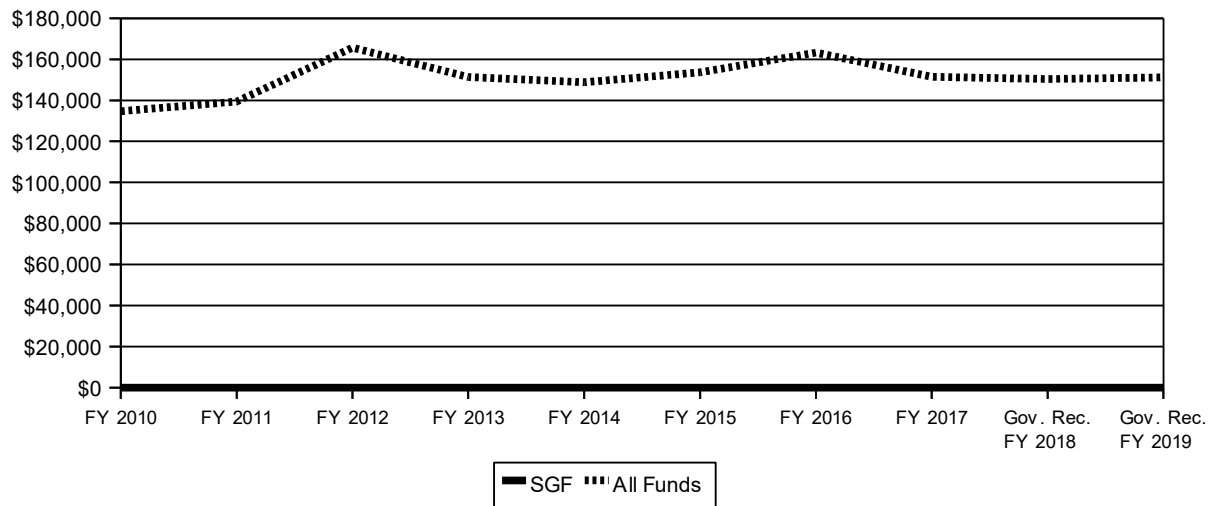
**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$151,157, all from the Board of Barbering Fee Fund, for FY 2019. This is a decrease of \$37,055, or 19.7 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a decrease in salaries and benefits associated with the elimination of a 0.5 FTE position and a decrease in contractual services.

The agency requests 2.0 FTE positions, which is 0.5 FTE positions below the amount approved by the 2017 Legislature. This decrease is due to the Administrator position changing from a full-time position (1.0 FTE) to a part-time position (0.5 FTE).

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF | % Change | All Funds | % Change | FTE   |
|-----------------|-----|----------|-----------|----------|-------|
| 2010            | \$  | 0        | \$        | (4.1)%   | 2.4   |
| 2011            |     | --       |           | 3.5      | 2.4   |
| 2012            |     | --       |           | 18.8     | 2.4   |
| 2013            |     | --       |           | (8.6)    | 2.4   |
| 2014            |     | --       |           | (1.7)    | 2.5   |
| 2015            |     | --       |           | 3.3      | 2.5   |
| 2016            |     | --       |           | 6.2      | 2.5   |
| 2017            |     | --       |           | (7.2)    | 1.5   |
| 2018 Gov. Rec.  |     | --       |           | (0.7)    | 2.0   |
| 2019 Gov. Rec.  |     | --       |           | 0.5      | 2.0   |
| Ten-Year Change |     |          |           |          |       |
| Dollars/Percent | \$  | 0        | \$        | 12.2 %   | (0.4) |

# Summary of Operating Budget FY 2017 - FY 2019

Board of Barbering

|                                        |           | Agency Estimate   |                     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|----------------------------------------|-----------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                        |           | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |           |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                         | \$        | 151,470           | \$ 150,398          | \$ 151,157          | \$ 759                         | 0.5 %                           | \$ 150,398                | \$ 151,157        | \$ 759                         | 0.5 %                           |
| <b>By Major Object of Expenditure:</b> |           |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                     | \$        | 112,620           | \$ 109,548          | \$ 112,307          | \$ 2,759                       | 2.5 %                           | \$ 109,548                | \$ 112,307        | \$ 2,759                       | 2.5 %                           |
| Contractual Services                   |           | 35,899            | 35,899              | 35,899              | 0                              | --                              | 35,899                    | 35,899            | 0                              | --                              |
| Commodities                            |           | 2,951             | 4,951               | 2,951               | (2,000)                        | (40.4)                          | 4,951                     | 2,951             | (2,000)                        | (40.4)                          |
| Capital Outlay                         |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Debt Service                           |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Subtotal-Operations                    | \$        | 151,470           | \$ 150,398          | \$ 151,157          | \$ 759                         | 0.5 %                           | \$ 150,398                | \$ 151,157        | \$ 759                         | 0.5 %                           |
| Aid to Local Units                     |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                       |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$</b> | <b>151,470</b>    | <b>\$ 150,398</b>   | <b>\$ 151,157</b>   | <b>\$ 759</b>                  | <b>0.5 %</b>                    | <b>\$ 150,398</b>         | <b>\$ 151,157</b> | <b>\$ 759</b>                  | <b>0.5 %</b>                    |
| <b>Financing:</b>                      |           |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                     | \$        | 0                 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |
| Board of Barbering Fee Fund            |           | 151,470           | 150,398             | 151,157             | 759                            | 0.5                             | 150,398                   | 151,157           | 759                            | 0.5                             |
| <b>TOTAL</b>                           | <b>\$</b> | <b>151,470</b>    | <b>\$ 150,398</b>   | <b>\$ 151,157</b>   | <b>\$ 759</b>                  | <b>0.5 %</b>                    | <b>\$ 150,398</b>         | <b>\$ 151,157</b> | <b>\$ 759</b>                  | <b>0.5 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to the Approved Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 188,489                            | 150,398                       | (38,091)                          | 150,398                     | (38,091)                            |
| <b>TOTAL</b>                | <b>\$ 188,489</b>                  | <b>\$ 150,398</b>             | <b>\$ (38,091)</b>                | <b>\$ 150,398</b>           | <b>\$ (38,091)</b>                  |
| FTE Positions               | 2.5                                | 2.0                           | (0.5)                             | 2.0                         | (0.5)                               |

The **agency** requests a revised estimate of \$150,398, all from the Board of Barbering Fee Fund, in FY 2018. This is a decrease of \$38,091, or 20.2 percent, below the amount approved by the 2017 Legislature. The agency requests 2.0 FTE positions, which is 0.5 FTE positions below the amount approved by the 2017 Legislature. This decrease in expenditures is primarily due to the Administrator position changing from a full-time position (1.0 FTE) to a part-time position (0.5 FTE). Major categories of expenditure are provided below:

- **Salaries and Wages.** The agency requests \$109,548, which is a decrease of \$33,098, or 23.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to salaries and benefits associated with the status change of the Administrator position from a full-time position (1.0 FTE) to a part-time position (0.5 FTE);
- **Contractual Services.** The agency requests \$35,899, which is a decrease of \$7,083, or 16.5 percent, below the amount approved by the FY 2017 Legislature. The decrease is attributable to the agency aligning its FY 2018 contractual services expenditures with its FY 2017 actual contractual services expenditures;
- **Commodities.** The agency requests \$4,951, which is an increase of \$2,090, or 73.1 percent, above the amount approved by the FY 2017 Legislature. The increase is attributable to expenditures associated with moving to a smaller office space within Jayhawk Tower to decrease long-term office space rent fees.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to the Approved Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 188,212                            | 151,157                       | (37,055)                          | 151,157                     | (37,055)                            |
| <b>TOTAL</b>                | <b>\$ 188,212</b>                  | <b>\$ 151,157</b>             | <b>\$ (37,055)</b>                | <b>\$ 151,157</b>           | <b>\$ (37,055)</b>                  |
| FTE Positions               | 2.5                                | 2.0                           | (0.5)                             | 2.0                         | (0.5)                               |

The **agency** requests a revised estimate of \$151,157, all from the Board of Barbering Fee Fund, for FY 2019. This is a decrease of \$37,055, or 19.7 percent, below the amount approved by the 2017 Legislature. The agency requests 2.0 FTE positions, which is 0.5 FTE positions below the amount approved by the 2017 Legislature. This decrease in expenditures is primarily due to the Administrator position changing from a full-time position (1.0 FTE) to a part-time position (0.5 FTE). Major categories of expenditure are provided below:

- **Salaries and Wages.** The agency requests \$112,307, which is a decrease of \$30,463, or 21.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to salaries and benefits associated with the status change of the Administrator position from a full-time position (1.0 FTE) to a part-time position (0.5 FTE);
- **Contractual Services.** The agency requests \$35,899, which is a decrease of \$6,682, or 15.7 percent, below the amount approved by the FY 2017 Legislature. The decrease is attributable to the agency aligning its FY 2019 contractual services expenditures with its FY 2017 actual contractual services expenditures;
- **Commodities.** The agency requests \$2,951, which is an increase of \$90, or 3.1 percent, above the amount approved by the FY 2017 Legislature.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source                 | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund             | 0.0 %                                      | 0.0 %                                    |
| Board of Barbering Fee<br>Fund | 100.0                                      | 100.0                                    |
| <b>TOTAL</b>                   | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Board of Barbering Fee Fund Analysis

The Board of Barbering is a fee-funded agency. The revenue received provides financing for all agency operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited in the State General Fund. The 2011 Legislature lowered the Board's required contribution to the State General Fund from 20.0 percent to 10.0 percent. In addition, 100.0 percent of all fines are deposited in the State General Fund.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 42,727            | \$ 29,425                     | \$ 29,425             | \$ 27,195                     | \$ 27,195             |
| Revenue                                      | 138,168              | 148,168                       | 148,168               | 148,168                       | 148,168               |
| Transfers in                                 | 0                    | 0                             | 0                     | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 180,895</b>    | <b>\$ 177,593</b>             | <b>\$ 177,593</b>     | <b>\$ 175,363</b>             | <b>\$ 175,363</b>     |
| Less:                                        |                      |                               |                       |                               |                       |
| Expenditures                                 | \$ 151,470           | \$ 150,398                    | \$ 150,398            | \$ 151,157                    | \$ 151,157            |
| Transfers Out                                | 0                    | 0                             | 0                     | 0                             | 0                     |
| Off Budget Expenditures                      | 0                    | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 29,425</b>     | <b>\$ 27,195</b>              | <b>\$ 27,195</b>      | <b>\$ 24,206</b>              | <b>\$ 24,206</b>      |
| Ending Balance as Percent of<br>Expenditures | 19.4%                | 18.1%                         | 18.1%                 | 16.0%                         | 16.0%                 |
| Month Highest Ending<br>Balance              | June<br>\$ 29,419    | April<br>\$ 29,544            | April<br>\$ 29,544    | April<br>\$ 26,666            | April<br>\$ 26,666    |
| Month Lowest Ending<br>Balance               | January<br>\$ 10,274 | February<br>\$ 18,337         | February<br>\$ 18,337 | February<br>\$ 15,567         | February<br>\$ 15,567 |

**BOARD OF BARBERING LICENSURE FEES**

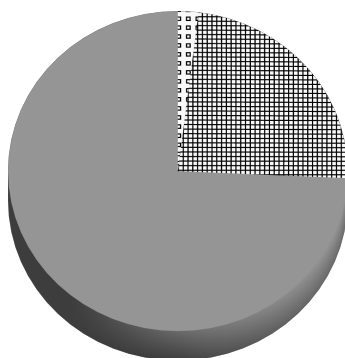
| License                                          | Current<br>Fee | Statutory<br>Limit |
|--------------------------------------------------|----------------|--------------------|
| Barber License (original and renewal)            | \$ 80          | \$ 80              |
| Barber Examination Fee                           | 100            | 100                |
| Barber Reciprocity Fee                           | 180            | 180                |
| New Shop License                                 | 80             | 80                 |
| Shop License Renewal and Inspection Fee          | 40             | 40                 |
| Barber Instructor License (original and renewal) | 40             | 90                 |
| Barber Instructor Examination Fee                | 170            | 170                |
| License to Operate Barber School/College         | 500            | 500                |
| Seminar Permit                                   | 80             | 80                 |
| Student Learning License                         | 55             | 55                 |
| Duplicate License                                | 5              | 5                  |

## OBJECT DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 112,307                        | 74.3 %              | \$ 0                        | -- %                |
| Contractual Services | 35,899                            | 23.7                | 0                           | --                  |
| Commodities          | 2,951                             | 2.0                 | 0                           | --                  |
| Capital Outlay       | 0                                 | 0.0                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 151,157</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 1.5               | 2.0                    | 2.0                  | 2.0                    | 2.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                          | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of inspections conducted  | 612                      | 520               | 520                  | 520                  |
| Percent of shops with violations | 13.0%                    | 11.0%             | 10.0%                | 8.0%                 |
| Percent of exam failures         | N/A                      | 36.0%             | 33.0%                | 30.0%                |

# BEHAVIORAL SCIENCES REGULATORY BOARD

| Expenditure             | Actual<br>FY 2017        | Agency Est.<br>FY 2018   | Gov. Rec.<br>FY 2018     | Agency Est.<br>FY 2019   | Gov. Rec.<br>FY 2019     |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Operating Expenditures: |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 662,913                  | 761,175                  | 761,175                  | 778,852                  | 778,852                  |
| <i>Subtotal</i>         | <i>\$ 662,913</i>        | <i>\$ 761,175</i>        | <i>\$ 761,175</i>        | <i>\$ 778,852</i>        | <i>\$ 778,852</i>        |
| Capital Improvements:   |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 0                        | 0                        | 0                        | 0                        | 0                        |
| <i>Subtotal</i>         | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              |
| <b>TOTAL</b>            | <b><u>\$ 662,913</u></b> | <b><u>\$ 761,175</u></b> | <b><u>\$ 761,175</u></b> | <b><u>\$ 778,852</u></b> | <b><u>\$ 778,852</u></b> |

## Percentage Change:

|                        |      |      |      |      |      |
|------------------------|------|------|------|------|------|
| Operating Expenditures |      |      |      |      |      |
| State General Fund     | -- % | -- % | -- % | -- % | -- % |
| All Funds              | 2.1  | 14.8 | 14.8 | 2.3  | 2.3  |
| FTE Positions          | 9.0  | 11.0 | 11.0 | 11.0 | 11.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Behavioral Sciences Regulatory Board was created by the 1980 Legislature to regulate the practice of psychology and social work in Kansas. The Board's jurisdiction has expanded to include the licensing of professional counselors, masters level psychologists, psychotherapists, marriage and family therapists, alcohol and other drug abuse counselors, and behavior analysts. The Board derives its funding entirely through licensing and registration fees assessed to its credentialed practitioners.

The 12 members of the Board include two licensed psychologists, two licensed social workers, one licensed professional counselor, one licensed masters level psychologist, one licensed marriage and family therapist, one licensed addiction counselor or licensed clinical addiction counselor, and four public members. The Governor appoints all Board members to serve four-year terms.

## MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** passed HB 2162, which amended the licensing requirements for marriage and family therapists in Kansas by removing the requirement of completing a program of study with standards consistent with those of state universities in Kansas. The bill also increased the statutory maximum the Board is permitted to charge for the application fee for the licensure of a psychologist from \$150 to \$225 and reduced the statutory maximum of the original license fee from \$200 to \$150.

The **2010 Legislature** changed alcohol and other drug abuse counselors from registrants to licensees. The two categories created by this legislation are the licensed addiction counselor and the licensed clinical addiction counselor. It also increased the size of the Board from 11 to 12 members.

The **2013 Legislature** changed how fees are paid for licensure examinations under the Licensure of Psychologists Act, KSA 74-5301 *et seq.*, which requires individuals to pay testing costs directly to the examination service in FY 2014.

The **2014 Legislature** passed HB 2744, which included the Applied Behavior Analysis Licensure Act. This act established a new category of licensure for behavioral analysts and changed rules related to insurance coverage for treatment of autism spectrum disorders. The Board began licensing behavioral analysts on July 1, 2016.

The **Governor's July 30, 2015 allotment** transferred \$500,000 from the Behavioral Sciences Regulatory Board Fee Fund to the State General Fund.

The **2016 Legislature** passed HB 2615, which standardized regulatory statutes administered by the Board, including provisions pertaining to licensure by reciprocity, the reasons for disciplinary action against a licensee, and the licensure fees charged by the Board. The bill further allowed the Board to require fingerprinting and background checks on licensees, established supervisory training standards for professional counselors and marriage and family therapists, and created a new category of licensure for Masters Level Addiction Counselors. Additionally, the bill grandfathered credentialed or registered alcohol and other drug counselors who comply with specific requirements prior to July 1, 2017.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$761,175, all from special revenue funds, and 11.0 FTE positions in FY 2018, which is the same amount approved by the 2017 Legislature.

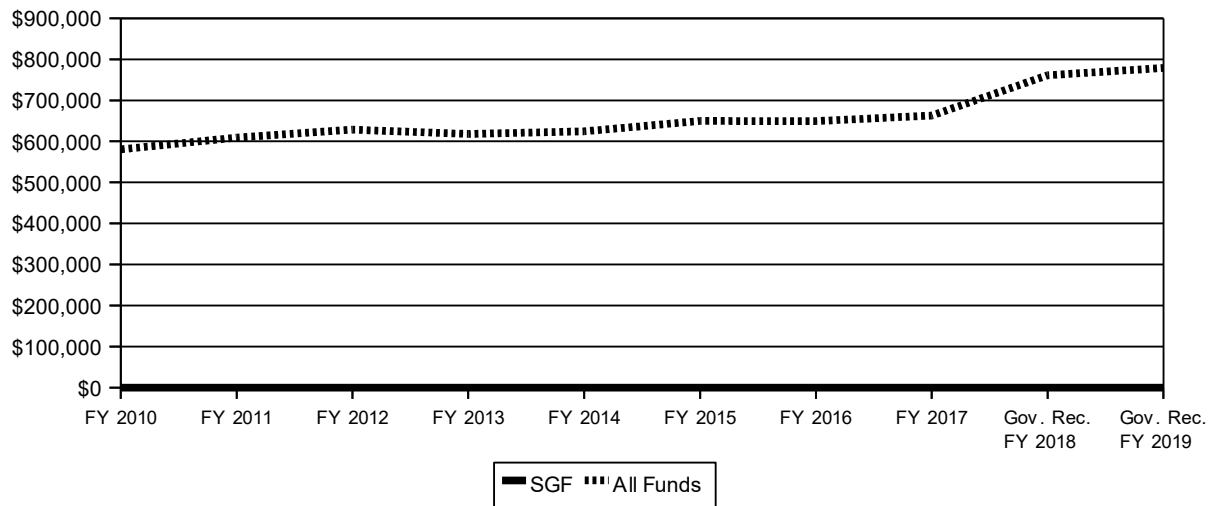
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$778,852, all from special revenue funds, and 11.0 FTE positions for FY 2019, which is the same amount approved by the 2017 Legislature.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds  | % Change | FTE  |
|-----------------|------|----------|------------|----------|------|
| 2010            | \$ 0 | -- %     | \$ 580,536 | (3.1)%   | 8.0  |
| 2011            | 0    | --       | 609,218    | 4.9      | 8.0  |
| 2012            | 0    | --       | 628,603    | 3.2      | 8.0  |
| 2013            | 0    | --       | 618,070    | (1.7)    | 9.0  |
| 2014            | 0    | --       | 624,529    | 1.0      | 9.0  |
| 2015            | 0    | --       | 649,634    | 4.0      | 9.0  |
| 2016            | 0    | --       | 649,313    | (0.0)    | 9.0  |
| 2017            | 0    | --       | 662,913    | 2.1      | 9.0  |
| 2018 Gov. Rec.  | 0    | --       | 761,175    | 14.8     | 11.0 |
| 2019 Gov. Rec.  | 0    | --       | 778,852    | 2.3      | 11.0 |
| Ten-Year Change |      |          |            |          |      |
| Dollars/Percent | \$ 0 | -- %     | \$ 198,316 | 34.2 %   | 3.0  |

**Summary of Operating Budget FY 2017 - FY 2019**

|                                        |                   | Agency Estimate     |                     |                                |                                 |                   | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|-------------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |                   | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018   | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |                   |                     |                     |                                |                                 |                   |                           |                                |                                 |  |  |
| Licensing & Renewal                    | \$ 662,913        | \$ 684,415          | \$ 698,801          | \$ 14,386                      | 2.1 %                           | \$ 684,415        | \$ 698,801                | \$ 14,386                      | 2.1 %                           |  |  |
| Investigate & Discipline               | 0                 | 76,760              | 80,051              | 3,291                          | 4.3                             | 76,760            | 80,051                    | 3,291                          | 4.3                             |  |  |
| <b>TOTAL</b>                           | <b>\$ 662,913</b> | <b>\$ 761,175</b>   | <b>\$ 778,852</b>   | <b>\$ 17,677</b>               | <b>2.3 %</b>                    | <b>\$ 761,175</b> | <b>\$ 778,852</b>         | <b>\$ 17,677</b>               | <b>2.3 %</b>                    |  |  |
| <b>By Major Object of Expenditure:</b> |                   |                     |                     |                                |                                 |                   |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 502,334        | \$ 559,004          | \$ 569,754          | \$ 10,750                      | 1.9 %                           | \$ 559,004        | \$ 569,754                | \$ 10,750                      | 1.9 %                           |  |  |
| Contractual Services                   | 142,720           | 179,471             | 182,173             | 2,702                          | 1.5                             | 179,471           | 182,173                   | 2,702                          | 1.5                             |  |  |
| Commodities                            | 9,902             | 10,400              | 10,675              | 275                            | 2.6                             | 10,400            | 10,675                    | 275                            | 2.6                             |  |  |
| Capital Outlay                         | 7,957             | 12,300              | 16,250              | 3,950                          | 32.1                            | 12,300            | 16,250                    | 3,950                          | 32.1                            |  |  |
| Debt Service                           | 0                 | 0                   | 0                   | 0                              | --                              | 0                 | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 662,913        | \$ 761,175          | \$ 778,852          | \$ 17,677                      | 2.3 %                           | \$ 761,175        | \$ 778,852                | \$ 17,677                      | 2.3 %                           |  |  |
| Aid to Local Units                     | 0                 | 0                   | 0                   | 0                              | --                              | 0                 | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0                 | 0                   | 0                   | 0                              | --                              | 0                 | 0                         | 0                              | --                              |  |  |
| <b>TOTAL</b>                           | <b>\$ 662,913</b> | <b>\$ 761,175</b>   | <b>\$ 778,852</b>   | <b>\$ 17,677</b>               | <b>2.3 %</b>                    | <b>\$ 761,175</b> | <b>\$ 778,852</b>         | <b>\$ 17,677</b>               | <b>2.3 %</b>                    |  |  |
| <b>Financing:</b>                      |                   |                     |                     |                                |                                 |                   |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0              | \$ 0                | \$ 0                | \$ 0                           | --%                             | \$ 0              | \$ 0                      | \$ 0                           | --%                             |  |  |
| Behavioral Sci Fee Fund                | 662,913           | 761,175             | 778,852             | 17,677                         | 2.3                             | 761,175           | 778,852                   | 17,677                         | 2.3                             |  |  |
| <b>TOTAL</b>                           | <b>\$ 662,913</b> | <b>\$ 761,175</b>   | <b>\$ 778,852</b>   | <b>\$ 17,677</b>               | <b>2.3 %</b>                    | <b>\$ 761,175</b> | <b>\$ 778,852</b>         | <b>\$ 17,677</b>               | <b>2.3 %</b>                    |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 761,175                            | 761,175                       | 0                                 | 761,175                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 761,175</b>                  | <b>\$ 761,175</b>             | <b>\$ 0</b>                       | <b>\$ 761,175</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 11.0                               | 11.0                          | 0.0                               | 11.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$761,175, all from special revenue funds, and 11.0 FTE positions in FY 2018, which is the same amount approved by the 2017 Legislature. The agency has transitioned from one program, Administration, to two separate programs: Licensing and Renewal, and Investigation and Discipline.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 778,852                            | 778,852                       | 0                                 | 778,852                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 778,852</b>                  | <b>\$ 778,852</b>             | <b>\$ 0</b>                       | <b>\$ 778,852</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 11.0                               | 11.0                          | 0.0                               | 11.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$778,852, all from special revenue funds, and 11.0 FTE positions for FY 2019, which is the same amount approved by the 2017 Legislature. The agency has transitioned from one program, Administration, to two separate programs: Licensing and Renewal, and Investigation and Discipline.

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



## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$440, none of which is from the State General Fund, and FY 2019 longevity payments total \$880, none of which is from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source     | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------|--------------------------------------------|------------------------------------------|
| State General Fund | 0.0 %                                      | 0.0 %                                    |
| BSRB Fee Fund      | 100.0                                      | 100.0                                    |
| <b>TOTAL</b>       | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Behavioral Sciences Regulatory Board Fee Fund Analysis

In accordance with KSA 74-7505, the Behavioral Sciences Regulatory Board Fee Fund replaced the Psychologists Fee Fund and the Social Work Examiners Fee Fund in 1980. The new Board inherited the previous Boards' authorities to set, charge, and collect fees. As a fee-funded agency, the Board currently contributes the lesser of 10.0 percent, or \$100,000, of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a, and the remainder is held in the agency fee fund. These retained fees fund the agency.

Beginning in FY 2016, the Board approved a reduction in all fees for all licensees. All application and renewal fees will be reduced by \$50 and original licensure fees will be eliminated. The Board instituted these fee reductions to reduce the Fund's carry forward balance. However, no changes to the rules and regulations establishing fees charged by the agency had been noticed for hearing as of January 1, 2018.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018     | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|--------------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 1,322,406         | \$ 1,630,151                  | \$ 1,630,151             | \$ 1,608,034                  | \$ 1,608,034         |
| Revenue                                      | 970,658              | 739,058                       | 739,058                  | 503,412                       | 503,412              |
| Transfers in                                 | 0                    | 0                             | 0                        | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 2,293,064</b>  | <b>\$ 2,369,209</b>           | <b>\$ 2,369,209</b>      | <b>\$ 2,111,446</b>           | <b>\$ 2,111,446</b>  |
| Less:                                        |                      |                               |                          |                               |                      |
| Expenditures                                 | 662,913              | 761,175                       | 761,175                  | 778,852                       | 778,852              |
| Transfers Out                                | 0                    | 0                             | 0                        | 0                             | 0                    |
| Off Budget Expenditures                      | 0                    | 0                             | 0                        | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 1,630,151</b>  | <b>\$ 1,608,034</b>           | <b>\$ 1,608,034</b>      | <b>\$ 1,332,594</b>           | <b>\$ 1,332,594</b>  |
| Ending Balance as Percent of<br>Expenditures | 245.9%               | 211.3%                        | 211.3%                   | 171.1%                        | 171.1%               |
| Month Highest Ending<br>Balance              | June<br>\$ 1,615,458 | December<br>\$ 1,803,229      | December<br>\$ 1,803,229 | July<br>\$ 1,725,415          | July<br>\$ 1,725,415 |
| Month Lowest Ending<br>Balance               | July<br>\$ 1,328,859 | June<br>\$ 1,725,416          | June<br>\$ 1,725,415     | June<br>\$ 1,449,976          | June<br>\$ 1,449,976 |

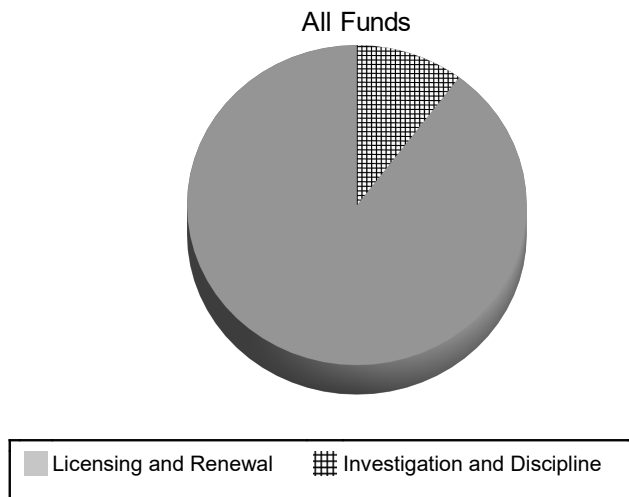
# BEHAVIORAL SCIENCES REGULATORY BOARD LICENSURE FEES

| Licensed                               | Current<br>Fee | Statutory<br>Limit |
|----------------------------------------|----------------|--------------------|
| <b>Renewal Fees:</b>                   |                |                    |
| Social Worker (Associate & Bachelors)  | \$ 100         | \$ 150             |
| Social Worker (Masters)                | 125            | 200                |
| Social Worker (Specialist Clinical)    | 150            | 150                |
| Masters Level Psychologist             | 150            | 200                |
| Clinical Psychotherapist               | 175            | 200                |
| Psychologist                           | 200            | 200                |
| Professional Counselor                 | 150            | 150                |
| Clinical Professional Counselor        | 175            | 175                |
| Marriage and Family Therapist          | 150            | 175                |
| Clinical Marriage and Family Therapist | 175            | 175                |
| Addiction Counselor                    | 100            | 150                |
| Clinical Addiction Counselor           | 150            | 150                |
| Applied Behavioral Analyst             | 70             | N/A                |
| <b>Application Fees:</b>               |                |                    |
| Social Worker (Bachelors)              | \$ 100         | \$ 150             |
| Social Worker (Masters)                | 100            | 150                |
| Social Worker (Specialist Clinical)    | 100            | 150                |
| Masters Level Psychologist             | 100            | 200                |
| Clinical Psychotherapist               | 100            | 200                |
| Psychologist                           | 225            | 225                |
| Professional Counselor                 | 100            | 100                |
| Clinical Professional Counselor        | 100            | 175                |
| Marriage and Family Therapist          | 100            | 150                |
| Clinical Marriage and Family Therapist | 100            | 175                |
| Addiction Counselor                    | 100            | 150                |
| Clinical Addiction Counselor           | 100            | 150                |
| Applied Behavioral Analyst             | 70             | N/A                |
| <b>Original License Fees:</b>          |                |                    |
| Social Worker (Bachelors)              | \$ 100         | \$ 150             |
| Social Worker (Masters)                | 150            | 150                |
| Social Worker (Specialist Clinical)    | 150            | 150                |
| Masters Level Psychologist             | 150            | 200                |
| Clinical Psychotherapist               | 150            | 200                |
| Psychologist                           | 50             | 150                |
| Professional Counselor                 | 150            | 175                |
| Clinical Professional Counselor        | 150            | 175                |
| Marriage and Family Therapist          | 150            | 175                |
| Clinical Marriage and Family Therapist | 150            | 175                |
| Addiction Counselor                    | 100            | 150                |
| Clinical Addiction Counselor           | 150            | 150                |

## PROGRAM DETAIL

### Expenditures by Program

#### Governor's FY 2019 Recommendation



| Program                      | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Licensing and Renewal        | \$ 698,801                        | 89.7 %              | \$ 0                        | -- %                |
| Investigation and Discipline | 80,051                            | 10.3                | 0                           | --                  |
| <b>TOTAL</b>                 | <b>\$ 778,852</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program                  | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|--------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Licensing & Renewal      | 8.0               | 10.0                   | 10.0                 | 10.0                   | 10.0                 |
| Investigate & Discipline | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |
| <b>TOTAL</b>             | <b>9.0</b>        | <b>11.0</b>            | <b>11.0</b>          | <b>11.0</b>            | <b>11.0</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### A. Licensing and Renewal

The Licensing and Renewal program issues and renews licenses and registrations to those individuals meeting the qualifications. The program also provides information to the Legislature, the public, and other interested parties.

| <p style="text-align: center;"><b>LICENSING AND RENEWAL</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                   |                        |                      |                        |                      |
|-----------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                                                  | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                                                  |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                                                    | \$ 502,334        | \$ 505,648             | \$ 505,648           | \$ 513,878             | \$ 513,878           |
| Contractual Services                                                                                                  | 142,720           | 158,182                | 158,182              | 160,506                | 160,506              |
| Commodities                                                                                                           | 9,902             | 9,410                  | 9,410                | 9,650                  | 9,650                |
| Capital Outlay                                                                                                        | 7,957             | 11,175                 | 11,175               | 14,767                 | 14,767               |
| Debt Service                                                                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                                                          | <i>\$ 662,913</i> | <i>\$ 684,415</i>      | <i>\$ 684,415</i>    | <i>\$ 698,801</i>      | <i>\$ 698,801</i>    |
| Aid to Local Units                                                                                                    | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                                                      | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                                                          | <b>\$ 662,913</b> | <b>\$ 684,415</b>      | <b>\$ 684,415</b>    | <b>\$ 698,801</b>      | <b>\$ 698,801</b>    |
| <b>Financing:</b>                                                                                                     |                   |                        |                      |                        |                      |
| State General Fund                                                                                                    | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                                                       | 662,913           | 684,415                | 684,415              | 698,801                | 698,801              |
| <b>TOTAL</b>                                                                                                          | <b>\$ 662,913</b> | <b>\$ 684,415</b>      | <b>\$ 684,415</b>    | <b>\$ 698,801</b>      | <b>\$ 698,801</b>    |
| FTE Positions                                                                                                         | 8.0               | 10.0                   | 10.0                 | 10.0                   | 10.0                 |

The **agency** requests \$684,415, all from special revenue funds, and 10.0 FTE positions in FY 2018, which is the same overall amount approved by the 2017 Legislature. Expenditures were previously approved within a single program; overall requested expenditures are the same as the amount approved by the 2017 Legislature. The revised estimate includes an adjustment within the overall amount to account for legislation regarding the calculation of the employer's contribution to the Kansas Public Employees Retirement System for employees who previously retired from a state agency that are effective January 1, 2018.

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

The **agency** requests \$698,801, all from special revenue funds, and 10.0 FTE positions for FY 2019, which is the same overall amount approved by the 2017 Legislature. The request is an increase of \$14,386, or 2.1 percent, above the amount approved for FY 2018. Expenditures were previously approved within a single program; overall requested expenditures are the same as the amount approved by the 2017 Legislature. The majority of the increase is in salaries and wages and is mainly attributable to employer retirement contributions and group health insurance expenditures. The revised estimate includes an adjustment within the overall amount to account for legislation regarding the calculation of the employer's contribution to the Kansas Public Employees Retirement System for employees who previously retired from a state agency that are effective January 1, 2018.

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

## ***B. Investigation and Discipline***

The Investigation and Discipline program protects the public through the timely investigation of allegations of misconduct and implementation of disciplinary actions. In addition, the program enforces the orders of the Behavioral Sciences Regulatory Board, as well as prevent individuals from unlawful and unauthorized practice of the professions regulated by the Board.

| INVESTIGATION AND DISCIPLINE<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|---------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                      | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                      |                   |                        |                      |                        |                      |
| Salaries and Wages                                                        | \$ 0              | \$ 53,356              | \$ 53,356            | \$ 55,876              | \$ 55,876            |
| Contractual Services                                                      | 0                 | 21,289                 | 21,289               | 21,667                 | 21,667               |
| Commodities                                                               | 0                 | 990                    | 990                  | 1,025                  | 1,025                |
| Capital Outlay                                                            | 0                 | 1,125                  | 1,125                | 1,483                  | 1,483                |
| Debt Service                                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations                                                     | \$ 0              | \$ 76,760              | \$ 76,760            | \$ 80,051              | \$ 80,051            |
| Aid to Local Units                                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                              | <b>\$ 0</b>       | <b>\$ 76,760</b>       | <b>\$ 76,760</b>     | <b>\$ 80,051</b>       | <b>\$ 80,051</b>     |
| <b>Financing:</b>                                                         |                   |                        |                      |                        |                      |
| State General Fund                                                        | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                           | 0                 | 76,760                 | 76,760               | 80,051                 | 80,051               |
| <b>TOTAL</b>                                                              | <b>\$ 0</b>       | <b>\$ 76,760</b>       | <b>\$ 76,760</b>     | <b>\$ 80,051</b>       | <b>\$ 80,051</b>     |
| FTE Positions                                                             | 0.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |

The **agency** requests \$76,760, all from special revenue funds, and 1.0 FTE position in FY 2018. Expenditures were previously approved within a single program; overall requested expenditures are the same as the amount approved by the 2017 Legislature.

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

The **agency** requests \$80,051, all from special revenue funds, and 1.0 FTE position for FY 2019. Expenditures were previously approved within a single program; overall requested expenditures are the same as the amount approved by the 2017 Legislature.

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

| PERFORMANCE MEASURES                                             |                          |                   |                      |                      |
|------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                          | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of applications processed                                 | 1,027                    | 1,695             | 1,479                | 1,412                |
| Number of audits for continuing education requirements performed | 446                      | 470               | 557                  | 482                  |

# BOARD OF COSMETOLOGY

| Expenditure             | Actual<br>FY 2017        | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
|-------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Operating Expenditures: |                          |                            |                            |                            |                            |
| State General Fund      | \$ 0                     | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds             | 957,097                  | 1,023,423                  | 1,023,423                  | 1,041,172                  | 1,041,172                  |
| <i>Subtotal</i>         | <i>\$ 957,097</i>        | <i>\$ 1,023,423</i>        | <i>\$ 1,023,423</i>        | <i>\$ 1,041,172</i>        | <i>\$ 1,041,172</i>        |
| Capital Improvements:   |                          |                            |                            |                            |                            |
| State General Fund      | \$ 0                     | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds             | 0                        | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal</i>         | <i>\$ 0</i>              | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                |
| <b>TOTAL</b>            | <b><u>\$ 957,097</u></b> | <b><u>\$ 1,023,423</u></b> | <b><u>\$ 1,023,423</u></b> | <b><u>\$ 1,041,172</u></b> | <b><u>\$ 1,041,172</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |       |      |      |      |      |
|--------------------|-------|------|------|------|------|
| State General Fund | -- %  | -- % | -- % | -- % | -- % |
| All Funds          | (0.4) | 6.9  | 6.9  | 1.7  | 1.7  |
| FTE Positions      | 14.0  | 14.0 | 14.0 | 14.0 | 14.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The eight-member Board of Cosmetology regulates cosmetologists, permanent cosmetic technicians, tattoo artists, and body piercers, as well as salons/facilities and educational institutions. The purpose of the agency is to encourage and maintain standards and requirements for entrance into the profession consistent with the need for protection of the health, safety, and welfare of the public; to provide standardized national testing; to inspect new schools, salons, clinics, tanning facilities, tattooing facilities, and body piercing facilities; to investigate complaints; and to recommend legislation and promulgate regulations to protect the general public.

The Board licenses cosmetology schools, instructors, cosmetologists, electrologists, estheticians, manicurists, cosmetology technicians, body piercers, tattoo artists, and permanent cosmetic facilities. Instructors are required to obtain continuing education hours to maintain their certification. The Board also contracts with an exam company to administer national standardized written and practical examinations to license students training in the cosmetology and body art fields.

## MAJOR ISSUES FROM PRIOR YEARS

In **March 2009**, the agency implemented an enhanced licensure database. Among its additional capabilities, an online renewal process became available for licensees and facility owners. This online process not only facilitated the renewal application and fee payment process for licensees but also streamlined the accounting process for Board staff. Therefore, this online process allows for a quicker “turn around” whereby the license is issued and sent to the licensee in a shorter time frame than the mail-in process. The mail-in renewal option was maintained for those who do not have computer availability.

The **2013 Legislature** maintained funding for salaries and wages at FY 2013 levels after adjusting for both committee action and KPERS increases for FY 2014 and FY 2015. The reductions totaled \$44,879, all from the Cosmetology Fee Fund, for FY 2014 and \$45,329, all from the Cosmetology Fee Fund, for FY 2015.

The **2014 Legislature** added \$120,000 in FY 2014 and \$108,000 for FY 2015 to upgrade the agency’s licensing database and convert paper records to electronic records. Additionally, the Legislature added \$3,594, all from the Board of Cosmetology Fee Fund, for FY 2015 employee bonuses of \$250 for all non-elected employees.

As a result of the **State Finance Council** action on July 2, 2015, the agency’s FY 2017 expenditure limitation was increased by \$70,000 to fund expenditures associated with the Board of Healing Arts hosting the agency’s online licensing system.

The **Governor** recommended a transfer of \$700,000, all from the Cosmetology Fee Fund, as part of the July 30, 2016 allotment. The transfer does not impact agency expenditures but is a reduction in its fee fund balance.

The **2016 Legislature** passed HB 2456, which prohibits minors from tanning at licensed tanning facilities. The bill also allows a Kansas cosmetologist to qualify for licensure as a barber by completing additional cross-over hours.

The **2017 Legislature** did not approve the Governor’s recommendation to merge the Board of Barbering with the Board of Cosmetology. For barbering oversight, the merger would have added \$114,297 in FY 2018 and \$114,258 for FY 2019 in expenditures and 1.5 non-FTE positions to the Board of Cosmetology. The Board of Barbering Fee Fund would have been transferred to the Board of Cosmetology.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$1.0 million, all from the Cosmetology Fee Fund, in FY 2018. The request is an increase of \$6,914, or 0.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to increases in contractual services (\$22,799), which is partially offset by decreases in commodities (\$10,935) and capital outlay (\$4,950) expenditures. The request includes a supplemental totaling \$8,914 for contractual services increases for fees and costs associated with information technology support from the Office of Information Technology Services (OITS) and licensing software and database hosting by the Board of Healing Arts for the agency’s online license application and renewal process. The agency requests 14.0 FTE positions, which is unchanged from the FY 2018 approved number.

The **Governor** concurs with the agency’s revised estimate in FY 2018.

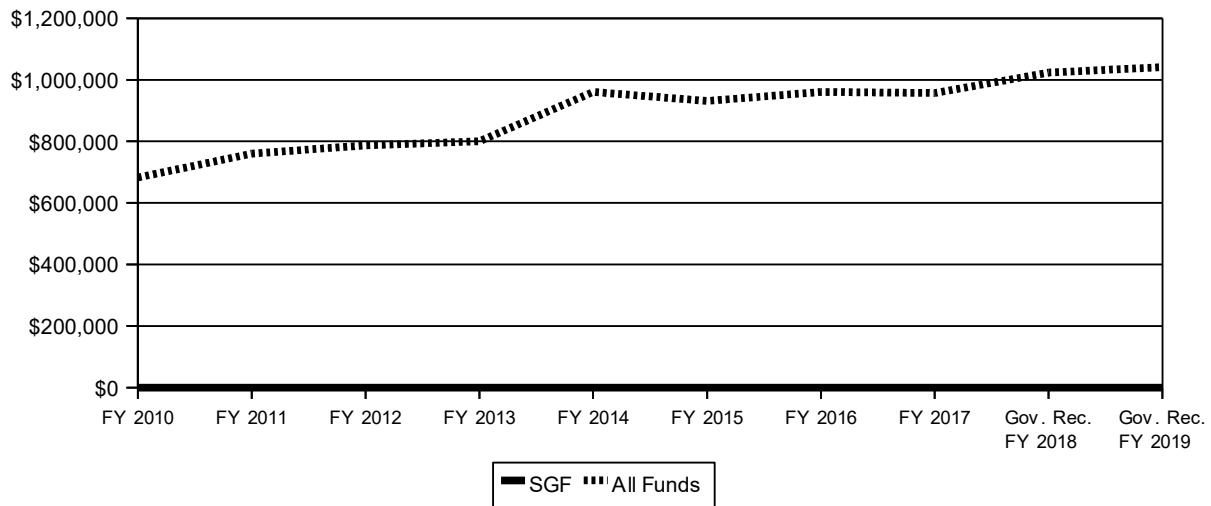


**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$1.0 million, all from the Cosmetology Fee Fund, for FY 2019. The request is an increase of \$21,608, or 2.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to increases in salaries and wages (\$14,489) and contractual services (\$27,504), which is partially offset by decreases in commodities (\$14,935) and capital outlay (\$5,450) expenditures. The request includes a supplemental totaling \$7,119 for contractual services increases for fees and costs associated with information technology support from OITS and licensing software and database hosting by the Board of Healing Arts for the agency's online license application and renewal process. The agency requests 14.0 FTE positions, which is unchanged from the FY 2019 approved number.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds  | % Change | FTE  |
|---------------------------------|------|----------|------------|----------|------|
| 2010                            | \$ 0 | -- %     | \$ 682,355 | (13.2)%  | 12.0 |
| 2011                            | 0    | --       | 760,284    | 11.4     | 12.0 |
| 2012                            | 0    | --       | 786,827    | 3.5      | 11.0 |
| 2013                            | 0    | --       | 800,281    | 1.7      | 11.0 |
| 2014                            | 0    | --       | 960,555    | 20.0     | 13.8 |
| 2015                            | 0    | --       | 931,281    | (3.0)    | 13.3 |
| 2016                            | 0    | --       | 960,584    | 3.1      | 13.5 |
| 2017                            | 0    | --       | 957,097    | (0.4)    | 14.0 |
| 2018 Gov. Rec.                  | 0    | --       | 1,023,423  | 6.9      | 14.0 |
| 2019 Gov. Rec.                  | 0    | --       | 1,041,172  | 1.7      | 14.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 358,817 | 52.6 %   | 2.0  |

# Summary of Operating Budget FY 2017 - FY 2019

Board of Cosmetology

|                                        |            | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |            | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |            |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Administration                         | \$ 957,097 | \$ 1,023,423        | \$ 1,041,172        | \$ 17,749                      | 1.7 %                           | \$ 1,023,423    | \$ 1,041,172              | \$ 17,749                      | 1.7 %                           |  |  |
| <b>By Major Object of Expenditure:</b> |            |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 659,659 | \$ 714,394          | \$ 730,143          | \$ 15,749                      | 2.2 %                           | \$ 714,394      | \$ 730,143                | \$ 15,749                      | 2.2 %                           |  |  |
| Contractual Services                   | 251,875    | 264,164             | 265,664             | 1,500                          | 0.6                             | 264,164         | 265,664                   | 1,500                          | 0.6                             |  |  |
| Commodities                            | 24,559     | 21,415              | 22,415              | 1,000                          | 4.7                             | 21,415          | 22,415                    | 1,000                          | 4.7                             |  |  |
| Capital Outlay                         | 21,004     | 23,450              | 22,950              | (500)                          | (2.1)                           | 23,450          | 22,950                    | (500)                          | (2.1)                           |  |  |
| Debt Service                           | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 957,097 | \$ 1,023,423        | \$ 1,041,172        | \$ 17,749                      | 1.7 %                           | \$ 1,023,423    | \$ 1,041,172              | \$ 17,749                      | 1.7 %                           |  |  |
| Aid to Local Units                     | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 957,097 | \$ 1,023,423        | \$ 1,041,172        | \$ 17,749                      | 1.7 %                           | \$ 1,023,423    | \$ 1,041,172              | \$ 17,749                      | 1.7 %                           |  |  |
| <b>Financing:</b>                      |            |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0       | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0            | \$ 0                      | \$ 0                           | -- %                            |  |  |
| Board of Cosmetology Fee Fund          | 957,097    | 1,023,423           | 1,041,172           | 17,749                         | 1.7                             | 1,023,423       | 1,041,172                 | 17,749                         | 1.7                             |  |  |
| TOTAL                                  | \$ 957,097 | \$ 1,023,423        | \$ 1,041,172        | \$ 17,749                      | 1.7 %                           | \$ 1,023,423    | \$ 1,041,172              | \$ 17,749                      | 1.7 %                           |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,016,509                          | 1,023,423                     | 6,914                             | 1,023,423                   | 6,914                               |
| <b>TOTAL</b>                | <b>\$ 1,016,509</b>                | <b>\$ 1,023,423</b>           | <b>\$ 6,914</b>                   | <b>\$ 1,023,423</b>         | <b>\$ 6,914</b>                     |
| FTE Positions               | 14.0                               | 14.0                          | 0.0                               | 14.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$1.0 million, all from the Cosmetology Fee Fund, in FY 2018. The request is an increase of \$6,914, or 0.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's supplemental request totaling \$8,914 for contractual services increases for fees and costs associated with information technology support from the Office of Information Technology (OITS) and licensing software and database hosting by the Board of Healing Arts for the agency's online license application and renewal process. The agency requests 14.0 FTE positions, which is unchanged from the FY 2018 approved number.

**Absent the supplemental**, the agency request is \$1.0 million, all from the Cosmetology Fee Fund, which is \$2,000, or 0.2 percent, below the amount approved by the 2017 Legislature.

Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$714,394 for salaries and wages for FY 2018, which is unchanged from the the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$264,164 for contractual services for FY 2018, which is an increase of \$22,799, or 9.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to fees (\$10,105), including those associated with the supplemental request (\$8,914); travel and subsistence (\$7,375); and office space rent (\$2,000);
- **Commodities.** The agency requests \$21,415 for commodities for FY 2018, which is a decrease of \$10,935, or 33.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in estimated fuel costs for inspection vehicles (\$10,300); and

- **Capital Outlay.** The agency requests \$23,450 for capital outlay for FY 2018, a decrease of \$4,950, or 17.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for computers and computer equipment (\$7,000), which is partially offset by an increase in office equipment and furniture (\$2,350).

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

## Supplemental Detail

| FY 2018 SUPPLEMENTALS                |                 |           |     |                           |           |     |
|--------------------------------------|-----------------|-----------|-----|---------------------------|-----------|-----|
| Supplementals                        | Agency Estimate |           |     | Governor's Recommendation |           |     |
|                                      | SGF             | All Funds | FTE | SGF                       | All Funds | FTE |
| IT Services - Information Technology | \$ 0            | \$ 8,914  | 0.0 | \$ 0                      | \$ 8,914  | 0.0 |

The **agency** request includes a supplemental totaling \$8,914, all from the Board of Cosmetology Fee Fund, for increases in fees and costs associated with information technology support from OITS and licensing software and database hosting by the Board of Healing Arts for the agency's online license application and renewal process.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,019,564                          | 1,041,172                     | 21,608                            | 1,041,172                   | 21,608                              |
| <b>TOTAL</b>                | <b>\$ 1,019,564</b>                | <b>\$ 1,041,172</b>           | <b>\$ 21,608</b>                  | <b>\$ 1,041,172</b>         | <b>\$ 21,608</b>                    |
| FTE Positions               | 14.0                               | 14.0                          | 0.0                               | 14.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$1.0 million, all from the Cosmetology Fee Fund, for FY 2019. The request is an increase of \$21,608, or 2.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to increases in salaries and wages (\$14,489) and contractual services (\$27,504), which is partially offset by decreases in commodities (\$14,935) and capital outlay (\$5,450) expenditures. The request includes a supplemental request totaling \$7,119 for contractual services increases for fees and costs associated with information technology support from the Office of Information Technology Services (OITS) and licensing software and database hosting by the Board of Healing Arts for

the agency's online license application and renewal process. The agency requests 14.0 FTE positions, which is unchanged from the FY 2018 approved number.

**Absent the supplemental**, the agency request is \$1.0 million, all from the Cosmetology Fee Fund, which is \$14,489, or 1.4 percent, above the amount approved by the 2017 Legislature.

Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$730,143 for salaries and wages for FY 2019, which is \$14,489, or 2.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$79,860) and fringe benefits, including health benefits (\$14,789) and KPERS contributions (\$7,051), which is partially offset by a decrease in unclassified temporary salaries and wages (\$73,859), classified regular salaries and wages (\$8,718), and classified temporary salaries and wages (\$5,002);
- **Contractual Services.** The agency requests \$265,664 for contractual services for FY 2019, which is \$27,504, or 11.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to fees (\$31,310), including those associated with the supplemental request (\$7,119); travel and subsistence (\$7,875); and repairing and servicing expenditures (\$1,320). The increase is offset by a decrease in OITS and non-OITS computer programming, processing, and database services (\$12,000);
- **Commodities.** The agency requests \$22,415 for commodities for FY 2019, which is \$14,935, or 40.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in estimated fuel costs for inspection vehicles (\$14,300); and
- **Capital Outlay.** The agency requests \$22,950 for capital outlay for FY 2019, which is \$5,450, or 19.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for computers and computer equipment (\$7,000), which is partially offset by an increase in office equipment and furniture (\$2,100).

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

## Supplemental Detail

| FY 2019 SUPPLEMENTALS                            |                 |           |     |                           |           |     |
|--------------------------------------------------|-----------------|-----------|-----|---------------------------|-----------|-----|
| Supplementals                                    | Agency Estimate |           |     | Governor's Recommendation |           |     |
|                                                  | SGF             | All Funds | FTE | SGF                       | All Funds | FTE |
| Contractual Services -<br>Information Technology | \$ 0            | \$ 7,119  | 0.0 | \$ 0                      | \$ 7,119  | 0.0 |

The request includes a supplemental totaling \$7,119, all from the Board of Cosmetology Fee Fund, for increases in fees and costs associated with information technology support from OITS and licensing software and database hosting by the Board of Healing Arts for the agency's online license application and renewal process.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,920, and FY 2019 longevity payments total \$1,960.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source       | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------|--------------------------------------------|------------------------------------------|
| State General Fund   | 0.0 %                                      | 0.0 %                                    |
| Cosmetology Fee Fund | 100.0                                      | 100.0                                    |
| <b>TOTAL</b>         | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Board of Cosmetology Fee Fund Analysis

The Board of Cosmetology is a fee-funded agency. The revenue received provides financing for all agency operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited in the State General Fund. KSA 65-1904 allows for the collection of revenue by the agency.

| Resource Estimate                            | Actual<br>FY 2017   | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|---------------------|-------------------------------|-----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 282,019          | \$ 292,331                    | \$ 292,331            | \$ 275,022                    | \$ 275,022           |
| Revenue                                      | 967,409             | 1,006,114                     | 1,006,114             | 1,050,170                     | 1,050,170            |
| Transfers in                                 | 0                   | 0                             | 0                     | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 1,249,428</b> | <b>\$ 1,298,445</b>           | <b>\$ 1,298,445</b>   | <b>\$ 1,325,192</b>           | <b>\$ 1,325,192</b>  |
| Less:                                        |                     |                               |                       |                               |                      |
| Expenditures                                 | 957,097             | 1,023,423                     | 1,023,423             | 1,041,172                     | 1,041,172            |
| Transfers Out                                | 0                   | 0                             | 0                     | 0                             | 0                    |
| Off Budget Expenditures                      | 0                   | 0                             | 0                     | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 292,331</b>   | <b>\$ 275,022</b>             | <b>\$ 275,022</b>     | <b>\$ 284,020</b>             | <b>\$ 284,020</b>    |
| Ending Balance as Percent of<br>Expenditures | 30.5%               | 26.9%                         | 26.9%                 | 27.3%                         | 27.3%                |
| Month Highest Ending<br>Balance              | June<br>\$ 292,331  | May<br>\$ 300,439             | May<br>\$ 300,439     | May<br>\$ 306,266             | May<br>\$ 306,266    |
| Month Lowest Ending<br>Balance               | July<br>\$ 199,705  | October<br>\$ 255,657         | October<br>\$ 255,657 | July<br>\$ 245,601            | July<br>\$ 245,601   |

# **BOARD OF COSMETOLOGY LICENSURE FEES**

| License                                                 | Current<br>Fee | Statutory<br>Limit |
|---------------------------------------------------------|----------------|--------------------|
| <b>Cosmetology Profession Practitioners:</b>            |                |                    |
| Cosmetologist Licenses (initial)                        | \$ 60          | \$ 60              |
| Cosmetologist License (renewal)                         | 50             | 60                 |
| Cosmetologist Instructor License (initial)              | 75             | 100                |
| Cosmetologist Instructor License (renewal)              | 50             | 75                 |
| Cosmetologist Technician License (renewal)              | 45             | 60                 |
| Electrologist License (initial)                         | 60             | 60                 |
| Electrologist License (renewal)                         | 50             | 60                 |
| Esthetician License (initial)                           | 60             | 60                 |
| Esthetician License (renewal)                           | 50             | 60                 |
| Esthetics Instructor License (initial)                  | 75             | 100                |
| Esthetics Instructor License (renewal)                  | 50             | 75                 |
| Nail Technician/Manicurist License (initial)            | 60             | 60                 |
| Nail Technician/Manicurist License (renewal)            | 50             | 60                 |
| Nail Technician/Manicurist Instructor License (initial) | 75             | 100                |
| Nail Technician/Manicurist Instructor License (renewal) | 50             | 75                 |
| Reciprocity Application Fee                             | 75             | 75                 |
| <b>Body Art Profession Practitioners:</b>               |                |                    |
| Body Piercing License (initial)                         | 50             | *                  |
| Body Piercing License (renewal)                         | 50             | *                  |
| Tattooist License (initial)                             | 50             | *                  |
| Tattooist License (renewal)                             | 50             | *                  |
| Cosmetic/Permanent Tattoo Artist License (initial)      | 50             | *                  |
| Cosmetic/Permanent Tattoo Artist License (renewal)      | 50             | *                  |
| <b>Cosmetology Profession Establishments:</b>           |                |                    |
| Salon or Clinic License (initial)                       | 60             | 100                |
| Salon or Clinic License (renewal)                       | 50             | 50                 |
| <b>Body Art Profession Establishments:</b>              |                |                    |
| Establishment License (initial)                         | 50             | *                  |
| Establishment License (renewal)                         | 50             | *                  |
| <b>Tanning Establishments:</b>                          |                |                    |
| Tanning License (initial)                               | 100            | *                  |
| Tanning License (renewal)                               | 75             | *                  |

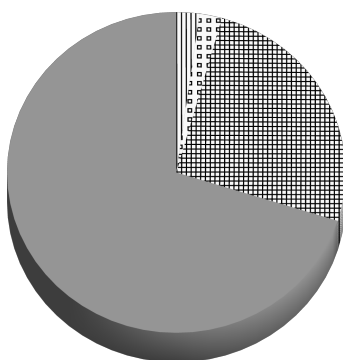
\* Body Art and Tanning licenses have no statutory maximum.

## OBJECT DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages Contractual Services Commodities Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 730,143                        | 70.1 %              | \$ 0                        | -- %                |
| Contractual Services | 265,664                           | 25.5                | 0                           | --                  |
| Commodities          | 22,415                            | 2.2                 | 0                           | --                  |
| Capital Outlay       | 22,950                            | 2.2                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 1,041,172</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 14.0              | 14.0                   | 14.0                 | 14.0                   | 14.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

| PERFORMANCE MEASURES                                   |                          |                   |                      |                      |
|--------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of school seminars held annually                | 2                        | 2                 | 2                    | 2                    |
| Percent of salons/facilities inspected annually        | N/A                      | 83.0%             | 85.0%                | 85.0%                |
| Percent of licenses issued after first application     | N/A                      | 85.0%             | 85.0%                | 85.0%                |
| Percent increase of online renewals over previous year | N/A                      | 91.9%             | 2.0%                 | 2.0%                 |

# DEPARTMENT OF CREDIT UNIONS

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 1,002,536           | 1,191,930              | 1,191,930            | 1,216,878              | 1,216,878            |
| <i>Subtotal</i>         | <i>\$ 1,002,536</i> | <i>\$ 1,191,930</i>    | <i>\$ 1,191,930</i>  | <i>\$ 1,216,878</i>    | <i>\$ 1,216,878</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 1,002,536</b> | <b>\$ 1,191,930</b>    | <b>\$ 1,191,930</b>  | <b>\$ 1,216,878</b>    | <b>\$ 1,216,878</b>  |

## Percentage Change:

### Operating Expenditures

|                    |       |      |      |      |      |
|--------------------|-------|------|------|------|------|
| State General Fund | -- %  | -- % | -- % | -- % | -- % |
| All Funds          | (2.1) | 18.9 | 18.9 | 2.1  | 2.1  |
| FTE Positions      | 12.0  | 12.0 | 12.0 | 12.0 | 12.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The mission of the Kansas Department of Credit Unions is to protect Kansas citizens from undue risk by ensuring safe and sound operation of state-chartered credit unions. The agency regulates state-chartered credit unions to assure compliance with state and federal laws, and is empowered to conduct examinations, grant new charters, approve mergers, and provide for liquidation procedures when necessary. There are 74 natural-person member-owned state-chartered credit unions and one corporate credit union in Kansas under the agency's supervision.

Concurrently with the Department of Credit Unions, the National Credit Unions Administration (NCUA), a federal agency, administers a network of federal-chartered credit unions operating in Kansas. State-chartered credit unions are required by law to insure their deposits through the NCUA. Federal-chartered credit unions are exempt from the Department of Credit Unions' oversight.

The Department of Credit Unions performs examinations of the state-chartered credit unions at least once every 18 months. The agency's goals are to complete an annual examination of each credit union, handle consumer complaints within 30 days from the date received, and provide timely supervisory call backs on monitoring of problem credit unions. Credit unions pay an annual operation fee based on asset size, which is set by the Credit Union Administrator, and based on expenditure limits approved by the Legislature.

The agency is supervised by the Credit Union Administrator, who is appointed to a four-year term by the Governor, subject to confirmation by the Senate. The Administrator is advised by the Credit Union Council, a seven-member council appointed by the Governor. Each Council member serves a three-year term and is limited to two consecutive terms. Five of the appointed members must be officers of Kansas state-chartered credit unions with at least one member being from each congressional district in the state. The remainder of the members are from the state at-large. No more than four of the seven members can be of the same political party.

## MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** authorized the transfer of remaining balances over \$200,000 from selected biennial budget agency fee funds to the State General Fund in FY 2005. The amount certified by the Director of the Budget on April 19, 2004, for the Department of Credit Unions was \$147,036.

The **2011 Legislature** approved a reduction of the Department's overhead transfer to the State General Fund. Beginning with FY 2012, the transfer was reduced from \$200,000 to \$100,000. The reduction in the overhead transfer allowed the Department to rebuild the carryover fund back to an amount consistent with the National Association of State Credit Union Supervisors (NASCUS) accreditation standards, which recommends the Department maintain a reserve of one quarter's budget year expenses in its carryover fund.

The **2012 Legislature** approved an increase of \$91,910, all from the Credit Union Fee Fund, to restore funding deleted for savings from the Voluntary Retirement Incentive Program for FY 2013.

The **2013 Legislature** approved an increase of \$36,819, all from the Credit Union Fee Fund, to move employees into unclassified service and increase salaries to address high turnover of credit union examiners for FY 2014 and FY 2015. The Legislature also approved a reduction of \$11,405, all from the Credit Union Fee Fund, for reduced funding for salaries and wages for FY 2015.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests FY 2018 operating expenditures of \$1.2 million, all from special revenue funds. The request is the same as the amount approved by the 2017 Legislature. The agency requests 12.0 FTE positions, the same as the approved number.

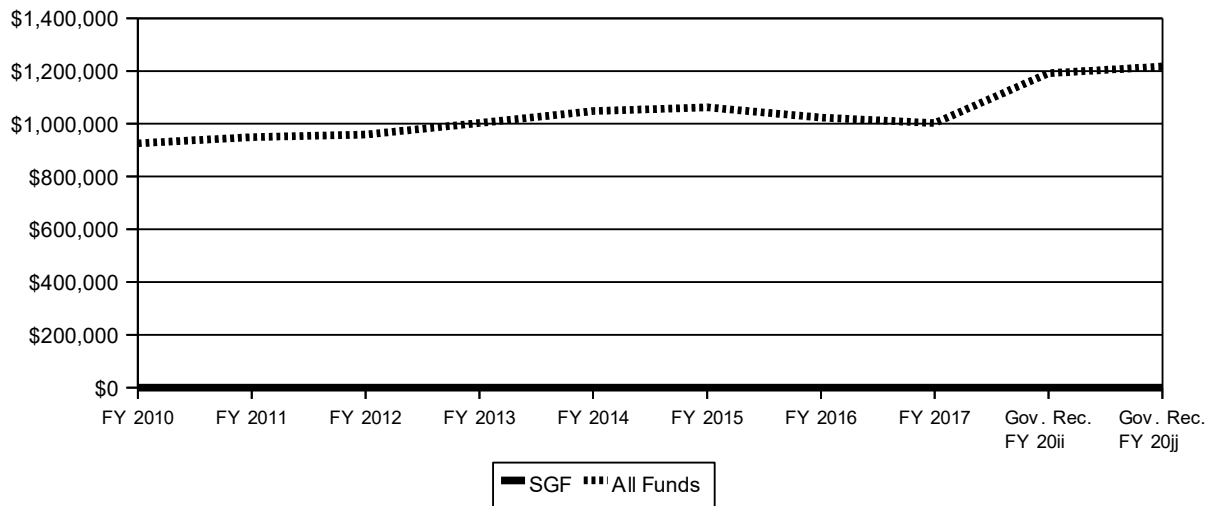
The **Governor** concurs with the agency's estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests FY 2019 operating expenditures of \$1.2 million, all from special revenue funds. The request is the same as the amount approved by the 2017 Legislature. The agency requests 12.0 FTE positions, the same as the approved number.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds  | % Change | FTE  |
|---------------------------------|------|----------|------------|----------|------|
| 2010                            | \$ 0 | -- %     | \$ 925,788 | 5.8 %    | 12.0 |
| 2011                            | 0    | --       | 949,371    | 2.5      | 12.0 |
| 2012                            | 0    | --       | 959,142    | 1.0      | 12.0 |
| 2013                            | 0    | --       | 1,003,054  | 4.6      | 12.0 |
| 2014                            | 0    | --       | 1,048,209  | 4.5      | 12.0 |
| 2015                            | 0    | --       | 1,062,122  | 1.3      | 12.0 |
| 2016                            | 0    | --       | 1,023,683  | (3.6)    | 12.0 |
| 2017                            | 0    | --       | 1,002,536  | (2.1)    | 12.0 |
| 2018 Gov. Rec.                  | 0    | --       | 1,191,930  | 18.9     | 12.0 |
| 2019 Gov. Rec.                  | 0    | --       | 1,216,878  | 2.1      | 12.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 291,090 | 31.4 %   | 0.0  |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        |              | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|--------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |              | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |              |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Administration                         | \$ 1,002,536 | \$ 1,191,930        | \$ 1,216,878        | \$ 24,948                      | 2.1 %                           | \$ 1,191,930    | \$ 1,216,878              | \$ 24,948                      | 2.1 %                           |  |  |
| <b>By Major Object of Expenditure:</b> |              |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 780,835   | \$ 926,916          | \$ 943,233          | \$ 16,317                      | 1.8 %                           | \$ 926,916      | \$ 943,233                | \$ 16,317                      | 1.8 %                           |  |  |
| Contractual Services                   | 184,231      | 218,437             | 226,744             | 8,307                          | 3.8                             | 218,437         | 226,744                   | 8,307                          | 3.8                             |  |  |
| Commodities                            | 17,336       | 25,372              | 25,632              | 260                            | 1.0                             | 25,372          | 25,632                    | 260                            | 1.0                             |  |  |
| Capital Outlay                         | 20,134       | 21,205              | 21,269              | 64                             | 0.3                             | 21,205          | 21,269                    | 64                             | 0.3                             |  |  |
| Debt Service                           | 0            | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 1,002,536 | \$ 1,191,930        | \$ 1,216,878        | \$ 24,948                      | 2.1 %                           | \$ 1,191,930    | \$ 1,216,878              | \$ 24,948                      | 2.1 %                           |  |  |
| Aid to Local Units                     | 0            | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0            | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 1,002,536 | \$ 1,191,930        | \$ 1,216,878        | \$ 24,948                      | 2.1 %                           | \$ 1,191,930    | \$ 1,216,878              | \$ 24,948                      | 2.1 %                           |  |  |
| <b>Financing:</b>                      |              |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0         | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0            | \$ 0                      | \$ 0                           | -- %                            |  |  |
| Credit Union Fee Fund                  | 1,002,536    | 1,191,930           | 1,216,878           | 24,948                         | 2.1                             | 1,191,930       | 1,216,878                 | 24,948                         | 2.1                             |  |  |
| TOTAL                                  | \$ 1,002,536 | \$ 1,191,930        | \$ 1,216,878        | \$ 24,948                      | 2.1 %                           | \$ 1,191,930    | \$ 1,216,878              | \$ 24,948                      | 2.1 %                           |  |  |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,191,930                          | 1,191,930                     | 0                                 | 1,191,930                   | 0                                   |
| <b>TOTAL</b>                | <b>\$ 1,191,930</b>                | <b>\$ 1,191,930</b>           | <b>\$ 0</b>                       | <b>\$ 1,191,930</b>         | <b>\$ 0</b>                         |
| FTE Positions               | 12.0                               | 12.0                          | 0.0                               | 12.0                        | 0.0                                 |

The **agency** requests FY 2018 operating expenditures of \$1.2 million, all from the Credit Union Fee Fund. The request is the same as the amount approved by the 2017 Legislature. The agency requests 12.0 FTE positions, the same as the approved number.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,216,878                          | 1,216,878                     | 0                                 | 1,216,878                   | 0                                   |
| <b>TOTAL</b>                | <b>\$ 1,216,878</b>                | <b>\$ 1,216,878</b>           | <b>\$ 0</b>                       | <b>\$ 1,216,878</b>         | <b>\$ 0</b>                         |
| FTE Positions               | 0.0                                | 12.0                          | 12.0                              | 12.0                        | 12.0                                |

The **agency** requests FY 2019 operating expenditures of \$1.2 million, all from the Credit Union Fee Fund. The request is the same as the amount approved by the 2017 Legislature. The agency requests 12.0 FTE positions, the same as the approved number.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$0, including \$0 from the State General Fund, and FY 2019 longevity payments total \$0, including \$0 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------|--------------------------------------------|------------------------------------------|
| Credit Union Fee Fund | 100.0 %                                    | 100.0 %                                  |

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

## Credit Union Fee Fund Analysis

The Department of Credit Unions receives revenue from fees based on the December 31 asset size of state-chartered credit unions. Prior to June 1 of each year, the Credit Union Administrator, after advising the Credit Union Council, establishes annual operation fees that are determined to be sufficient to meet the budget requirements of the agency. Fees are assessed according to tiered fee schedules developed by the agency.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 509,734           | \$ 481,511                    | \$ 481,511           | \$ 433,581                    | \$ 433,581             |
| Revenue                                      | 974,313              | 1,144,000                     | 1,144,000            | 1,212,681                     | 1,212,681              |
| Transfers in                                 | 0                    | 0                             | 0                    | 0                             | 0                      |
| <b>Funds Available</b>                       | <b>\$ 1,484,047</b>  | <b>\$ 1,625,511</b>           | <b>\$ 1,625,511</b>  | <b>\$ 1,646,262</b>           | <b>\$ 1,646,262</b>    |
| Less:                                        |                      |                               |                      |                               |                        |
| Expenditures                                 | \$ 1,002,536         | \$ 1,191,930                  | \$ 1,191,930         | \$ 1,216,878                  | \$ 1,216,878           |
| Transfers Out                                | 0                    | 0                             | 0                    | 0                             | 0                      |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                      |
| <b>Ending Balance</b>                        | <b>\$ 481,511</b>    | <b>\$ 433,581</b>             | <b>\$ 433,581</b>    | <b>\$ 429,384</b>             | <b>\$ 429,384</b>      |
| Ending Balance as Percent of<br>Expenditures | 48.0%                | 36.4%                         | 36.4%                | 35.3%                         | 35.3%                  |
| Month Highest Ending Balance                 | August<br>\$ 909,485 | July<br>\$ 1,137,792          | July<br>\$ 1,137,792 | August<br>\$ 1,138,559        | August<br>\$ 1,138,559 |
| Month Lowest Ending Balance                  | June<br>\$ 481,511   | June<br>\$ 433,581            | June<br>\$ 433,581   | June<br>\$ 429,384            | June<br>\$ 429,384     |

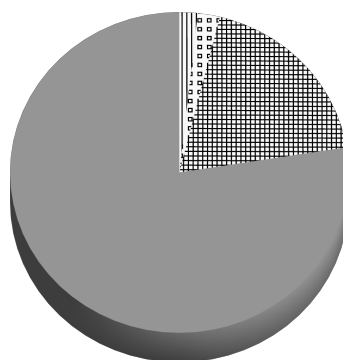
| DEPARTMENT OF CREDIT UNIONS LICENSURE FEES               |                |                    |
|----------------------------------------------------------|----------------|--------------------|
| License                                                  | Current<br>Fee | Statutory<br>Limit |
| Total Assets Under \$1,000,000                           | \$ 0           | \$ 0               |
| Total Assets Over \$1,000,000, less than \$5,000,000     | 180            | 180                |
| Total Assets Over \$5,000,000, less than \$20,000,000    | 900            | 900                |
| Total Assets Over \$20,000,000, less than \$50,000,000   | 3,600          | 3,600              |
| Total Assets Over \$50,000,000, less than \$100,000,000  | 9,000          | 9,000              |
| Total Assets Over \$100,000,000, less than \$150,000,000 | 18,000         | 18,000             |
| Total Assets Over \$150,000,000                          | 27,000         | 27,000             |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 943,233                        | 77.5 %              | \$ 0                        | -- %                |
| Contractual Services | 226,744                           | 18.6                | 0                           | --                  |
| Commodities          | 25,632                            | 2.1                 | 0                           | --                  |
| Capital Outlay       | 21,269                            | 1.7                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 1,216,878</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program               | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-----------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Credit Union Fee Fund | 12.0              | 12.0                   | 12.0                 | 12.0                   | 12.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                                                             | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|-----------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Percent of credit unions receiving regulation examinations within the statutory 18-month time frame | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Number of examinations administered                                                                 | 75                       | 60                | 60                   | 60                   |
| Number of state-chartered credit unions                                                             | 67                       | 65                | 65                   | 64                   |

# KANSAS DENTAL BOARD

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 374,518           | 422,052                | 422,052              | 426,772                | 426,772              |
| <i>Subtotal</i>         | <i>\$ 374,518</i> | <i>\$ 422,052</i>      | <i>\$ 422,052</i>    | <i>\$ 426,772</i>      | <i>\$ 426,772</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 374,518</b> | <b>\$ 422,052</b>      | <b>\$ 422,052</b>    | <b>\$ 426,772</b>      | <b>\$ 426,772</b>    |

## Percentage Change:

|                        |       |      |      |      |      |
|------------------------|-------|------|------|------|------|
| Operating Expenditures |       |      |      |      |      |
| State General Fund     | -- %  | -- % | -- % | -- % | -- % |
| All Funds              | (3.5) | 12.7 | 12.7 | 1.1  | 1.1  |
| FTE Positions          | 3.0   | 3.0  | 3.0  | 3.0  | 3.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Dental Board was established in 1943 to enforce the Dental Practices Act, KSA 65-1420 to 65-1469. The Board licenses qualified candidates desiring to practice dentistry or dental hygiene in Kansas, administers examinations, and issues credentials to applicants according to licensure regulations. The Board also issues sedation permits to dentists and extended care permits to hygienists.

The Board conducts inspections of licensees to ensure compliance with sanitary and other regulations and investigates complaints of incompetence, negligence, illegal practice, and other violations of the Dental Practices Act. When warranted, administrative hearings are held and the Board is empowered to suspend, restrict, or revoke the license of the practitioner.

In 1998, the Board was expanded from five to nine members, including six dentists, two dental hygienists, and one member from the general public. Board members are appointed for four-year terms by the Governor, and of the six licensed dentist Board members, one is to be appointed from each congressional district and two from the state at-large.

Starting in 2006, the Board began staggering the renewal of all licenses based on license numbers. Odd-numbered licenses renew in odd years and even-numbered licenses

renew in even years. Prior to 2006, dentists and hygienists renewed in alternating years. Previously, the Board collected more revenue in years when the dental licenses renewed because renewal fees for dentists are higher. The change has allowed the agency to operate with a more consistent revenue stream.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **2008 Legislature** passed HB 2072, which made two changes to the Dental Practices Act. First, it allowed dental hygienists who are licensed in other states to provide clinical education at meetings of the Kansas State Dental Association or other dental organizations approved by the Board. Second, it required out-of-state applicants who seek licensure by credential to meet the 24-month continuing education requirement applicable to Kansas licensees.

The **2008 Legislature** also passed HB 2781, which amended KSA 65-1435 to allow dentists to own two satellite offices in addition to their primary location as long as those offices meet the following criteria: the satellite offices are within a 125-mile radius of the primary office and the satellite offices are located in counties with populations of less than 10,000.

The **2011 Legislature** passed HB 2181, the Omnibus Health Bill, which allowed the franchise practice of dentistry in Kansas and revised portions of the Dental Practices Act pertaining to definitions and oversight functions of the Board. Under prior law, licensed dentists were prohibited from entering into arrangements with unlicensed proprietors and specifically prohibited from the franchise practice of dentistry.

The **2012 Legislature** passed HB 2631, which made several changes and additions to the Dental Practices Act for the purpose of expanding dental service in the state, including targeting children who are dentally underserved by creating an additional extended care permit (ECP) level of service for dental hygienists via creation of a new permit level (ECP III); encouraging additional capacity for Kansas residents in dental schools; establishing a volunteer license for retired dentists who choose to donate their services in certain settings; expanding the locations where such special volunteer license dentists and dental hygienists may provide free services and be exempt from liability under the Kansas Tort Claims Act; extending the length of time dentists may be employed to provide services to patients after the death or substantial disability of a dentist until the practice can be sold or closed; and directing the ECP III dental hygienist to notify the patient or the patient's legal guardian when the need for treatment by a dentist is indicated.

The **2014 Legislature** passed HB 2611, which amended KSA 65-1435 to reduce the amount of time a dentist actively must work in a dental office he or she owns or advertise under their name to 20.0 percent of the time patients are being treated in that office. Under prior law, a dentist had to be present a majority of the time patients were being treated.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$422,052, all from special revenue funds, in FY 2018. There are no changes from the amount approved by the 2017 Legislature. The agency has transitioned from one program, Administration, to three separate programs: Licensing, Legal, and Inspections. This transition did not result in any changes to overall expenditures.

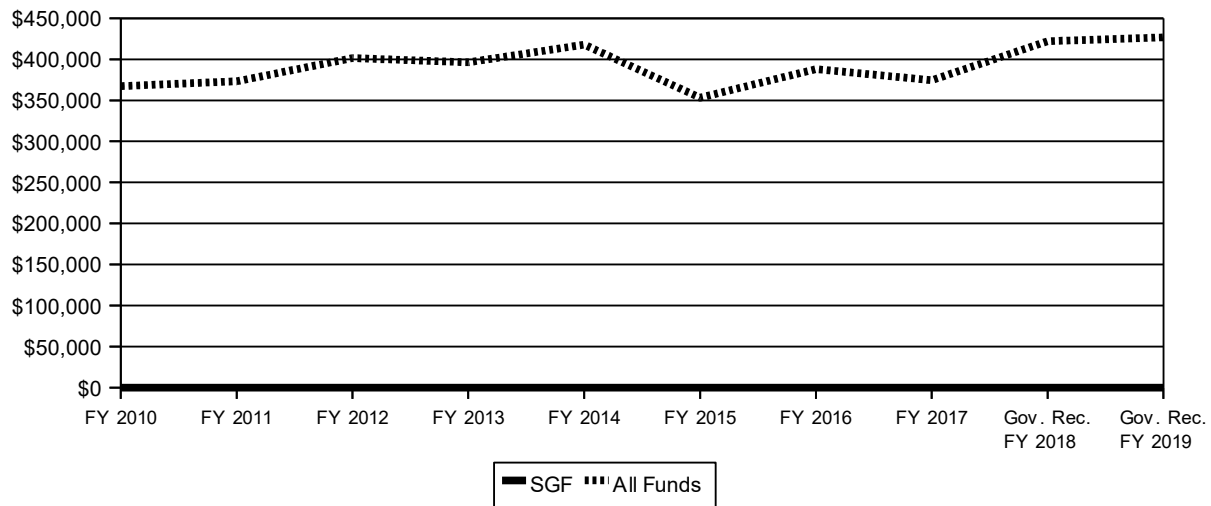
The **Governor** concurs with the agency's revised request, which is the same as the approved amount.

***FY 2019 – Budget Year.*** The **agency** requests a revised estimate of \$426,772, all from special revenue funds, for FY 2019. There are no changes from the amount approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised request, which is the same as the approved amount.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds  | % Change | FTE |
|-----------------|------|----------|------------|----------|-----|
| 2010            | \$ 0 | %        | \$ 367,285 | 1.6 %    | 3.0 |
| 2011            | 0    | --       | 373,237    | 1.6      | 3.0 |
| 2012            | 0    | --       | 401,457    | 7.6      | 3.0 |
| 2013            | 0    | --       | 396,337    | (1.3)    | 3.0 |
| 2014            | 0    | --       | 417,868    | 5.4      | 3.0 |
| 2015            | 0    | --       | 353,244    | (15.5)   | 3.0 |
| 2016            | 0    | --       | 388,081    | 9.9      | 3.0 |
| 2017            | 0    | --       | 374,518    | (3.5)    | 3.0 |
| 2018 Gov. Rec.  | 0    | --       | 422,052    | 12.7     | 3.0 |
| 2019 Gov. Rec.  | 0    | --       | 426,772    | 1.1      | 3.0 |
| Ten-Year Change |      |          |            |          |     |
| Dollars/Percent | \$ 0 | -- %     | \$ 59,487  | 16.2 %   | 0.0 |



**Summary of Operating Budget FY 2017 - FY 2019**

Kansas Dental Board

|                                        |           | Agency Estimate   |                     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |  |
|----------------------------------------|-----------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|--|
|                                        |           | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |
| <b>By Program:</b>                     |           |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |  |
| Administration                         | \$        | 374,518           | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |  |
| Licensing                              |           | 0                 | 280,052             | 284,772             | 4,720                          | 1.7                             | 280,052                   | 284,772           | 4,720                          | 1.7                             |  |
| Legal                                  |           | 0                 | 106,000             | 106,000             | 0                              | 0.0                             | 106,000                   | 106,000           | 0                              | 0.0                             |  |
| Inspections                            |           | 0                 | 36,000              | 36,000              | 0                              | 0.0                             | 36,000                    | 36,000            | 0                              | 0.0                             |  |
| <b>TOTAL</b>                           | <b>\$</b> | <b>374,518</b>    | <b>\$ 422,052</b>   | <b>\$ 426,772</b>   | <b>\$ 4,720</b>                | <b>1.1 %</b>                    | <b>\$ 422,052</b>         | <b>\$ 426,772</b> | <b>\$ 4,720</b>                | <b>1.1 %</b>                    |  |
| <b>By Major Object of Expenditure:</b> |           |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |  |
| Salaries and Wages                     | \$        | 182,728           | \$ 189,931          | \$ 193,852          | \$ 3,921                       | 2.1 %                           | \$ 189,931                | \$ 193,852        | \$ 3,921                       | 2.1 %                           |  |
| Contractual Services                   |           | 181,430           | 226,796             | 227,463             | 667                            | 0.3                             | 226,796                   | 227,463           | 667                            | 0.3                             |  |
| Commodities                            |           | 8,396             | 5,325               | 5,457               | 132                            | 2.5                             | 5,325                     | 5,457             | 132                            | 2.5                             |  |
| Capital Outlay                         |           | 1,964             | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |  |
| Debt Service                           |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |  |
| <i>Subtotal-Operations</i>             | <i>\$</i> | <i>374,518</i>    | <i>\$ 422,052</i>   | <i>\$ 426,772</i>   | <i>\$ 4,720</i>                | <i>1.1 %</i>                    | <i>\$ 422,052</i>         | <i>\$ 426,772</i> | <i>\$ 4,720</i>                | <i>1.1 %</i>                    |  |
| Aid to Local Units                     |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |  |
| Other Assistance                       |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |  |
| <b>TOTAL</b>                           | <b>\$</b> | <b>374,518</b>    | <b>\$ 422,052</b>   | <b>\$ 426,772</b>   | <b>\$ 4,720</b>                | <b>1.1 %</b>                    | <b>\$ 422,052</b>         | <b>\$ 426,772</b> | <b>\$ 4,720</b>                | <b>1.1 %</b>                    |  |
| <b>Financing:</b>                      |           |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |  |
| State General Fund                     | \$        | 0                 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |  |
| Dental Board Fee Fund                  |           | 374,518           | 422,052             | 426,772             | 4,720                          | 1.1                             | 422,052                   | 426,772           | 4,720                          | 1.1                             |  |
| <b>TOTAL</b>                           | <b>\$</b> | <b>374,518</b>    | <b>\$ 422,052</b>   | <b>\$ 426,772</b>   | <b>\$ 4,720</b>                | <b>1.1 %</b>                    | <b>\$ 422,052</b>         | <b>\$ 426,772</b> | <b>\$ 4,720</b>                | <b>1.1 %</b>                    |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 422,052                            | 422,052                       | 0                                 | 422,052                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 422,052</b>                  | <b>\$ 422,052</b>             | <b>\$ 0</b>                       | <b>\$ 422,052</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 3.0                                | 3.0                           | 0.0                               | 3.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$422,052, all from special revenue funds, in FY 2018. The revised estimate includes 3.0 FTE positions. There are no changes from the amount approved by the 2017 Legislature. The agency has transitioned from one program, Administration, to three separate programs: Licensing, Legal, and Inspections. This transition did not result in any changes to overall expenditures.

The **Governor** concurs with the agency's revised request, which is the same as the approved amount.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 426,772                            | 426,772                       | 0                                 | 426,772                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 426,772</b>                  | <b>\$ 426,772</b>             | <b>\$ 0</b>                       | <b>\$ 426,772</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 3.0                                | 3.0                           | 0.0                               | 3.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$426,772, all from special revenue funds, for FY 2019. The revised estimate includes 3.0 FTE positions. There are no changes from the amount approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised request, which is the same as the approved amount.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                  | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------|--------------------------------------------|------------------------------------------|
| Dental Board Fee Fund           | 100.0 %                                    | 100.0 %                                  |
| Special Litigation Reserve Fund | 0.0                                        | 0.0                                      |
| <b>TOTAL</b>                    | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Dental Board Fee Fund Analysis

The Dental Board receives most of its revenue from biennial registration fees. The 1995 Legislature passed legislation changing the Board's practice of annual licensing to biennial licensing. This change reduced the Board's mailing expenses and related costs. Starting in FY 2015, the biennial fee for dentists was reduced from \$300 to \$275, with a statutory maximum of \$325. The biennial fee for dental hygienists was reduced from \$150 to \$125, with a statutory maximum of \$160. These biennial fees will be effective FY 2015 through FY 2018. Projected savings to licensees from reduced fees is over \$350,000. Fees will be reassessed by the agency after FY 2018.

The agency also collects receipts from credential verifications, certification fees, corporation fees, license verifications, penalties, directories of dental personnel, and application fees for examinations. The Board created a *pro rata* fee that helped with the collection of biennial fees listed above. The schedule breaks the fee a licensee pays into 24-month blocks. The agency's statutory fee limits were increased by the 2005 Legislature.

Prior to 2006, dental and hygienist licenses were renewed in alternating years. Since the fee for dental licenses is greater than that of hygienist licenses, the Dental Board was collecting more revenue in years when the dental licenses renewed and less in the years when the hygienist licenses renewed. Starting in 2006, the Board began staggering the renewal of all licenses based on license numbers. Odd-numbered licenses renew in odd years and even-numbered licenses renew in even years.

In FY 2011, the Special Litigation Fund was established to ensure adequate resources in the event of significant legal action against licensees. The agency periodically requests transfers from the Dental Board Fee Fund to the Special Litigation Reserve Fund to ensure necessary funding. The Board does not currently anticipate the need to make transfers into the special litigation reserve fund in FY 2018 or for FY 2019.

The 2017 Legislature authorized a transfer of up to \$18,000 in FY 2018 and for FY 2019 from the Dental Board Fee Fund to the Pharmacy Fee Fund in the Kansas Board of Pharmacy for the operation and maintenance of the Kansas Prescription Monitoring Program (K-TRACS).

As a fee-funded agency, the Dental Board currently contributes the lesser of 10.0 percent or \$100,000 of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a. The table below summarizes estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation, including the \$18,000 transfer to the Kansas Board of Pharmacy.

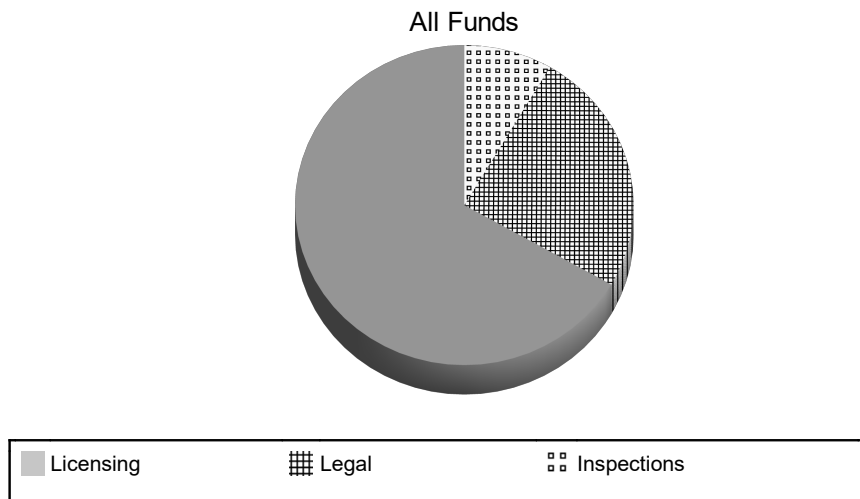
| Resource Estimate                            | Actual<br>FY 2017       | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018    | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019    |
|----------------------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
| Beginning Balance                            | \$ 594,216              | \$ 671,212                    | \$ 671,212              | \$ 681,160                    | \$ 681,160              |
| Revenue                                      | 451,514                 | 450,000                       | 450,000                 | 450,000                       | 450,000                 |
| Transfers in                                 | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Funds Available</b>                       | <b>\$ 1,045,730</b>     | <b>\$ 1,121,212</b>           | <b>\$ 1,121,212</b>     | <b>\$ 1,131,160</b>           | <b>\$ 1,131,160</b>     |
| Less:                                        |                         |                               |                         |                               |                         |
| Expenditures                                 | 374,518                 | 422,052                       | 422,052                 | 426,772                       | 426,772                 |
| Transfers Out                                | 0                       | 18,000                        | 18,000                  | 18,000                        | 18,000                  |
| Off Budget Expenditures                      | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Ending Balance</b>                        | <b>\$ 671,212</b>       | <b>\$ 681,160</b>             | <b>\$ 681,160</b>       | <b>\$ 686,388</b>             | <b>\$ 686,388</b>       |
| Ending Balance as Percent of<br>Expenditures | 179.2%                  | 161.4%                        | 161.4%                  | 160.8%                        | 160.8%                  |
| Month Highest Ending<br>Balance              | December<br>\$ 721,615  | December<br>\$ 817,890        | December<br>\$ 817,890  | December<br>\$ 825,372        | December<br>\$ 825,372  |
| Month Lowest Ending<br>Balance               | September<br>\$ 434,924 | September<br>\$ 540,787       | September<br>\$ 540,787 | September<br>\$ 549,040       | September<br>\$ 549,040 |

| KANSAS DENTAL BOARD FEES FY 2018                                                     |                |                    |
|--------------------------------------------------------------------------------------|----------------|--------------------|
| License                                                                              | Current<br>Fee | Statutory<br>Limit |
| Examination fee for dental applicants                                                | \$ 200         | \$ 200             |
| Subsequent examination fee for dental applicants                                     | 0              | 100                |
| Examination fee for specialty qualifications                                         | 200            | 200                |
| Credentials/qualifications fee                                                       | 300            | 300                |
| Duplicate certificate fee                                                            | 25             | 25                 |
| Certificate fee, including certificate for credentials/qualifications                | 0              | 25                 |
| Biennial license renewal fee for dentists                                            | 275            | 325                |
| Examination fee for dental hygienist applicants                                      | 100            | 100                |
| Subsequent examination fee for dental hygienist applicants                           | 0              | 100                |
| Biennial license renewal fee for dental hygienists                                   | 125            | 160                |
| Reinstatement of a revoked license                                                   | 200            | 2,000              |
| Processing fee for failure to notify of change of address                            | 30             | 100                |
| Registration fee to operate a mobile dental facility or portable dental<br>operation | 350            | 500                |
| Sedation permit fee                                                                  | 100            | 200                |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program      | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|--------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Licensing    | \$ 284,772                        | 66.7 %              | \$ 0                        | -- %                |
| Legal        | 106,000                           | 24.8                | 0                           | --                  |
| Inspections  | 36,000                            | 8.4                 | 0                           | --                  |
| <b>TOTAL</b> | <b>\$ 426,772</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 3.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Licensing      | 0.0               | 3.0                    | 3.0                  | 3.0                    | 3.0                  |
| Legal          | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Inspections    | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>   | <b>3.0</b>        | <b>3.0</b>             | <b>3.0</b>           | <b>3.0</b>             | <b>3.0</b>           |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Licensing

The Licensing program issues new licenses, processes renewals, completes verifications to other state boards, responds to public records requests, answers practice questions from licensees, processes complaints, organizes board meetings, publishes a semi-annual newsletter, responds to correspondence, and performs other administrative functions for the Dental Board. The agency's 3.0 FTE positions are within this program.

| <b>LICENSING</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|----------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                 | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                 |                   |                        |                      |                        |                      |
| Salaries and Wages                                                   | \$ 0              | \$ 189,931             | \$ 189,931           | \$ 193,852             | \$ 193,852           |
| Contractual Services                                                 | 0                 | 84,796                 | 84,796               | 85,463                 | 85,463               |
| Commodities                                                          | 0                 | 5,325                  | 5,325                | 5,457                  | 5,457                |
| Capital Outlay                                                       | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                                         | 0                 | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations                                                | \$ 0              | \$ 280,052             | \$ 280,052           | \$ 284,772             | \$ 284,772           |
| Aid to Local Units                                                   | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                     | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                         | <b>\$ 0</b>       | <b>\$ 280,052</b>      | <b>\$ 280,052</b>    | <b>\$ 284,772</b>      | <b>\$ 284,772</b>    |
| <b>Financing:</b>                                                    |                   |                        |                      |                        |                      |
| State General Fund                                                   | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                      | 0                 | 280,052                | 280,052              | 284,772                | 284,772              |
| <b>TOTAL</b>                                                         | <b>\$ 0</b>       | <b>\$ 280,052</b>      | <b>\$ 280,052</b>    | <b>\$ 284,772</b>      | <b>\$ 284,772</b>    |
| FTE Positions                                                        | 0.0               | 3.0                    | 3.0                  | 3.0                    | 3.0                  |

The **agency** requests \$280,052, all from special revenue funds, in FY 2018. Overall, there is no change from the amount approved by the 2017 Legislature for the activities performed within this program. Expenditures were previously approved within the Administration program. The agency request includes 3.0 FTE positions, which is the same as the approved number.

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

The **agency** requests \$284,772 for FY 2019. Overall, there is no change from the amount approved by the 2017 Legislature for the activities performed within this program. Expenditures were previously approved within the Administration program. The agency request includes 3.0 FTE positions, which is the same as the approved number.

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

## B. Legal

The agency contracts for legal services associated with hearings to determine necessary disciplinary action such as suspension, restriction, or revocation of a practitioner's license. Administrative hearings are held by the Board as warranted following an investigation resulting



from a complaint of incompetence, negligence, illegal practice, or other violations of the Dental Practices Act.

| LEGAL<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|----------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                               | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                               |                   |                        |                      |                        |                      |
| Salaries and Wages                                 | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Contractual Services                               | 0                 | 106,000                | 106,000              | 106,000                | 106,000              |
| Commodities                                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                     | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                       | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                       | <i>\$ 0</i>       | <i>\$ 106,000</i>      | <i>\$ 106,000</i>    | <i>\$ 106,000</i>      | <i>\$ 106,000</i>    |
| Aid to Local Units                                 | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                   | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                       | <b>\$ 0</b>       | <b>\$ 106,000</b>      | <b>\$ 106,000</b>    | <b>\$ 106,000</b>      | <b>\$ 106,000</b>    |
| <b>Financing:</b>                                  |                   |                        |                      |                        |                      |
| State General Fund                                 | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                    | 0                 | 106,000                | 106,000              | 106,000                | 106,000              |
| <b>TOTAL</b>                                       | <b>\$ 0</b>       | <b>\$ 106,000</b>      | <b>\$ 106,000</b>    | <b>\$ 106,000</b>      | <b>\$ 106,000</b>    |
| FTE Positions                                      | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests \$106,000, all from special revenue funds, in FY 2018. Overall, there is no change from the amount approved by the 2017 Legislature for the activities performed within this program. Expenditures were previously approved within the Administration program. The program does not include any FTE positions as legal services are contracted from outside of the agency.

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

The **agency** requests \$106,000, all from special revenue funds, for FY 2019. Overall, there is no change from the amount approved by the 2017 Legislature for the activities performed within this program. Expenditures were previously approved within the Administration program. The program does not include any FTE positions as legal services are contracted from outside of the agency.

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

### **C. Inspections**

Similar to the Legal program, activities within the Inspections program are contracted from outside of the agency. A contract dentist investigates complaints and performs sanitation inspections of dental offices throughout the state.

| INSPECTIONS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|----------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                     | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                     |                   |                        |                      |                        |                      |
| Salaries and Wages                                       | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Contractual Services                                     | 0                 | 36,000                 | 36,000               | 36,000                 | 36,000               |
| Commodities                                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                           | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                             | <i>\$ 0</i>       | <i>\$ 36,000</i>       | <i>\$ 36,000</i>     | <i>\$ 36,000</i>       | <i>\$ 36,000</i>     |
| Aid to Local Units                                       | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                         | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                             | <b>\$ 0</b>       | <b>\$ 36,000</b>       | <b>\$ 36,000</b>     | <b>\$ 36,000</b>       | <b>\$ 36,000</b>     |
| <b>Financing:</b>                                        |                   |                        |                      |                        |                      |
| State General Fund                                       | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                          | 0                 | 36,000                 | 36,000               | 36,000                 | 36,000               |
| <b>TOTAL</b>                                             | <b>\$ 0</b>       | <b>\$ 36,000</b>       | <b>\$ 36,000</b>     | <b>\$ 36,000</b>       | <b>\$ 36,000</b>     |
| FTE Positions                                            | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests \$36,000, all from special revenue funds, in FY 2018. Overall, there is no change from the amount approved by the 2017 Legislature for the activities performed within this program. Expenditures were previously approved within the Administration program. The program does not include any FTE positions as investigation and inspection services are contracted outside of the agency.

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

The **agency** requests \$36,000, all from special revenue funds, for FY 2019. Overall, there is no change from the amount approved by the 2017 Legislature for the activities performed within this program. Expenditures were previously approved within the Administration program. The program does not include any FTE positions as investigation and inspection services are contracted outside of the agency.

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

| PERFORMANCE MEASURES                |                          |                   |                      |                      |
|-------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                             | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of complaints received       | 100                      | 83                | 100                  | 100                  |
| Number of disciplinary actions      | 8                        | 8                 | 8                    | 8                    |
| Number of dental office inspections | 360                      | 360               | 360                  | 360                  |

# GOVERNMENTAL ETHICS COMMISSION

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 373,656        | \$ 385,372             | \$ 385,372           | \$ 380,344             | \$ 380,344           |
| Other Funds             | 229,193           | 243,762                | 243,762              | 267,660                | 267,660              |
| <i>Subtotal</i>         | <i>\$ 602,849</i> | <i>\$ 629,134</i>      | <i>\$ 629,134</i>    | <i>\$ 648,004</i>      | <i>\$ 648,004</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 602,849</b> | <b>\$ 629,134</b>      | <b>\$ 629,134</b>    | <b>\$ 648,004</b>      | <b>\$ 648,004</b>    |

## Percentage Change:

### Operating Expenditures

|                    |       |       |       |         |         |
|--------------------|-------|-------|-------|---------|---------|
| State General Fund | 0.6 % | 3.1 % | 3.1 % | (1.3) % | (1.3) % |
| All Funds          | 1.9   | 4.4   | 4.4   | 3.0     | 3.0     |

|               |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|
| FTE Positions | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
|---------------|-----|-----|-----|-----|-----|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Governmental Ethics Commission is charged with administering, interpreting, and enforcing the Campaign Finance Act and laws relating to conflicts of interest, financial disclosure, and the regulation of lobbying. These laws establish the public's right to information about the financial affairs of Kansas' public officials, lobbyists, and candidates for state and local office. In addition, the Commission renders advisory opinions and can adopt rules and regulations.

Each year, the Commission receives thousands of financial disclosure reports filed by candidates, political parties and party committees, public officials, and lobbyists. During non-election years, the Commission staff conduct comprehensive audits of previous filings; review and enter data from the January reports to compile campaign finance statistics; process new candidate Appointment of Treasurer forms and Political Action Committee Statement of Organization forms; ensure all persons subject to Commission regulation receive all pertinent campaign finance information for upcoming elections; process failure to file notices; and file complaints. During election years, the Commission devotes 80.0 percent to 90.0 percent of staff time to answering campaign-related questions, assisting candidates and candidate treasurers in completing their reports, and reviewing the receipts and expenditure reports filed. In addition to these responsibilities, the Commission enforces and assures lobbyists' compliance with state lobbying laws.

## MAJOR ISSUES FROM PRIOR YEARS

The **2013 Legislature** deleted \$42,243, all from the State General Fund, for FY 2014 and FY 2015 operating expenditures. The Legislature also reduced funding for salaries and wages for FY 2014 and FY 2015.

The **2014 Legislature** added \$5,000, all from special revenue funds, in FY 2014 for information technology. The agency previously shared server space with the Department of Agriculture, but had to make alternative arrangements following the Department of Agriculture's relocation to Manhattan.

The **2015 Legislature** passed HB 2183, which increased the agency's statutory maximum fees for candidates and lobbyists. The estimated increase to the agency fee fund for FY 2016 was \$51,201.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate for FY 2018 operating expenditures of \$629,134, including \$385,372 from the State General Fund, which is a decrease of \$13,204, or 2.1 percent, all from special revenue funds, from the FY 2018 approved amount. The decrease is primarily attributable to a decrease in salaries and wages, with a partially offsetting increase in contractual services. The agency requests funding for 7.5 FTE positions, which is a decrease of 0.5 FTE positions from the number approved by the FY 2017 Legislature.

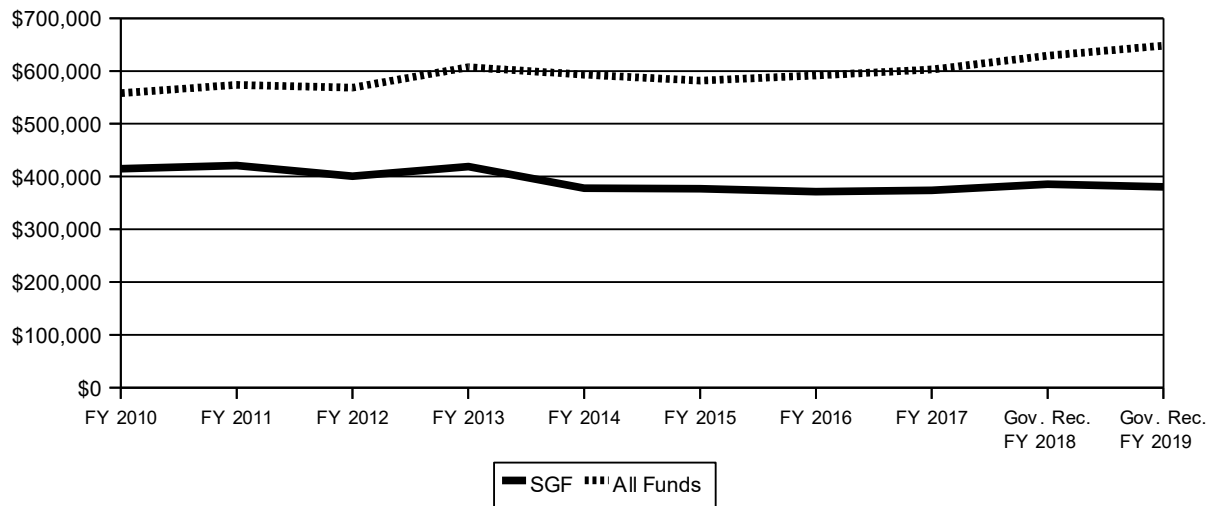
The **Governor** concurs with the agency's revised request in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for FY 2019 operating expenditures of \$648,004, including \$380,344 from the State General Fund, which is a decrease of \$367, or 0.1 percent, all from special revenue funds, below the approved amount. The decrease is primarily attributable to a decrease in salaries and wages, with a partially offsetting increase in contractual services. The request includes funding for 7.5 FTE positions, which is a decrease of 0.5 FTE positions from the number approved by the FY 2017 Legislature.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF         | % Change | All Funds  | % Change | FTE   |
|---------------------------------|-------------|----------|------------|----------|-------|
| 2010                            | \$ 415,015  | (15.5)%  | \$ 558,139 | (9.1)%   | 9.5   |
| 2011                            | 420,616     | 1.3      | 573,735    | 2.8      | 9.0   |
| 2012                            | 400,437     | (4.8)    | 568,463    | (0.9)    | 9.5   |
| 2013                            | 418,755     | 4.6      | 607,264    | 6.8      | 7.0   |
| 2014                            | 378,023     | (9.7)    | 593,121    | (2.3)    | 7.5   |
| 2015                            | 377,076     | (0.3)    | 581,836    | (1.9)    | 8.0   |
| 2016                            | 371,259     | (1.5)    | 591,555    | 1.7      | 8.0   |
| 2017                            | 373,656     | 0.6      | 602,849    | 1.9      | 7.5   |
| 2018 Gov. Rec.                  | 385,372     | 3.1      | 629,134    | 4.4      | 7.5   |
| 2019 Gov. Rec.                  | 380,344     | (1.3)    | 648,004    | 3.0      | 7.5   |
| Ten-Year Change Dollars/Percent | \$ (34,671) | (8.4)%   | \$ 89,865  | 16.1 %   | (2.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                            | Actual<br>FY 2017 | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|--------------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                            |                   | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                         |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                             | \$ 602,849        | \$ 629,134          | \$ 648,004          | \$ 18,870                      | 3.0 %                           | \$ 629,134                | \$ 648,004        | \$ 18,870                      | 3.0 %                           |
| <b>By Major Object of Expenditure:</b>     |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                         | \$ 482,934        | \$ 476,145          | \$ 485,311          | \$ 9,166                       | 1.9 %                           | \$ 476,145                | \$ 485,311        | \$ 9,166                       | 1.9 %                           |
| Contractual Services                       | 115,158           | 144,204             | 154,193             | 9,989                          | 6.9                             | 144,204                   | 154,193           | 9,989                          | 6.9                             |
| Commodities                                | 4,721             | 6,000               | 6,500               | 500                            | 8.3                             | 6,000                     | 6,500             | 500                            | 8.3                             |
| Capital Outlay                             | 36                | 2,785               | 2,000               | (785)                          | (28.2)                          | 2,785                     | 2,000             | (785)                          | (28.2)                          |
| Debt Service                               | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <i>Subtotal-Operations</i>                 | <i>\$ 602,849</i> | <i>\$ 629,134</i>   | <i>\$ 648,004</i>   | <i>\$ 18,870</i>               | <i>3.0 %</i>                    | <i>\$ 629,134</i>         | <i>\$ 648,004</i> | <i>\$ 18,870</i>               | <i>3.0 %</i>                    |
| Aid to Local Units                         | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                               | <b>\$ 602,849</b> | <b>\$ 629,134</b>   | <b>\$ 648,004</b>   | <b>\$ 18,870</b>               | <b>3.0 %</b>                    | <b>\$ 629,134</b>         | <b>\$ 648,004</b> | <b>\$ 18,870</b>               | <b>3.0 %</b>                    |
| <b>Financing:</b>                          |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                         | \$ 373,656        | \$ 385,372          | \$ 380,344          | \$ (5,028)                     | (1.3) %                         | \$ 385,372                | \$ 380,344        | \$ (5,028)                     | (1.3) %                         |
| Governmental Ethics<br>Commission Fee Fund | 229,193           | 243,762             | 267,660             | 23,898                         | 9.8                             | 243,762                   | 267,660           | 23,898                         | 9.8                             |
| <b>TOTAL</b>                               | <b>\$ 602,849</b> | <b>\$ 629,134</b>   | <b>\$ 648,004</b>   | <b>\$ 18,870</b>               | <b>3.0 %</b>                    | <b>\$ 629,134</b>         | <b>\$ 648,004</b> | <b>\$ 18,870</b>               | <b>3.0 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

The 2017 Legislature approved a State General Fund budget of \$385,372 in FY 2018, which is the same as the amount requested.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 385,372                         | \$ 385,372                    | \$ 0                              | \$ 385,372                  | \$ 0                                |
| All Other Funds             | 256,966                            | 243,762                       | (13,204)                          | 243,762                     | (13,204)                            |
| <b>TOTAL</b>                | <b>\$ 642,338</b>                  | <b>\$ 629,134</b>             | <b>\$ (13,204)</b>                | <b>\$ 629,134</b>           | <b>\$ (13,204)</b>                  |
| FTE Positions               | 8.0                                | 7.5                           | (0.5)                             | 7.5                         | (0.5)                               |

The **agency** requests revised FY 2018 operating expenditures of \$629,134, including \$385,372 from the State General Fund. This is an overall decrease of \$13,204, or 2.1 percent, all from special revenue funds, from the amount approved. The request includes funding for 7.5 FTE positions, which is a decrease of an approved 0.5 non-FTE position. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$476,145, including \$339,520 from the State General Fund, for FY 2018. This is a decrease of \$27,214, or 5.4 percent, from all funds and an increase of \$49,873, or 17.2 percent, from the State General Fund from the approved amount. The decrease is mainly due to the agency switching its investigator position's classification from unclassified part-time to contracted;
- **Contractual Services.** The agency requests \$144,204, including \$37,067 from the State General Fund, for FY 2018. This is an increase of \$12,225, or 9.3 percent, from all funds and a decrease of \$51,658, or 58.2 percent, from the State General Fund from the approved amount. The increase is mainly due to the agency switching its investigator position's classification from unclassified part-time to contracted;
- **Commodities.** The agency requests \$6,000, all from the State General Fund, for FY 2018. This is the same as the approved amount; and
- **Capital Outlay.** The agency requests \$2,785, all from the State General Fund, for FY 2018. This is an increase of \$1,785, or 178.5 percent, above the approved amount. The increase is due to expenditures for the replacement of computer equipment.

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

## B. FY 2019 – Budget Year

The 2017 Legislature approved a State General Fund budget of \$380,344 for FY 2019, which is the same as the amount requested.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 380,344                         | \$ 380,344                    | \$ 0                              | \$ 380,344                  | \$ 0                                |
| All Other Funds             | 268,027                            | 267,660                       | (367)                             | 267,660                     | (367)                               |
| <b>TOTAL</b>                | <b>\$ 648,371</b>                  | <b>\$ 648,004</b>             | <b>\$ (367)</b>                   | <b>\$ 648,004</b>           | <b>\$ (367)</b>                     |
| FTE Positions               | 8.0                                | 7.5                           | (0.5)                             | 7.5                         | (0.5)                               |

The **agency** requests a revised estimate for FY 2019 operating expenditures of \$648,004, including \$380,344 from the State General Fund. This is an overall decrease of \$367, or 0.1 percent, all from special revenue funds, below the amount approved. The request includes funding for 7.5 FTE positions, which is a decrease of an approved 0.5 non-FTE position. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$485,311, including \$348,686 from the State General Fund. This is a decrease of \$17,226, or 3.4 percent, from all funds and an increase of \$65,225, or 23.0 percent, from the State General Fund from the approved amount. The decrease is mainly due to the agency switching its investigator position's classification from unclassified part-time to contracted;
- **Contractual Services.** The agency requests \$154,193, including \$23,158 from the State General Fund. This is an increase of \$15,859, or 11.5 percent, from all funds and a decrease of \$66,225, or 74.1 percent, from the State General Fund from the approved amount. The increase is mainly due to the agency switching its investigator position's classification from unclassified part-time to contracted and for temporary data entry work;
- **Commodities.** The agency requests \$6,500, all from the State General Fund. This is the same as the approved amount; and
- **Capital Outlay.** The agency requests \$2,000, all from the State General Fund. This is an increase of \$1,000, or 100.0 percent, above the amount approved. The increase is due to an increase in office equipment expenditures, partially offset by a decrease in computer equipment expenditures.

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



## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                             | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                         | 58.7 %                                     | 58.7 %                                   |
| Governmental Ethics<br>Commission Fee Fund | 41.3                                       | 41.3                                     |
| <b>TOTAL</b>                               | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Governmental Ethics Commission Fee Fund Analysis

The Governmental Ethics Commission Fee Fund was established in 1991 by KSA 25-4119e. Receipts to the Fund come from candidate filings, political action committee registrations, lobbyist registrations, civil penalties and fines imposed by the Commission, and charges for publications. The Kansas Secretary of State and county clerks collect state candidate and lobbyist registration fees. The fees are remitted quarterly to the Commission's fee fund. The utilization of the fee fund varies greatly over a four-year period depending on election and non-election years as well as the type of election.

| Resource Estimate                            | Actual<br>FY 2017   | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|---------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 344,848          | \$ 335,059                    | \$ 335,059           | \$ 301,247                    | \$ 301,247           |
| Revenue                                      | 219,404             | 209,950                       | 209,950              | 166,375                       | 166,375              |
| Transfers in                                 | 0                   | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 564,252</b>   | <b>\$ 545,009</b>             | <b>\$ 545,009</b>    | <b>\$ 467,622</b>             | <b>\$ 467,622</b>    |
| Less:                                        |                     |                               |                      |                               |                      |
| Expenditures                                 | 229,193             | 243,762                       | 243,762              | 267,660                       | 267,660              |
| Transfers Out                                | 0                   | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                   | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 335,059</b>   | <b>\$ 301,247</b>             | <b>\$ 301,247</b>    | <b>\$ 199,962</b>             | <b>\$ 199,962</b>    |
| Ending Balance as Percent of<br>Expenditures | 146.2%              | 123.6%                        | 123.6%               | 74.7%                         | 74.7%                |
| Month Highest Ending<br>Balance              | July<br>\$ 361,904  | July<br>\$ 351,631            | July<br>\$ 351,631   | July<br>\$ 301,247            | July<br>\$ 301,247   |
| Month Lowest Ending<br>Balance               | March<br>\$ 290,359 | March<br>\$ 282,117           | March<br>\$ 301,247  | June<br>\$ 199,962            | June<br>\$ 199,962   |

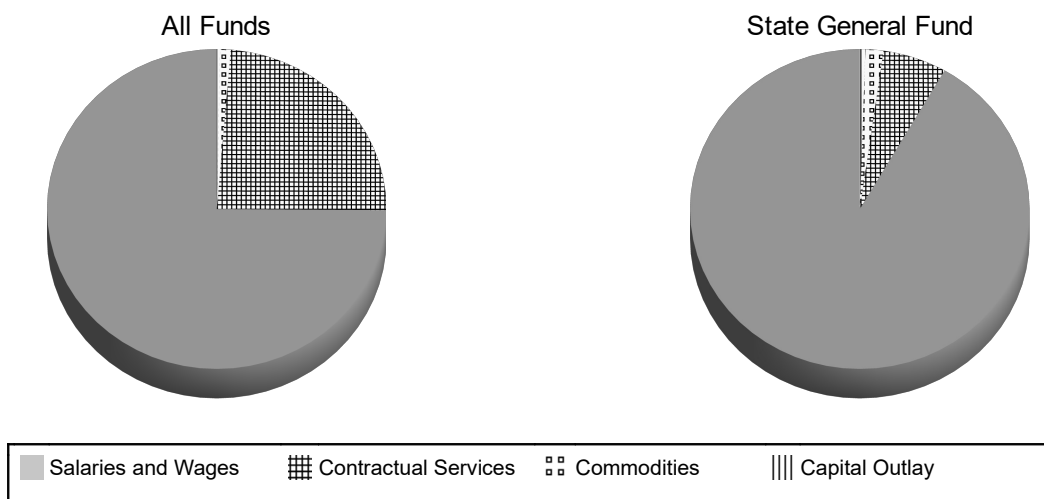
# **GOVERNMENTAL ETHICS COMMISSION LICENSURE FEES**

| License                                                                                                    | Current<br>Fee | Statutory<br>Limit |
|------------------------------------------------------------------------------------------------------------|----------------|--------------------|
| Filing fee for candidates for Governor and Lieutenant Governor                                             | \$ 650         | \$ 650             |
| Filing fee for candidates for other offices elected statewide                                              | 650            | 650                |
| Filing fee for candidates for State Legislature, State Board of Education,<br>and select local offices     | 50             | 50                 |
| Fee for Political Action Committees with anticipated receipts of \$2,501 or<br>more                        | 300            | 300                |
| Fee for Political Action Committees with anticipated receipts more than<br>\$500, but less than \$2,500    | 50             | 50                 |
| Fee for Political Action Committees with anticipated receipts of \$500 or<br>less                          | 25             | 25                 |
| Lobbyist fee for anticipated spending of \$1,000 or less on behalf of any<br>one employer (per employer)   | 50             | 50                 |
| Lobbyist fee for anticipated spending of more than \$1,000 on behalf of<br>any one employer (per employer) | 350            | 350                |
| Fee for non-owner, non-partner lobbying firm employees                                                     | 450            | 450                |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 485,311                        | 74.9 %              | \$ 348,686                  | 91.7 %              |
| Contractual Services | 154,193                           | 23.8                | 23,158                      | 6.1                 |
| Commodities          | 6,500                             | 1.0                 | 6,500                       | 1.7                 |
| Capital Outlay       | 2,000                             | 0.3                 | 2,000                       | 0.5                 |
| <b>TOTAL</b>         | <b>\$ 648,004</b>                 | <b>100.0 %</b>      | <b>\$ 380,344</b>           | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 7.5               | 7.5                    | 7.5                  | 7.5                    | 7.5                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                        | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of lobbyist registrations and expenditure reports filed | 7,315                    | 7,902             | 7,898                | 7,898                |
| Percent of compliance reviews completed                        | 100%                     | 100%              | 100%                 | 100%                 |
| Number of statements of substantial interest filed             | 5,525                    | 5,669             | 5,600                | 5,525                |

# KANSAS STATE BOARD OF HEALING ARTS

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 5,874,166           | 5,316,945              | 5,316,945            | 5,440,407              | 5,440,407            |
| <i>Subtotal</i>         | <i>\$ 5,874,166</i> | <i>\$ 5,316,945</i>    | <i>\$ 5,316,945</i>  | <i>\$ 5,440,407</i>    | <i>\$ 5,440,407</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 5,874,166</b> | <b>\$ 5,316,945</b>    | <b>\$ 5,316,945</b>  | <b>\$ 5,440,407</b>    | <b>\$ 5,440,407</b>  |

## Percentage Change:

### Operating Expenditures

|                    |      |       |       |      |      |
|--------------------|------|-------|-------|------|------|
| State General Fund | -- % | -- %  | -- %  | -- % | -- % |
| All Funds          | 5.0  | (9.5) | (9.5) | 2.3  | 2.3  |
| FTE Positions      | 60.0 | 60.0  | 60.0  | 60.0 | 60.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas State Board of Healing Arts, created in 1957, licenses and regulates medical, osteopathic, and chiropractic doctors. Additionally, the agency issues temporary permits, postgraduate training permits, special permits, institutional licenses, temporary education licenses, visiting professor licenses, and visiting clinical professor licenses under the Healing Arts Act.

In addition, the Board administers statutes for the examination and licensure of podiatrists under the Podiatry Act and enforces the provisions of the Kansas Physical Therapy Act by licensing physical therapists and certifying physical therapist assistants. Physician assistants, occupational therapists, occupational therapy assistants, respiratory therapists, athletic trainers, naturopathic doctors, and radiologic technologists are also licensed by the Board.

The Board is composed of 15 members: five doctors of medicine, three doctors of osteopathy, three doctors of chiropractic medicine, one licensed podiatrist, and three members of the general public. Each Board member is appointed for a four-year term by the Governor.

To assist the Board, the agency has formed numerous review committees and councils. The review committees are the podiatry, osteopathic, M.D. #1, M.D. #2, M.D. #3, chiropractic, and naturopathic formulary advisory review committees. The councils are the athletic trainers, occupational therapist, respiratory care, naturopathic, physical therapy, radiologic technology, and physician assistant councils.

## MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** passed House Sub. for SB 11. This legislation changed the scope of practice for physical therapists by enabling them to evaluate and treat a patient for a maximum of 30 consecutive days without a referral from a person licensed to practice medicine or surgery or other specified provider under the following criteria:

- The patient had previously been referred to a physical therapist by a person authorized to do so;
- The patient's prior referral was made within one year of the date the physical therapist began treatment;
- The physical therapy provided without a referral is for the same condition indicated on the original referral;
- The physical therapist provided, to a physician or other practitioner identified by the patient, a copy of the therapist's evaluation of the patient within five business days of the start of treatment; and
- Treatment by a physical therapist for more than 30 consecutive days required approval by a person authorized to approve treatment.

Additionally, House Sub. for SB 11 allows physical therapists to provide the following without a referral:

- Education and instruction related to workplace injury prevention, but not treatment;
- Fitness, health promotion, and education to members of the public, but not treatment; and
- Physical therapy services to special education students who need physical therapy services to fulfill the provisions of an individualized education plan or an individualized family service plan.

Other measures passed by the **2007 Legislature** include the following items:

- **HB 2695.** This bill allows the Board to issue an athletic trainer license to an applicant without an examination under certain conditions and lengthens the notification period the Board must provide to licensees regarding expiration of their licenses from 30 days to 60 days and eliminates the requirements for 800 hours of clinical experience prior to licensure;

- **HB 2368.** This bill substantially increased the Board's expenditure limitation for FY 2008 and FY 2009 from the authorized FY 2007 amounts and increased the FTE limitation from 32.0 to 39.0;
- **HB 2451.** This legislation amended the Kansas Consumer Protection Act to disallow a private cause of action against a health care provider for injuries alleged from medical malpractice;
- **SB 284.** Effective July 1, 2008, this bill allows the Board to waive the examination and education requirements if a radiologic technologist applicant has a current valid certificate by the American Registry of Radiologic Technologists, Nuclear Medicine Technology Certification Board, or other recognized national voluntary credentialing bodies if the Board finds the certificate was issued based on an examination meeting its standards;
- **SB 351.** This bill requires the Board to utilize the Office of Administrative Hearings to conduct hearings under the Kansas Administrative Procedures Act; and
- **House Sub. for SB 82.** This bill allows for the practice of the healing arts by a general school under certain circumstances.

The **2008 Legislature** passed House Sub. for SB 491, which created a prescription monitoring program for controlled substances and a methamphetamine precursor scheduling task force to study the possibility and practicality of making methamphetamine precursors schedule III or IV drugs. The task force included one member appointed by the Board of Healing Arts.

The **2008 Legislature** also passed Senate Sub. for HB 2207 authorized the Board to suspend or limit the registration of any person dispensing contact lenses through the mail to Kansas residents if the Board determined there is cause to believe continuation of such dispensation would constitute an imminent danger to public health and safety.

Additionally, the **2008 Legislature** passed HB 288, which changes the process of selecting a medical malpractice screening panel and also increased compensation for members of the panel.

The mega bill of the **2008 Session**, HB 2620, included several provisions affecting the Board of Healing Arts:

- Authorization of non-disciplinary resolution through either a written agreement for a professional development plan, written recommendations to a licensee, or the issuance of a letter of concern if the Board determines certain factors are met;
- Authorization of fingerprinting and criminal background checks as part of an original application for or reinstatement of a license in connection with an investigation;

- Requirement that the Board adopt a formal list of graduated sanctions for violations of the Healing Arts Act, which may be used as a reference in imposing sanctions;
- Requirement that the Board provide six different items in the physician profiles it publishes online prior to July 1, 2010;
- Addition of the ability to place probationary conditions on a license; and
- Addition of the ability for the Board to take disciplinary action or enter into a non-disciplinary resolution when a licensee has engaged in a single act that, “if continued, would reasonably be expected to constitute an inability to practice the healing arts with reasonable skill and safety to patients or unprofessional conduct.”

The **2009 Legislature** took the following actions:

- Transferred \$53,080, all from the Healing Arts Fee Fund, to the State General Fund in FY 2009. The amount represented a reduction of 21.5 percent from the Governor’s FY 2009 budget recommendation;
- Transferred \$55,289, all from the Healing Arts Fee Fund, to the State General Fund in FY 2010. The amount represented a reduction of 21.5 percent from the Governor’s FY 2010 budget recommendation;
- Deleted \$105,333, all from the Healing Arts Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Legislature for FY 2010;
- Authorized the conversion of 6.0 unclassified, temporary positions to 6.0 permanent FTEs. These positions were three attorneys, one legal assistant, one public information officer, and one legislative analyst, all hired for the purpose of reviewing complaints, clearing cases, responding to Board actions in a timely manner, and improving the transparency of the Board; and
- Added \$22,000, all from the Healing Arts Fee Fund, for FY 2011 to change the regulatory status of naturopathic doctors and to create new licensure categories for physical therapists, as authorized by House Sub. for SB 83.

The **2010 Legislature** passed House Sub. for SB 83, which created the Naturopathic Doctors Licensure Act and amended the Physical Therapy Practice Act. The bill changed naturopathic doctors’ credentialing from registration to licensure. In addition, it authorized naturopaths to form professional corporations and provided clarifying language that licensure does not require health insurance to provide covered services.

The **2010 Legislature** also passed SB 500, which allows the use of the word “doctor” or the letters “M.D.,” “D.O.,” or “D.C.” by an unlicensed medical doctor, doctor of osteopathic medicine, or doctor of chiropractic medicine if the individual has earned a professional degree from an accredited healing arts school or college and does not use such word or initials in a way that would mislead the public, patients, or other health care providers to think the individual is engaged in the practice of healing arts or is licensed to practice healing arts in the state.



The **2011 Legislature** passed HB 2182, a mega health bill with provisions related to numerous health care professions and issues. Included in the bill is a provision related to physical therapy, amending the Physical Therapy Act by allowing expandable professional designations for physical therapists, including the use of designations of educational degrees, certification, or credentials earned.

The **2012 Legislature** passed HB 2178, which requires state licensing agencies to issue a license to a nonresident military spouse for the spouse to lawfully practice a regulated profession in Kansas. The licensee must meet certain requirements as enumerated in the legislation, including the following items:

- Hold a current license in another jurisdiction;
- Not had the license limited, suspended, or revoked;
- Not been disciplined in another jurisdiction;
- Pay required fees by the Kansas licensing agency; and
- Submit a signed application and affidavit that the application information provided is correct.

The **2012 Legislature** also passed SB 330, amending statutes related to professional malpractice liability screening panels to allow any judge of a district court to convene such a panel, and deleted the option of having the chief judge in a district with more than one division convene a panel.

The **2013 Legislature** passed HB 2066, which allows physical therapists to initiate treatment without referral from a licensed health care practitioner.

The **2014 Legislature** passed Senate Sub. for HB 2146, which allows for collaborative practice between physicians and pharmacists and requires the creation of a joint committee of three pharmacists and three physicians to guide implementation.

The **2014 Legislature** also passed HB 2673, which makes technical updates to the Healing Arts Act and expands the authorized scope of practice for podiatrists.

Additionally, the **2014 Legislature** passed HB 2516, which requires physician assistants and advanced practice registered nurses to participate in the Health Care Stabilization Fund.

The **2015 Legislature** passed HB 2225, which created the concierge medicine bill and amendment that created a new resident active license for physicians in residency programs.

The **2016 Legislature** passed HB 2615, which allowed for continuing education for credit for charitable health care providers, the Acupuncture Practice Act, the Physical Therapy Practice Act and the ability to perform dry needling, the Behavioral Sciences Regulatory Board, the Interstate Medical Licensure Compact, and the Independent Practice of Midwifery Act.

The **2017 Legislature** passed Senate Sub. for HB 2027, which made several amendments to the Healing Arts Act. It allows a physician providing services to a patient pursuant to a medical retainer agreement to bill for anatomic pathology services under certain conditions. Additionally, it provides a grandfather provision that allows certain institutional license holders to practice outside of specified institutions within a protocol. Further, it provides civil immunity and recovery of attorney fees for anyone who reports, in good faith, violations of the practice act to the Board and is then faced with a civil suit.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$5.3 million, all from special revenue funds, in FY 2018. There are no changes from the approved amount. The agency estimate includes 60 FTE positions, which is 7.0 FTE positions more than the approved number. The agency estimate takes into account 46.0 FTE positions and 14.0 non-FTE unclassified permanent positions, which are counted as FTE positions. The agency did not add additional positions in FY 2018.

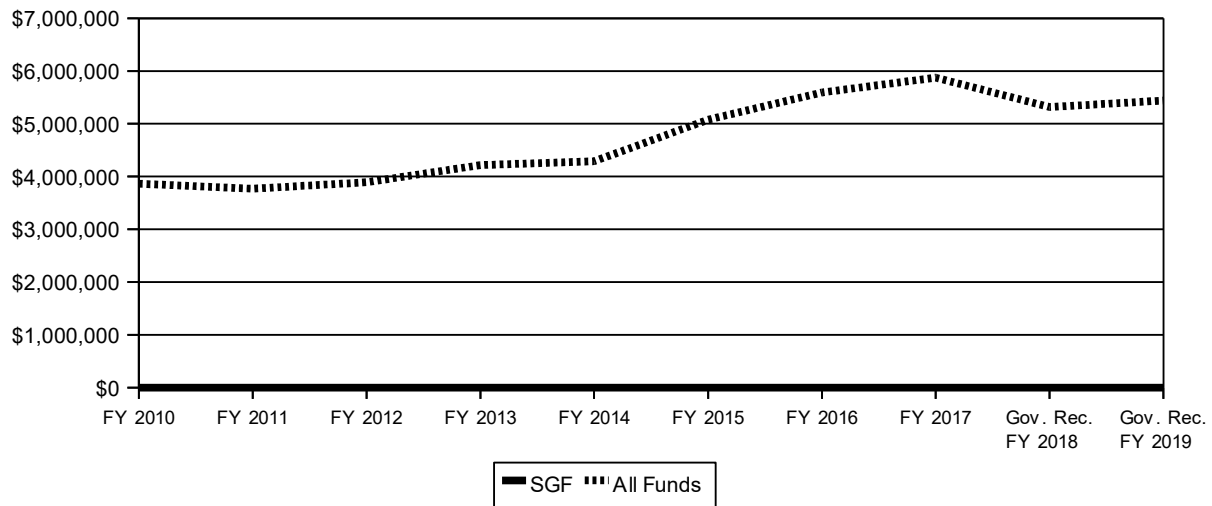
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$5.4 million, all from special revenue funds, for FY 2019. There are no changes from the approved amount. The agency estimate includes 60 FTE positions, which is 7.0 FTE positions more than the approved number. The agency estimate takes into account 46.0 FTE positions and 14.0 non-FTE unclassified permanent positions, which are counted as FTE positions. The agency did not add additional positions for FY 2019.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds    | % Change | FTE  |
|-----------------|------|----------|--------------|----------|------|
| 2010            | \$ 0 | -- %     | \$ 3,864,050 | 6.6 %    | 45.0 |
| 2011            | 0    | --       | 3,769,616    | (2.4)    | 45.0 |
| 2012            | 0    | --       | 3,890,984    | 3.2      | 45.0 |
| 2013            | 0    | --       | 4,216,506    | 8.4      | 45.0 |
| 2014            | 0    | --       | 4,289,284    | 1.7      | 47.0 |
| 2015            | 0    | --       | 5,077,129    | 18.4     | 47.0 |
| 2016            | 0    | --       | 5,593,043    | 10.2     | 53.0 |
| 2017            | 0    | --       | 5,874,166    | 5.0      | 60.0 |
| 2018 Gov. Rec.  | 0    | --       | 5,316,945    | (9.5)    | 60.0 |
| 2019 Gov. Rec.  | 0    | --       | 5,440,407    | 2.3      | 60.0 |
| Ten-Year Change |      |          |              |          |      |
| Dollars/Percent | \$ 0 | -- %     | \$ 1,576,357 | 40.8 %   | 15.0 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                              | Actual<br>FY 2017   | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|----------------------------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
|                                              |                     | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                           |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Administration                               | \$ 5,874,166        | \$ 5,316,945        | \$ 5,440,407        | \$ 123,462                     | 2.3 %                           | \$ 5,316,945              | \$ 5,440,407        | \$ 123,462                     | 2.3 %                           |
| <b>By Major Object of Expenditure:</b>       |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Salaries and Wages                           | \$ 3,562,539        | \$ 4,055,978        | \$ 4,130,045        | \$ 74,067                      | 1.8 %                           | \$ 4,055,978              | \$ 4,130,045        | \$ 74,067                      | 1.8 %                           |
| Contractual Services                         | 2,026,247           | 1,166,617           | 1,258,662           | 92,045                         | 7.9                             | 1,166,617                 | 1,258,662           | 92,045                         | 7.9                             |
| Commodities                                  | 53,830              | 28,050              | 32,200              | 4,150                          | 14.8                            | 28,050                    | 32,200              | 4,150                          | 14.8                            |
| Capital Outlay                               | 231,550             | 66,300              | 19,500              | (46,800)                       | (70.6)                          | 66,300                    | 19,500              | (46,800)                       | (70.6)                          |
| Debt Service                                 | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <i>Subtotal-Operations</i>                   | <i>\$ 5,874,166</i> | <i>\$ 5,316,945</i> | <i>\$ 5,440,407</i> | <i>\$ 123,462</i>              | <i>2.3 %</i>                    | <i>\$ 5,316,945</i>       | <i>\$ 5,440,407</i> | <i>\$ 123,462</i>              | <i>2.3 %</i>                    |
| Aid to Local Units                           | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| Other Assistance                             | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>TOTAL</b>                                 | <b>\$ 5,874,166</b> | <b>\$ 5,316,945</b> | <b>\$ 5,440,407</b> | <b>\$ 123,462</b>              | <b>2.3 %</b>                    | <b>\$ 5,316,945</b>       | <b>\$ 5,440,407</b> | <b>\$ 123,462</b>              | <b>2.3 %</b>                    |
| <b>Financing:</b>                            |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| State General Fund                           | \$ 0                | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0                | \$ 0                           | -- %                            |
| Healing Arts Fee Fund                        | 5,853,106           | 5,281,945           | 5,405,407           | 123,462                        | 2.3                             | 5,281,945                 | 5,405,407           | 123,462                        | 2.3                             |
| Medical Records<br>Maintenance Trust<br>Fund | 21,060              | 35,000              | 35,000              | 0                              | --                              | 35,000                    | 35,000              | 0                              | --                              |
| <b>TOTAL</b>                                 | <b>\$ 5,874,166</b> | <b>\$ 5,316,945</b> | <b>\$ 5,440,407</b> | <b>\$ 123,462</b>              | <b>2.3 %</b>                    | <b>\$ 5,316,945</b>       | <b>\$ 5,440,407</b> | <b>\$ 123,462</b>              | <b>2.3 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 5,316,945                          | 5,316,945                     | 0                                 | 5,316,945                   | 0                                   |
| <b>TOTAL</b>                | <b>\$ 5,316,945</b>                | <b>\$ 5,316,945</b>           | <b>\$ 0</b>                       | <b>\$ 5,316,945</b>         | <b>\$ 0</b>                         |
| FTE Positions               | 53.0                               | 60.0                          | 7.0                               | 60.0                        | 7.0                                 |

The **agency** requests a revised estimate of \$5.3 million, all from special revenue funds, in FY 2018. There are no changes from the FY 2018 approved amount, but adjustments have been made to expenditures within different categories. This estimate includes 46.0 FTE positions and 14.0 non-FTE permanent unclassified positions, which is an increase of 7.0 non-FTE positions from the approved number. This increase is attributable to contracted positions being converted to permanent unclassified positions, which are now counted as FTE positions. No additional positions were added in FY 2018. Categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$4.1 million in FY 2018. This is an increase of \$393,778, or 10.8 percent, above the approved amount. The increase is primarily attributable to increased expenditures in unclassified regular and temporary positions. This increase is also attributable to contracted positions, which were expended from contractual services, being converted to permanent unclassified positions;
- **Contractual Services.** The agency requests expenditures of \$1.2 million in FY 2018. This is a decrease of \$387,128, or 24.9 percent, below the approved amount. This decrease is attributable to decreased expenditures in other fees, professional fees, and expert witness costs. The agency converted several temporary positions, which were expended from contractual services, to unclassified temporary positions;
- **Commodities.** The agency requests expenditures of \$28,050 in FY 2018. This is a decrease of \$6,650, or 19.2 percent, below the approved amount. This decrease is attributable to decreased expenditures in stationery and office supplies, partially offset by increased expenditures in data processing supplies; and
- **Capital Outlay.** The agency requests expenditures of \$66,300 in FY 2018. This is the same as the approved amount.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 5,440,407                          | 5,440,407                     | 0                                 | 5,440,407                   | 0                                   |
| <b>TOTAL</b>                | <b>\$ 5,440,407</b>                | <b>\$ 5,440,407</b>           | <b>\$ 0</b>                       | <b>\$ 5,440,407</b>         | <b>\$ 0</b>                         |
| FTE Positions               | 53.0                               | 60.0                          | 7.0                               | 60.0                        | 7.0                                 |

The **agency** requests a revised estimate of \$5.4 million, all from special revenue funds, for FY 2019. There is no change from the FY 2019 approved amount, but adjustments have been made to expenditures within different categories. This estimate includes 46.0 FTE positions and 14.0 non-FTE permanent unclassified positions, which is an increase of 7.0 non-FTE positions from the approved number. This increase is attributable to contracted positions being converted to permanent unclassified positions, which are now counted as FTE positions. No additional positions were added for FY 2019. Categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$4.1 million for FY 2019. This is an increase of \$415,101, or 11.2 percent, above the amount approved. This increase is primarily attributable to increased expenditures in unclassified regular and temporary positions. This increase is also attributable to contracted positions, which were expended from contractual services, being converted to permanent unclassified positions;
- **Contractual Services.** The agency requests expenditures of \$1.3 million for FY 2019. This is a decrease of \$404,501, or 24.3 percent, below the amount approved. This decrease is attributable to decreased expenditures in other fees, professional fees, and expert witness costs. The agency converted several temporary positions, which were expended from contractual services, to unclassified temporary positions;
- **Commodities.** The agency requests expenditures of \$32,200 for FY 2019. This is a decrease of \$10,600, or 24.8 percent, below the amount approved. This decrease is primarily attributable to decreased expenditures in stationery and office supplies; and
- **Capital Outlay.** The agency requests expenditures of \$19,500 for FY 2019. This is the same as the approved amount.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,000, including \$0 from the State General Fund, and FY 2019 longevity payments total \$1,000, including \$0 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                           | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                       | 0.0 %                                      | 0.0 %                                    |
| Healing Arts Fee Fund                    | 99.4                                       | 99.4                                     |
| Medical Record<br>Maintenance Trust Fund | 0.6                                        | 0.6                                      |
| <b>TOTAL</b>                             | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Healing Arts Fee Fund Analysis

The Board of Healing Arts is financed by special revenue funds, mainly derived from licensing and registration fees, deposited in the Healing Arts Fee Fund pursuant to KSA 65-2885. Maximum fees are established in statute and the actual rates are set by rule and regulation. The fees vary based on the type of license or registration sought.

The Board is able to process license and registration applications online; however, the licensee or registrant also has the option of submitting a paper renewal. Fees are slightly reduced for online renewals. The Board's regulations also establish fees for late renewals or reinstatement of a revoked license. Included below is a table of the Board's renewal fees, which constitute the bulk of the fund revenue.

As a fee-funded agency, the Board currently contributes the lesser of 10.0 percent, or \$100,000, of fee revenue to the State General Fund for the cost of support services provided by other state agencies pursuant to KSA 75-3170a. The table below summarized the estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation. The transfers out of the Healing Arts Fee Fund for \$107,000 in FY 2018 and \$109,500 for FY 2019 represent the transfers to the Pharmacy Fee Fund in the Board of Pharmacy for the operation and maintenance of the Kansas Prescription Monitoring Program (K-TRACS) authorized by KSA 2016 Supp. 65-1683 through 65-1694.



| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 3,481,910          | \$ 3,058,758                  | \$ 3,058,758          | \$ 2,988,179                  | \$ 2,988,179          |
| Revenue                                      | 5,429,954             | 5,318,366                     | 5,318,366             | 5,442,055                     | 5,442,055             |
| Transfers in                                 | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 8,911,864</b>   | <b>\$ 8,377,124</b>           | <b>\$ 8,377,124</b>   | <b>\$ 8,430,234</b>           | <b>\$ 8,430,234</b>   |
| Less:                                        |                       |                               |                       |                               |                       |
| Expenditures                                 | 5,853,106             | 5,281,945                     | 5,281,945             | 5,405,407                     | 5,405,407             |
| Transfers Out                                | 0                     | 107,000                       | 107,000               | 109,500                       | 109,500               |
| Off Budget Expenditures                      | 0                     | 0                             | 0                     | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 3,058,758</b>   | <b>\$ 2,988,179</b>           | <b>\$ 2,988,179</b>   | <b>\$ 2,915,327</b>           | <b>\$ 2,915,327</b>   |
| Ending Balance as Percent of<br>Expenditures | 52.3%                 | 56.6%                         | 56.6%                 | 53.9%                         | 53.9%                 |
| Month Highest Ending<br>Balance              | July<br>\$ 3,648,427  | July<br>\$ 3,751,126          | July<br>\$ 3,058,758  | July<br>\$ 3,773,769          | July<br>\$ 2,988,179  |
| Month Lowest Ending<br>Balance               | April<br>\$ 2,206,589 | April<br>\$ 2,186,189         | April<br>\$ 1,722,802 | April<br>\$ 2,161,548         | April<br>\$ 1,620,647 |

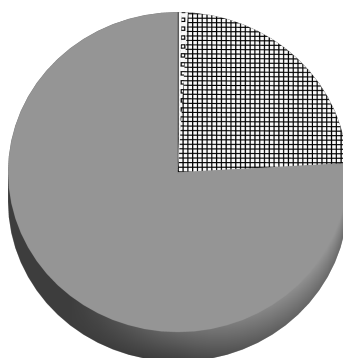
| KANSAS STATE BOARD OF HEALING ARTS LICENSURE FEES |                |                    |
|---------------------------------------------------|----------------|--------------------|
| License                                           | Current<br>Fee | Statutory<br>Limit |
| Doctors of Medicine and Surgery                   | \$ 330         | \$ 500             |
| Doctors of Osteopathy                             | 330            | 500                |
| Doctors of Chiropractic                           | 330            | 500                |
| Doctors of Podiatry                               | 330            | 500                |
| Doctors of Naturopathic Medicine                  | 125            | 150                |
| Physician Assistants                              | 150            | 150                |
| Physical Therapists                               | 70             | 70                 |
| Physical Therapist Assistants                     | 70             | 70                 |
| Occupational Therapists                           | 75             | 80                 |
| Occupational Therapist Assistants                 | 75             | 80                 |
| Respiratory Therapists                            | 75             | 80                 |
| Athletic Trainers                                 | 70             | 70                 |
| Radiologic Technologists                          | 50             | 80                 |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 4,130,045                      | 75.9 %              | \$ 0                        | -- %                |
| Contractual Services | 1,258,662                         | 23.1                | 0                           | --                  |
| Commodities          | 32,000                            | 0.6                 | 0                           | --                  |
| Capital Outlay       | 19,500                            | 0.4                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 5,440,207</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

## FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 60.0              | 60.0                   | 60.0                 | 60.0                   | 60.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## PERFORMANCE MEASURES

| Measure                                                   | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|-----------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| New investigation and disciplinary program cases opened   | 720                      | 528               | 700                  | 750                  |
| Total investigation and disciplinary program cases closed | 750                      | 593               | 750                  | 790                  |

# KANSAS BOARD OF EXAMINERS IN FITTING AND DISPENSING OF HEARING INSTRUMENTS

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 25,627            | 32,284                 | 32,284               | 26,329                 | 26,290               |
| <i>Subtotal</i>         | <i>\$ 25,627</i>  | <i>\$ 32,284</i>       | <i>\$ 32,284</i>     | <i>\$ 26,329</i>       | <i>\$ 26,290</i>     |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 25,627</b>  | <b>\$ 32,284</b>       | <b>\$ 32,284</b>     | <b>\$ 26,329</b>       | <b>\$ 26,290</b>     |
| Percentage Change:      |                   |                        |                      |                        |                      |
| Operating Expenditures  |                   |                        |                      |                        |                      |
| State General Fund      | -- %              | -- %                   | -- %                 | -- %                   | -- %                 |
| All Funds               | 0.2               | 26.0                   | 26.0                 | (18.4)                 | (18.6)               |
| FTE Positions           | 0.0               | 0.5                    | 0.5                  | 0.5                    | 0.5                  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments regulates hearing aid dispensers by determining the competence of new practitioners entering the field, ensuring licensees keep their equipment calibrated and meet continuing education requirements, and investigating complaints. The Board consists of three licensed hearing aid dispensers and two public members who are appointed by the Governor. The staff consists of one unclassified, part-time employee who serves as the Executive Officer. Approximately 270 licensees renew their licenses each year and about 40 individuals submit applications each year to become licensed.

## MAJOR ISSUES FROM PRIOR YEARS

The **2003 Legislature** passed SB 199, which amended the statutes related to hearing aid licensure. The bill created a new exemption for a licensed audiologist who is employed by a public-funded school district, educational service center, or special education cooperative serving preschool through high school-age students. The bill also provided that if a person who

is exempt from licensure is licensed by another state agency, that other agency must consult with the Board of Hearing Aid Examiners if a complaint is received regarding conduct that would be covered by the Hearing Aid Licensure Act.

The **2006 Legislature** passed HB 2285, which amended several statutes and added new sections to the Hearing Aid Act. The Act became the Hearing Instrument Act. The bill renamed and addressed the composition of the Board of Examiners in Fitting and Dispensing of Hearing Instruments, established new disciplinary and licensing procedures and criteria, prohibited certain acts, established new administrative procedures, and clarified that licensed audiologists also must be licensed under the Act if they fit or dispense hearing instruments. Additionally, the bill gave the Board broader rule and regulation-making authority with which to implement the Act.

The **2014 Legislature** added \$5,000 in FY 2014 and \$3,500 for FY 2015, all from special revenue funds, for litigation-related expenditures.

The **2017 Legislature** added a 0.5 FTE position to accurately reflect the Executive Officer's position within the agency. The 2017 Legislature also approved one-time expenditures of \$5,500, all from special revenue funds, for the construction and establishment of an agency website.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$32,284, all from special revenue funds, in FY 2018. This is an increase of \$5,241, all from special revenue funds, above the amount approved by the 2017 Legislature. The increase is due to a supplemental request to complete the construction of an agency website.

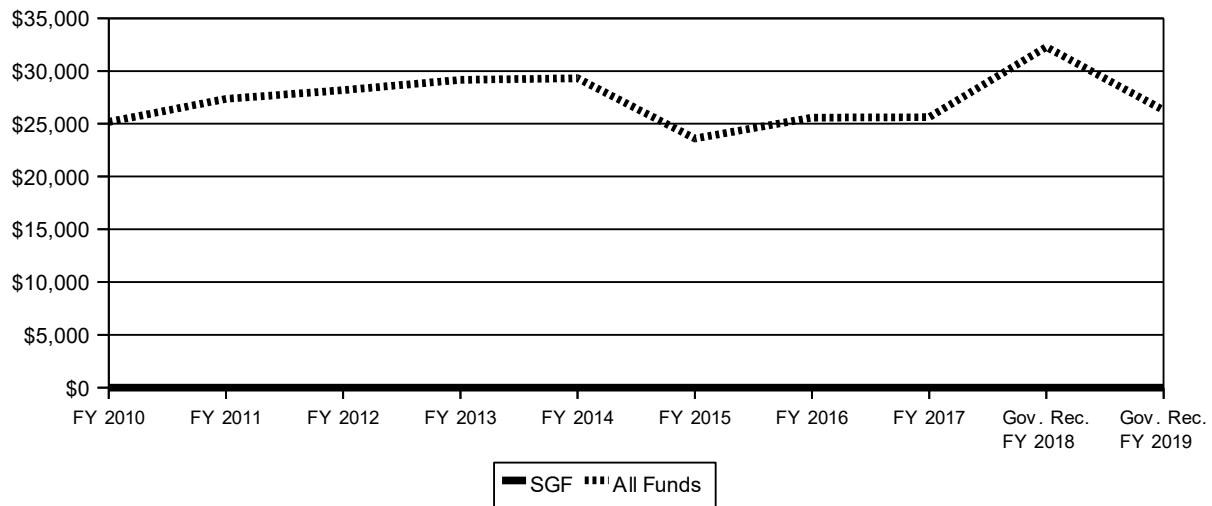
The **Governor** concurs with the agency's revised request.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$26,329, all from special revenue funds, for FY 2019. The request is an increase of \$39, all from special revenue funds, above the amount approved by the 2017 Legislature, due to a supplemental request related to ongoing maintenance for the new agency website.

The **Governor** concurs with the agency's revised request, except for the supplemental request, which is not recommended. The Governor recommends the agency maintain the website within the agency's current expenditure authority.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds | % Change | FTE |
|---------------------------------|------|----------|-----------|----------|-----|
| 2010                            | \$ 0 | %        | \$ 25,182 | (1.7)%   | 0.0 |
| 2011                            | 0    | --       | 27,357    | 8.6      | 0.0 |
| 2012                            | 0    | --       | 28,188    | 3.0      | 0.0 |
| 2013                            | 0    | --       | 29,164    | 3.5      | 0.0 |
| 2014                            | 0    | --       | 29,313    | 0.5      | 0.0 |
| 2015                            | 0    | --       | 23,607    | (19.5)   | 0.0 |
| 2016                            | 0    | --       | 25,584    | 8.4      | 0.0 |
| 2017                            | 0    | --       | 25,627    | 0.2      | 0.0 |
| 2018 Gov. Rec.                  | 0    | --       | 32,284    | 26.0     | 0.5 |
| 2019 Gov. Rec.                  | 0    | --       | 26,290    | (18.6)   | 0.5 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 1,108  | 4.4 %    | 0.5 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        |           | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|-----------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |           | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |           |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Administration                         | \$ 25,627 | \$ 32,284           | \$ 26,329           | \$ (5,955)                     | (18.4) %                        | \$ 32,284       | \$ 26,290                 | \$ (5,994)                     | (18.6) %                        |  |  |
| <b>By Major Object of Expenditure:</b> |           |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 20,736 | \$ 20,930           | \$ 20,940           | \$ 10                          | 0.0 %                           | \$ 20,930       | \$ 20,940                 | \$ 10                          | 0.0 %                           |  |  |
| Contractual Services                   | 4,528     | 10,954              | 4,989               | (5,965)                        | (54.5)                          | 10,954          | 4,950                     | (6,004)                        | (54.8)                          |  |  |
| Commodities                            | 363       | 400                 | 400                 | 0                              | --                              | 400             | 400                       | 0                              | --                              |  |  |
| Capital Outlay                         | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Debt Service                           | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 25,627 | \$ 32,284           | \$ 26,329           | \$ (5,955)                     | (18.4) %                        | \$ 32,284       | \$ 26,290                 | \$ (5,994)                     | (18.6) %                        |  |  |
| Aid to Local Units                     | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0         | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 25,627 | \$ 32,284           | \$ 26,329           | \$ (5,955)                     | (18.4) %                        | \$ 32,284       | \$ 26,290                 | \$ (5,994)                     | (18.6) %                        |  |  |
| <b>Financing:</b>                      |           |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0      | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0            | \$ 0                      | \$ 0                           | -- %                            |  |  |
| Hearing Aid Board Fee Fund             | 25,627    | 32,284              | 26,329              | (5,955)                        | (18.4)                          | 32,284          | 26,290                    | (5,994)                        | (18.6)                          |  |  |
| TOTAL                                  | \$ 25,627 | \$ 32,284           | \$ 26,329           | \$ (5,955)                     | (18.4) %                        | \$ 32,284       | \$ 26,290                 | \$ (5,994)                     | (18.6) %                        |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 27,043                             | 32,284                        | 5,241                             | 32,284                      | 5,241                               |
| <b>TOTAL</b>                | <b>\$ 27,043</b>                   | <b>\$ 32,284</b>              | <b>\$ 5,241</b>                   | <b>\$ 32,284</b>            | <b>\$ 5,241</b>                     |
| FTE Positions               | 0.5                                | 0.5                           | 0.0                               | 0.5                         | 0.0                                 |

The **agency** requests a revised estimate of \$32,284, all from special revenue funds, in FY 2018. This is an increase of \$5,241, all from special revenue funds, above the amount approved by the 2017 Legislature. The increase is due to a supplemental request to complete construction of the agency website.

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

### Supplemental Detail

| FY 2018 SUPPLEMENTALS        |                 |           |     |                           |           |     |
|------------------------------|-----------------|-----------|-----|---------------------------|-----------|-----|
| Supplementals                | Agency Estimate |           |     | Governor's Recommendation |           |     |
|                              | SGF             | All Funds | FTE | SGF                       | All Funds | FTE |
| Completion of Agency Website | \$ 0            | \$ 5,241  | 0.0 | \$ 0                      | \$ 5,241  | 0.0 |

The **agency** requests \$5,241, all from the Hearing Aid Board Fee Fund, in FY 2018 to complete construction of the agency website. In FY 2017, \$5,500 was approved for this purpose; however, the amount was not fully expended, so the agency is requesting those expenditures in FY 2018.

The **Governor** recommends increasing the agency's expenditure authority by \$5,241 to complete the construction of the agency's website.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 26,290                             | 26,329                        | 39                                | 26,290                      | 0                                   |
| <b>TOTAL</b>                | <b>\$ 26,290</b>                   | <b>\$ 26,329</b>              | <b>\$ 39</b>                      | <b>\$ 26,290</b>            | <b>\$ 0</b>                         |
| FTE Positions               | 0.5                                | 0.5                           | 0.0                               | 0.5                         | 0.0                                 |

The **agency** requests a revised estimate of \$26,329, all from special revenue funds, for FY 2019. The request is an increase of \$39, all from special revenue funds, above the amount approved by the 2017 Legislature due to a supplemental request related to ongoing maintenance for the new agency website.

The **Governor** concurs with the agency's revised request, except for the supplemental request, which is not recommended. The Governor recommends the agency maintain the website within the agency's current expenditure authority.

### Supplemental Detail

| FY 2019 SUPPLEMENTALS       |                 |           |     |                           |           |     |
|-----------------------------|-----------------|-----------|-----|---------------------------|-----------|-----|
| Supplementals               | Agency Estimate |           |     | Governor's Recommendation |           |     |
|                             | SGF             | All Funds | FTE | SGF                       | All Funds | FTE |
| Ongoing Website Maintenance | \$ 0            | \$ 39     | 0.0 | \$ 0                      | \$ 0      | 0.0 |

The **agency** requests \$39, all from the Hearing Aid Board Fee Fund, for FY 2019 for ongoing maintenance for the new agency website.

The **Governor** does not recommend the supplemental request. The agency is encouraged to maintain the website within the agency's current expenditure authority.



## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source             | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------|--------------------------------------------|------------------------------------------|
| Hearing Aid Board Fee Fund | 100.0 %                                    | 100.0 %                                  |
| Litigation Fund            | 0.0                                        | 0.0                                      |
| <b>TOTAL</b>               | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Hearing Aid Board Fee Fund Analysis

The Board of Examiners in Fitting and Dispensing of Hearing Instruments is a regulatory board fully funded by the Hearing Aid Board Fee Fund. The majority of receipts come from licensing fees for practicing dispensers. Of the total revenue generated, 90.0 percent is kept by the agency and 10.0 percent is remitted to the State General Fund. In Spring 2016, the Board approved a renewal fee increase of \$25 and a \$10 increase on the practical portion of examinations to finance the initial cost of constructing and maintaining a new agency website. The agency periodically requests transfers from the Hearing Aid Board Fee Fund to the Litigation Fund to ensure necessary funding is available when required. There are no planned transfers in FY 2018 or for FY 2019.

| Resource Estimate                         | Actual<br>FY 2017  | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------------------------|--------------------|-------------------------------|-----------------------|-------------------------------|----------------------|
| Beginning Balance                         | \$ 42,652          | \$ 66,660                     | \$ 66,660             | \$ 82,616                     | \$ 82,616            |
| Revenue                                   | 49,635             | 48,240                        | 48,240                | 48,240                        | 48,240               |
| Transfers in                              | 0                  | 0                             | 0                     | 0                             | 0                    |
| <b>Funds Available</b>                    | <b>\$ 92,287</b>   | <b>\$ 114,900</b>             | <b>\$ 114,900</b>     | <b>\$ 130,856</b>             | <b>\$ 130,856</b>    |
| Less:                                     |                    |                               |                       |                               |                      |
| Expenditures                              | 25,627             | 32,284                        | 32,284                | 26,329                        | 26,290               |
| Transfers Out                             | 0                  | 0                             | 0                     | 0                             | 0                    |
| Off Budget Expenditures                   | 0                  | 0                             | 0                     | 0                             | 0                    |
| <b>Ending Balance</b>                     | <b>\$ 66,660</b>   | <b>\$ 82,616</b>              | <b>\$ 82,616</b>      | <b>\$ 104,527</b>             | <b>\$ 104,566</b>    |
| Ending Balance as Percent of Expenditures | 260.1%             | 255.9%                        | 255.9%                | 397.0%                        | 397.7%               |
| Month Highest Ending Balance              | June<br>\$ 66,660  | June<br>\$ 82,616             | June<br>\$ 82,616     | June<br>\$ 104,566            | June<br>\$ 104,566   |
| Month Lowest Ending Balance               | March<br>\$ 39,327 | February<br>\$ 49,329         | February<br>\$ 49,329 | August<br>\$ 69,142           | August<br>\$ 69,142  |

**KANSAS BOARD OF EXAMINERS IN FITTING AND DISPENSING OF HEARING INSTRUMENTS  
LICENSURE FEES**

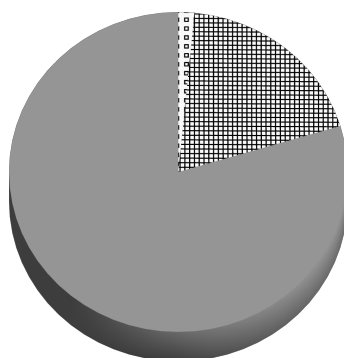
| License                                                    | Current<br>Fee | Statutory<br>Limit |
|------------------------------------------------------------|----------------|--------------------|
| License Application                                        | \$     \$100   | \$     \$150       |
| Temporary License                                          | 100            | 150                |
| Temporary License Renewal                                  | 100            | 150                |
| License                                                    | 125            | 150                |
| Certification of Registration or Endorsement Renewal       | 100            | 150                |
| Certification of Registration or Endorsement Late Renewal  | 200            | 200                |
| Certification of Registration or Endorsement Reinstatement | 300            | 300                |
| Inactive License or Renewal of Inactive License            | 25             | 25                 |
| Conversion of Inactive License to Active License           | 100            | 150                |
| Written Examination Fee                                    | 35             | 50                 |
| Practical Examination Fee                                  | 25             | 35                 |
| State Licensure Verification Fee                           | 15             | 25                 |
| Replacement of Certificate or License                      | 15             | 25                 |
| Change of Sponsor                                          | 15             | 25                 |
| Insufficient Funds                                         | 25             | 35                 |

## PROGRAM DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation

All Funds



|                    |                      |             |                |
|--------------------|----------------------|-------------|----------------|
| Salaries and Wages | Contractual Services | Commodities | Capital Outlay |
|--------------------|----------------------|-------------|----------------|

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 20,940                         | 79.7 %              | \$ 0                        | -- %                |
| Contractual Services | 4,950                             | 18.8                | 0                           | --                  |
| Commodities          | 400                               | 1.5                 | 0                           | --                  |
| Capital Outlay       | 0                                 | 0.0                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 26,290</b>                  | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

#### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 0.0               | 0.5                    | 0.5                  | 0.5                    | 0.5                  |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

#### PERFORMANCE MEASURES

| Measure                    | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of license renewals | N/A                      | 270               | 325                  | 325                  |
| Number of new applicants   | N/A                      | 39                | 35                   | 35                   |

# BOARD OF MORTUARY ARTS

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 267,511           | 295,273                | 295,273              | 324,385                | 324,385              |
| <i>Subtotal</i>         | <i>\$ 267,511</i> | <i>\$ 295,273</i>      | <i>\$ 295,273</i>    | <i>\$ 324,385</i>      | <i>\$ 324,385</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 267,511</b> | <b>\$ 295,273</b>      | <b>\$ 295,273</b>    | <b>\$ 324,385</b>      | <b>\$ 324,385</b>    |

## Percentage Change:

|                        |       |      |      |      |      |
|------------------------|-------|------|------|------|------|
| Operating Expenditures |       |      |      |      |      |
| State General Fund     | -- %  | -- % | -- % | -- % | -- % |
| All Funds              | (0.5) | 10.4 | 10.4 | 9.9  | 9.9  |
| FTE Positions          | 3.0   | 3.0  | 3.0  | 3.0  | 3.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Board of Mortuary Arts regulates embalmers, funeral directors, assistant funeral directors, apprentice embalmers, crematory operators, funeral establishments, branch funeral establishments, and crematories. The five-member Board ensures funeral homes, crematories, licensees, apprentices, and student embalmers operate according to state laws, and that they serve in the best interest of the consumer by meeting and maintaining licensing and regulatory requirements. To accomplish these things, the Board provides information detailing the Kansas licensing process; provides assistance to potential licensees who may not understand or meet licensing requirements; maintains information on all individuals who seek and maintain licenses; inspects funeral homes and crematory facilities twice a year; investigates complaints regarding the practice of the mortuary arts profession; and takes appropriate disciplinary measures, if warranted. The Board also informs Kansas consumers about laws related to the death process, funeral pre-arrangements, and the funeral process.

## MAJOR ISSUES FROM PRIOR YEARS

During the **2010 Session**, Senate Sub. for HB 2310 was passed and required any person wishing to become a crematory operator to make written application to the Board of

Mortuary Arts and to meet the agency's requirements on age and training. A person's license is automatically suspended if at the end of one year of being licensed, the individual has not met the required training. The agency is to maintain licenses for crematory operators and collect renewal fees.

Also during the **2010 Session**, Senate Sub. for HB 2310 increased the maximum limits for a number of fees established by the agency, deleted the embalmer's examination fee, and established a \$200 limit for a crematory operator's license and renewal fee.

During the **2011 Session**, HB 2083 was passed and required funeral directors in charge of a facility that closes to notify individuals with pre-arranged funeral agreements they need to transfer the pre-arranged agreements to another facility. A copy of the notification must be submitted to the State Board of Mortuary Arts.

During the **2015 Session**, the Legislature approved an increase to the Executive Secretary's salary by \$4,355 in FY 2015, \$5,212 for FY 2016, and \$5,264 for FY 2017.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests \$295,273, all from the Mortuary Arts Fee Fund, in FY 2018, which is unchanged from the amount approved by the 2017 Legislature. The agency's revised estimate includes 3.0 FTE positions, which is the same as the approved number.

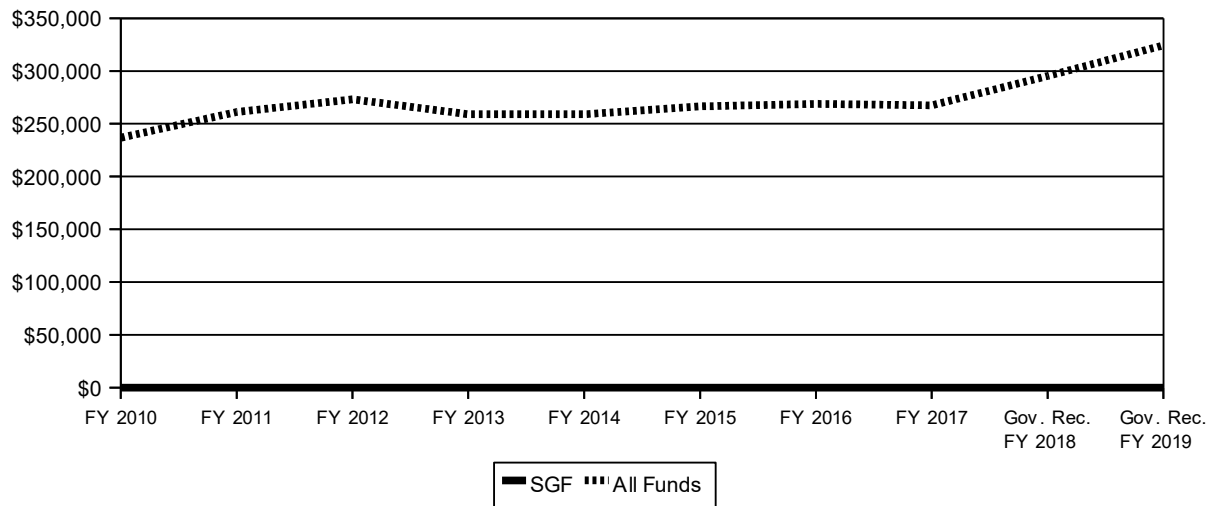
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate totaling \$324,385, all from the Board of Mortuary Arts Fee Fund, for FY 2019, which is unchanged from the amount approved by the 2017 Legislature. The agency's revised estimate includes 3.0 FTE positions, which is the same as the approved number.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds  | % Change | FTE |
|---------------------------------|------|----------|------------|----------|-----|
| 2010                            | \$ 0 | -- %     | \$ 236,856 | 0.8 %    | 3.0 |
| 2011                            | 0    | --       | 261,223    | 10.3     | 3.0 |
| 2012                            | 0    | --       | 273,158    | 4.6      | 3.0 |
| 2013                            | 0    | --       | 259,055    | (5.2)    | 3.0 |
| 2014                            | 0    | --       | 259,020    | (0.0)    | 3.0 |
| 2015                            | 0    | --       | 266,484    | 2.9      | 3.0 |
| 2016                            | 0    | --       | 268,835    | 0.9      | 3.0 |
| 2017                            | 0    | --       | 267,511    | (0.5)    | 3.0 |
| 2018 Gov. Rec.                  | 0    | --       | 295,273    | 10.4     | 3.0 |
| 2019 Gov. Rec.                  | 0    | --       | 324,385    | 9.9      | 3.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 87,529  | 37.0 %   | 0.0 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017 | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|----------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                        |                   | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                         | \$ 267,511        | \$ 295,273          | \$ 324,385          | \$ 29,112                      | 9.9 %                           | \$ 295,273                | \$ 324,385        | \$ 29,112                      | 9.9 %                           |
| <b>By Major Object of Expenditure:</b> |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                     | \$ 209,823        | \$ 207,967          | \$ 214,255          | \$ 6,288                       | 3.0 %                           | \$ 207,967                | \$ 214,255        | \$ 6,288                       | 3.0 %                           |
| Contractual Services                   | 52,403            | 77,181              | 76,305              | (876)                          | (1.1)                           | 77,181                    | 76,305            | (876)                          | (1.1)                           |
| Commodities                            | 3,194             | 8,125               | 9,425               | 1,300                          | 16.0                            | 8,125                     | 9,425             | 1,300                          | 16.0                            |
| Capital Outlay                         | 0                 | 2,000               | 24,400              | 22,400                         | 1,120.0                         | 2,000                     | 24,400            | 22,400                         | 1,120.0                         |
| Debt Service                           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$ 265,420</i> | <i>\$ 295,273</i>   | <i>\$ 324,385</i>   | <i>\$ 29,112</i>               | <i>9.9 %</i>                    | <i>\$ 295,273</i>         | <i>\$ 324,385</i> | <i>\$ 29,112</i>               | <i>9.9 %</i>                    |
| Aid to Local Units                     | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                       | 2,091             | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 267,511</b> | <b>\$ 295,273</b>   | <b>\$ 324,385</b>   | <b>\$ 29,112</b>               | <b>9.9 %</b>                    | <b>\$ 295,273</b>         | <b>\$ 324,385</b> | <b>\$ 29,112</b>               | <b>9.9 %</b>                    |
| <b>Financing:</b>                      |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                     | \$ 0              | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |
| All Other Funds                        | 267,511           | 295,273             | 324,385             | 29,112                         | 9.9                             | 295,273                   | 324,385           | 29,112                         | 9.9                             |
| <b>TOTAL</b>                           | <b>\$ 267,511</b> | <b>\$ 295,273</b>   | <b>\$ 324,385</b>   | <b>\$ 29,112</b>               | <b>9.9 %</b>                    | <b>\$ 295,273</b>         | <b>\$ 324,385</b> | <b>\$ 29,112</b>               | <b>9.9 %</b>                    |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 295,273                            | 295,273                       | 0                                 | 295,273                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 295,273</b>                  | <b>\$ 295,273</b>             | <b>\$ 0</b>                       | <b>\$ 295,273</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 3.0                                | 3.0                           | 0.0                               | 3.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$295,273, all from the Mortuary Arts Fee Fund, in FY 2018, which is unchanged from the amount approved by the 2017 Legislature. The agency's revised estimate includes 3.0 FTE positions, which is the same as the approved number. Major categories of expenditure are provided below:

- **Salaries and Wages.** The revised request includes \$207,967, which is a decrease of \$2,905, or 1.4 percent, below the amount approved the 2017 Legislature. The decrease is primarily attributable to a decrease in employer contributions to group health insurance (\$3,099), KPERS (\$61), classified regular salaries and wages (\$229), and unemployment compensation tax (\$60), which is partially offset by an increase in classified longevity pay (\$520);
- **Contractual Services.** The revised request includes \$77,181, which is an increase of \$2,905, or 3.9 percent, above the amount approved by the 2017 Legislature. The increase is attributable to an increase in fees (\$1,701), rents (\$1,000), and travel and subsistence expenditures (\$905), which is partially offset by a decrease in Office of Information Technology Services (OITS) data processing and database services (\$601) and freight and express services (\$100);
- **Commodities.** The request includes \$8,125, primarily for vehicle fuel (\$4,000), office supplies (\$3,500), and professional supplies (\$500). This amount is the same as the amount approved by the 2017 Legislature; and
- **Capital Outlay.** The request includes \$2,000 for computer equipment. This amount is the same as the amount approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 324,385                            | 324,385                       | 0                                 | 324,385                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 324,385</b>                  | <b>\$ 324,385</b>             | <b>\$ 0</b>                       | <b>\$ 324,385</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 3.0                                | 3.0                           | 0.0                               | 3.0                         | 0.0                                 |

The **agency** requests a revised estimate totaling \$324,385, all from the Board of Mortuary Arts Fee Fund, for FY 2019, which is unchanged from the amount approved by the 2017 Legislature. The agency's revised estimate includes 3.0 FTE positions, which is the same as the approved number. Major categories of expenditure are provided below:

- **Salaries and Wages.** The revised request includes \$214,255, which is an increase of \$170, or less than 0.1 percent, above the amount approved the 2017 Legislature. The increase is primarily attributable to an increase in salaries (\$2,141) and classified longevity pay (\$480), which is offset by a decrease in employer contributions to group health insurance (\$2,374) and KPERS (\$107);
- **Contractual Services.** The revised request includes \$76,305, which is a decrease of \$170, or 0.2 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to a reduction in communications expenditures;
- **Commodities.** The request includes \$9,425, largely for vehicle fuel, servicing, upkeep, and office supplies. This amount is the same as the amount approved by the 2017 Legislature; and
- **Capital Outlay.** The request includes \$24,400 for a new vehicle for the agency's inspector (\$22,400) and computer equipment (\$2,000). This amount is the same as the amount approved by the 2017 Legislature.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$2,000, and FY 2019 longevity payments total \$2,000.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                  | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------|--------------------------------------------|------------------------------------------|
| Board of Mortuary Arts Fee Fund | 100.0 %                                    | 100.0 %                                  |
| <b>TOTAL</b>                    | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Board of Mortuary Arts Fee Fund Analysis

The Kansas State Board of Mortuary Arts is a fee-funded agency funded solely by the Board of Mortuary Arts Fee Fund. Pursuant to KSA 65-1718, revenues deposited into the fee fund include those from the issuance and renewal of licenses; administration of exams for funeral directors and assistant funeral directors; sale of rule books, lists, and duplicate licenses; and continuing education programming.

| Resource Estimate                         | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------------------------|-----------------------|-------------------------------|------------------------|-------------------------------|----------------------|
| Beginning Balance                         | \$ 313,910            | \$ 316,074                    | \$ 316,074             | \$ 316,849                    | \$ 316,849           |
| Revenue                                   | 269,675               | 296,048                       | 296,048                | 252,113                       | 252,113              |
| Transfers in                              | 0                     | 0                             | 0                      | 0                             | 0                    |
| <b>Funds Available</b>                    | <b>\$ 583,585</b>     | <b>\$ 612,122</b>             | <b>\$ 612,122</b>      | <b>\$ 568,962</b>             | <b>\$ 568,962</b>    |
| Less:                                     |                       |                               |                        |                               |                      |
| Expenditures                              | 267,511               | 295,273                       | 295,273                | 324,385                       | 324,385              |
| Transfers Out                             | 0                     | 0                             | 0                      | 0                             | 0                    |
| Off Budget Expenditures                   | 0                     | 0                             | 0                      | 0                             | 0                    |
| <b>Ending Balance</b>                     | <b>\$ 316,074</b>     | <b>\$ 316,849</b>             | <b>\$ 316,849</b>      | <b>\$ 244,577</b>             | <b>\$ 244,577</b>    |
| Ending Balance as Percent of Expenditures | 118.2%                | 107.3%                        | 107.3%                 | 75.4%                         | 75.4%                |
| Month Highest Ending Balance              | January<br>\$ 330,844 | March<br>\$ 328,440           | March<br>\$ 328,440    | July<br>\$ 304,911            | July<br>\$ 304,911   |
| Month Lowest Ending Balance               | July<br>\$ 302,390    | November<br>\$ 304,193        | November<br>\$ 304,193 | June<br>\$ 244,577            | June<br>\$ 244,577   |

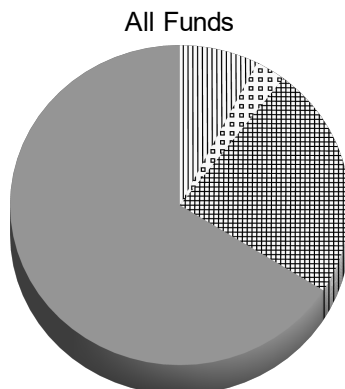
# **BOARD OF MORTUARY ARTS FEES**

| Board of Mortuary Arts Fees                           | Current<br>Fee | Statutory<br>Limit |
|-------------------------------------------------------|----------------|--------------------|
| Embalmer endorsement application fee                  | \$350          | \$500              |
| Embalmer reciprocity application fee                  | \$350          | \$500              |
| Funeral director examination fee                      | \$200          | \$400              |
| Funeral director reciprocity application fee          | \$350          | \$500              |
| Embalmer/funeral director reciprocity application fee | \$350          | \$500              |
| Assistant funeral director application fee            | \$150          | \$300              |
| Assistant funeral director examination fee            | \$50           | \$300              |
| Embalmer license and renewal fee                      | \$168          | \$350              |
| Funeral director license and renewal fee              | \$228          | \$450              |
| Crematory operator license and renewal fee            | \$50           | \$200              |
| Assistant funeral director license and renewal fee    | \$180          | \$400              |
| Apprentice embalmer registration fee                  | \$100          | \$250              |
| Funeral establishment license fee                     | \$650          | \$1,000            |
| Branch establishment license fee                      | \$650          | \$1,000            |
| Crematory license fee                                 | \$650          | \$1,000            |
| Crematory renewal fee                                 | \$650          | \$1,000            |
| Funeral establishment/crematory license fee           | \$950          | \$1,500            |
| Funeral establishment/crematory renewal fee           | \$950          | \$1,500            |
| Branch establishment/crematory license fee            | \$950          | \$1,500            |
| Branch establishment/crematory renewal fee            | \$950          | \$1,500            |
| Duplicate license                                     | \$15           | \$30               |
| Rulebook                                              | \$5            | \$20               |
| Continuing education program sponsor application      | \$0            | \$25               |
| Continuing education program license application      | \$0            | \$25               |
| List of licenses                                      | \$10           | N/A                |
| List of funeral homes                                 | \$5            | N/A                |

## OBJECT DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation



Salaries and Wages
  Contractual Services
  Commodities
  Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 214,255                        | 66.0 %              | \$ 0                        | -- %                |
| Contractual Services | 76,305                            | 23.5                | 0                           | --                  |
| Commodities          | 9,425                             | 2.9                 | 0                           | --                  |
| Capital Outlay       | 24,400                            | 7.5                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 324,385</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 3.0               | 3.0                    | 3.0                  | 3.0                    | 3.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                      | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|--------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of complaints requiring an investigation              | N/A                      | 31                | 30                   | 33                   |
| Number of current licenses on file with the Board            | 2,200                    | 2,150             | 2,160                | 2,170                |
| Percent of investigations that result in disciplinary action | 45.0%                    | 49.0%             | 47.0%                | 47.0%                |

# BOARD OF NURSING

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 2,419,135           | 2,902,129              | 2,902,129            | 2,960,173              | 2,960,173            |
| <i>Subtotal</i>         | <i>\$ 2,419,135</i> | <i>\$ 2,902,129</i>    | <i>\$ 2,902,129</i>  | <i>\$ 2,960,173</i>    | <i>\$ 2,960,173</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 2,419,135</b> | <b>\$ 2,902,129</b>    | <b>\$ 2,902,129</b>  | <b>\$ 2,960,173</b>    | <b>\$ 2,960,173</b>  |

## Percentage Change:

|                        |      |      |      |      |      |
|------------------------|------|------|------|------|------|
| Operating Expenditures |      |      |      |      |      |
| State General Fund     | -- % | -- % | -- % | -- % | -- % |
| All Funds              | 0.5  | 20.0 | 20.0 | 2.0  | 2.0  |
| FTE Positions          | 26.0 | 26.0 | 26.0 | 26.0 | 26.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Board of Nursing was created in 1913 to regulate the practice of nursing by maintaining licensure of covered classes, surveying schools, and conducting disciplinary activities. The Board consists of 11 members appointed by the Governor, each serving a four-year term. As required by law, six Board members are registered Professional Nurses, two are licensed Practical Nurses, and three are members of the public. The following three divisions assist in facilitating the responsibilities of the agency.

**Licensing Division.** The Board's licensing division evaluates nursing schools and maintains the licensure of Practical Nurses, Registered Nurses, Advanced Practice Registered Nurses, Registered Nurse Anesthetists, and Mental Health Technicians.

**Education Division.** The Board's education division is tasked with developing stronger ties with professional organizations and nurses across Kansas by providing staff for speaking engagements, setting up information booths at conventions, and conducting presentations about nursing regulation to nursing students. In addition, the Board is responsible for reviewing and approving continuing education providers and programs for its licensees and accredits schools that meet the Board's rules and regulations.

**Legal Division.** The Board's legal division investigates complaints concerning unlawful practices and may, after hearings, suspend or revoke a practitioner's license. The Board also may discipline licensees who violate the Nurse Practice Act by classifying the violation, investigating actionable categories, and disposing of cases accordingly.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **2008 Legislature** passed HB 2620, which authorized the Board of Nursing to require applicants for an original license to practice as a professional nurse, practical nurse, or mental health technician to be fingerprinted and to submit to a state and national criminal history record check. The bill also authorizes the Board of Nursing to set a fee for fingerprinting in an amount needed to reimburse the Board for the cost of fingerprinting and the criminal record check and to deposit such fees into the Board's Criminal Background and Fingerprinting Fund created by the bill.

The **2009 Legislature** transferred \$43,683 from the Board of Nursing Fee Fund to the State General Fund in FY 2009. The Legislature also transferred \$57,064 from the fee fund to the State General Fund in FY 2010.

In addition, the **2009 Legislature** added \$61,500 from the Board of Nursing Fee Fund for the replacement of information technology software and hardware in FY 2010. The Legislature then deleted \$4,329 from the fee fund to hold the overall agency budget in FY 2011 at the FY 2010 level.

The **2010 Legislature** passed HB 2619, which altered the scope of practice for registered nurse anesthetists (RNAs). The bill allows RNAs, upon the order of a physician or dentist and as a member of a physician- or dentist-directed health care team, to order or administer appropriate medication and anesthetic agents pre- and post-analgesia and during the peri-anesthetic or pre-analgesic periods. The bill also allows RNAs to order necessary medications and tests in the peri-anesthetic or peri-analgesic periods and to take appropriate action during those times.

The **2011 Legislature** passed HB 2182, which amended the law to update the title of an Advanced Registered Nurse Practitioner (ARNP) to Advanced Practice Registered Nurse (APRN), changed licensure and education requirements for the role of APRNs, and permitted reinstatement of lapsed nurse licenses upon meeting specified requirements. The reinstatement provision expired January 1, 2012.

The **2015 Legislature** passed Senate Sub. for HB 2135, which authorized the Director of the Budget, if the Director determined the unencumbered ending balance of the State General Fund for FY 2016 would be less than \$100.0 million, to lapse appropriations or transfer funding from special revenue funds to the State General Fund, up to a total of \$100.0 million, for FY 2016. Under this authority, \$250,000 was transferred from the Board of Nursing Fee Fund to the State General Fund in FY 2016.

The **2016 Legislature** added \$17,943 in FY 2016 and \$22,724 for FY 2017, all from special revenue funds, for a salary increase to an Assistant Attorney General position.

The **2017 Legislature** approved an interagency agreement to share the cost of funding the Kansas Prescription Monitoring Program, also known as K-TRACS. The Board of Nursing will transfer \$36,000 for FY 2018 and \$37,000 for FY 2019, all from the Board of Nursing Fee Fund, to the Board of Pharmacy. During this time period, the agencies will work to attempt to reach a permanent funding solution for the program.



In addition, the **2017 Legislature** added funding for a 2.5 percent adjustment for all state employees with less than five years of service (except for Highway Patrol law enforcement personnel, legislators, teachers, and licensed personnel and employees at the Schools for the Deaf and the Blind, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other statewide elected officials); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019. For the Board of Nursing, the Legislature added \$35,706, all from the Board of Nursing Fee Fund, for both FY 2018 and FY 2019.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate in FY 2018 expenditures of \$2.9 million, all from special revenue funds. The revised estimate is a decrease of \$37,515, or 1.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in employer contributions for state employee health insurance, legal expenditures to investigate complaints, and decreased expenditures for processing fingerprints due to the agency re-estimating the costs to process new licensees. The revised estimate includes 26.0 FTE positions, which is the same number approved by the 2017 Legislature.

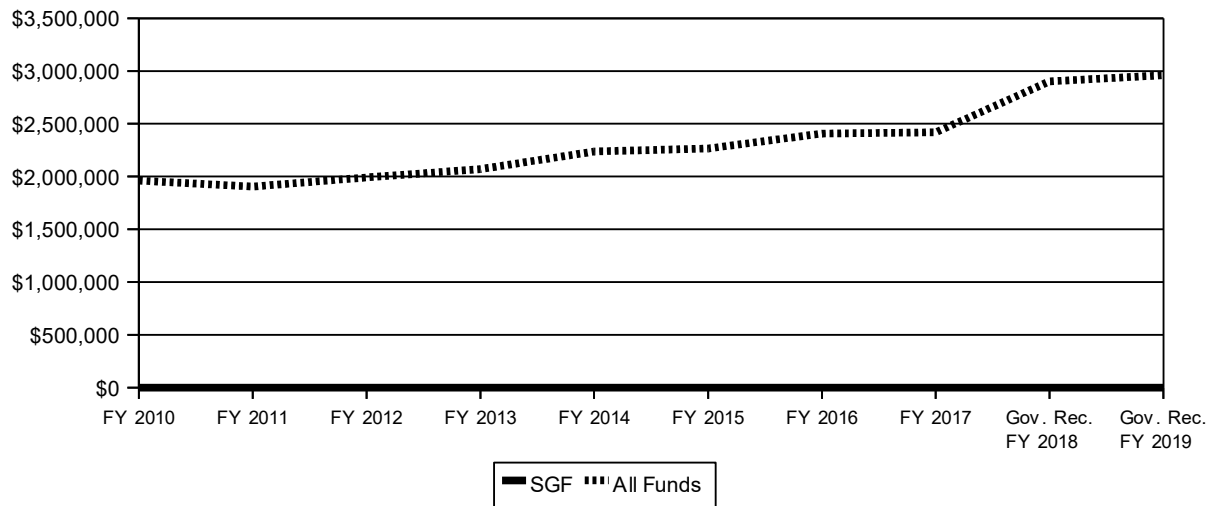
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for FY 2019 expenditures of \$3.0 million, all from special revenue funds. The revised estimate is a decrease of \$32,515, or 1.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in employer contributions for state employee health insurance, employer KPERS contributions, salary expenditures, and legal expenditures to investigate claims, partially offset by an increase in computer software expenditures. The revised estimate includes 26.0 FTE positions, which is the same number approved by the 2017 Legislature.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds    | % Change | FTE  |
|-----------------|------|----------|--------------|----------|------|
| 2010            | \$ 0 | -- %     | \$ 1,961,585 | 7.9 %    | 24.0 |
| 2011            | 0    | --       | 1,904,440    | (2.9)    | 23.0 |
| 2012            | 0    | --       | 1,991,188    | 4.6      | 24.0 |
| 2013            | 0    | --       | 2,070,282    | 4.0      | 23.0 |
| 2014            | 0    | --       | 2,237,476    | 8.1      | 26.0 |
| 2015            | 0    | --       | 2,266,011    | 1.3      | 26.0 |
| 2016            | 0    | --       | 2,407,320    | 6.2      | 26.0 |
| 2017            | 0    | --       | 2,419,135    | 0.5      | 26.0 |
| 2018 Gov. Rec.  | 0    | --       | 2,902,129    | 20.0     | 26.0 |
| 2019 Gov. Rec.  | 0    | --       | 2,960,173    | 2.0      | 26.0 |
| Ten-Year Change |      |          |              |          |      |
| Dollars/Percent | \$ 0 | -- %     | \$ 998,588   | 50.9 %   | 2.0  |

# Summary of Operating Budget FY 2017 - FY 2019

Board of Nursing

|                                          |           | Agency Estimate   |                     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|------------------------------------------|-----------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
|                                          |           | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                       |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Administration                           | \$        | 2,419,135         | \$ 2,902,129        | \$ 2,960,173        | \$ 58,044                      | 2.0 %                           | \$ 2,902,129              | \$ 2,960,173        | \$ 58,044                      | 2.0 %                           |
| <b>By Major Object of Expenditure:</b>   |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Salaries and Wages                       | \$        | 1,772,291         | \$ 1,841,590        | \$ 1,844,100        | \$ 2,510                       | 0.1 %                           | \$ 1,841,590              | \$ 1,844,100        | \$ 2,510                       | 0.1 %                           |
| Contractual Services                     |           | 531,146           | 990,739             | 1,038,073           | 47,334                         | 4.8                             | 990,739                   | 1,038,073           | 47,334                         | 4.8                             |
| Commodities                              |           | 24,390            | 24,800              | 31,900              | 7,100                          | 28.6                            | 24,800                    | 31,900              | 7,100                          | 28.6                            |
| Capital Outlay                           |           | 90,808            | 45,000              | 46,100              | 1,100                          | 2.4                             | 45,000                    | 46,100              | 1,100                          | 2.4                             |
| Debt Service                             |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| Subtotal-Operations                      | \$        | 2,418,635         | \$ 2,902,129        | \$ 2,960,173        | \$ 58,044                      | 2.0 %                           | \$ 2,902,129              | \$ 2,960,173        | \$ 58,044                      | 2.0 %                           |
| Aid to Local Units                       |           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| Other Assistance                         |           | 500               | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>TOTAL</b>                             | <b>\$</b> | <b>2,419,135</b>  | <b>\$ 2,902,129</b> | <b>\$ 2,960,173</b> | <b>\$ 58,044</b>               | <b>2.0 %</b>                    | <b>\$ 2,902,129</b>       | <b>\$ 2,960,173</b> | <b>\$ 58,044</b>               | <b>2.0 %</b>                    |
| <b>Financing:</b>                        |           |                   |                     |                     |                                |                                 |                           |                     |                                |                                 |
| State General Fund                       | \$        | 0                 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0                | \$ 0                           | -- %                            |
| Board of Nursing Fee Fund                |           | 2,422,882         | 2,577,129           | 2,630,173           | 53,044                         | 2.1                             | 2,577,129                 | 2,630,173           | 53,044                         | 2.1                             |
| Criminal Background and Fingerprint Fund |           | (4,247)           | 325,000             | 330,000             | 5,000                          | 1.5                             | 325,000                   | 330,000             | 5,000                          | 1.5                             |
| All Other Funds                          |           | 500               | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>TOTAL</b>                             | <b>\$</b> | <b>2,419,135</b>  | <b>\$ 2,902,129</b> | <b>\$ 2,960,173</b> | <b>\$ 58,044</b>               | <b>2.0 %</b>                    | <b>\$ 2,902,129</b>       | <b>\$ 2,960,173</b> | <b>\$ 58,044</b>               | <b>2.0 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

This agency's revised estimate does not include State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 2,939,644                          | 2,902,129                     | (37,515)                          | 2,902,129                   | (37,515)                            |
| <b>TOTAL</b>                | <b>\$ 2,939,644</b>                | <b>\$ 2,902,129</b>           | <b>\$ (37,515)</b>                | <b>\$ 2,902,129</b>         | <b>\$ (37,515)</b>                  |
| FTE Positions               | 26.0                               | 26.0                          | 0.0                               | 26.0                        | 0.0                                 |

The **agency** requests a revised estimate in FY 2018 expenditures of \$2.9 million, all from special revenue funds. The revised estimate is a decrease of \$37,515, or 1.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in employer contributions for state employee health insurance, legal expenditures to investigate complaints, and decreased expenditures for processing fingerprints due to the agency re-estimating the costs to process new licensees. The revised estimate includes 26.0 FTE positions, which is the same number approved by the 2017 Legislature. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates \$1.8 million, all from special revenue funds, for salaries and wages in FY 2018. This is a decrease of \$18,743, or 1.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in employer contributions for state employee health insurance. Salaries and wages expenditures for this agency primarily includes base salary for 26 employees and employer fringe benefit costs;
- **Contractual Services.** The agency estimates \$990,739, all from special revenue funds, for contractual services in FY 2018. This is a decrease of \$19,272, or 1.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to the agency re-estimating the projected expenditures for processing fingerprints of new licensees and a decrease in legal expenditures to investigate claims. Contractual services expenditures for this agency primarily include expenditures sent to the Kansas Bureau of Investigation for processing applicant fingerprints for licenses, building rent, legal expenditures to investigate complaints, and computer software maintenance;

- **Commodities.** The agency estimates \$24,800, all from special revenue funds, for commodities in FY 2018. This is an increase of \$500, or 2.1 percent, above the amount approved by the 2017 Legislature. Commodities expenditures for this agency primarily include stationery and office supplies; and
- **Capital Outlay.** The agency estimates \$45,000, all from special revenue funds, for capital outlay in FY 2018. This is the same amount approved by the 2017 Legislature. Capital outlay expenditures for this agency primarily include software and computer equipment.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

This agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 2,992,688                          | 2,960,173                     | (32,515)                          | 2,960,173                   | (32,515)                            |
| <b>TOTAL</b>                | <b>\$ 2,992,688</b>                | <b>\$ 2,960,173</b>           | <b>\$ (32,515)</b>                | <b>\$ 2,960,173</b>         | <b>\$ (32,515)</b>                  |
| FTE Positions               | 26.0                               | 26.0                          | 0.0                               | 26.0                        | 0.0                                 |

The **agency** requests a revised estimate for FY 2019 expenditures of \$3.0 million, all from special revenue funds. The revised estimate is a decrease of \$32,515, or 1.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in employer contributions for state employee health insurance, employer KPERS contributions, salary expenditures, and legal expenditures to investigate claims, partially offset by an increase in computer software expenditures. The revised estimate includes 26.0 FTE positions, which is the same number approved by the 2017 Legislature. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates \$1.8 million, all from special revenue funds, for salaries and wages for FY 2019. This is a decrease of \$70,615, or 3.7 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in employer contributions for state employee health insurance and KPERS employer contributions;
- **Contractual Services.** The agency estimates \$1.0 million, all from special revenue funds, for contractual services for FY 2019. This is an increase of \$30,400, or 3.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in computer software expenditures and building space rental, partially offset by a decrease in legal expenditures;

- **Commodities.** The agency estimates \$31,900, all from special revenue funds, for commodities for FY 2019. This is an increase of \$6,600, or 26.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in office supplies, partially offset by a decrease in data processing supplies; and
- **Capital Outlay.** The agency estimates \$46,100, all from special revenue funds, for capital outlay for FY 2019. This is an increase of \$1,100, or 2.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in computer equipment.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$5,320, all from the special revenue funds, and FY 2019 longevity payments total \$5,520, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                              | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                          | 0.0 %                                      | 0.0 %                                    |
| Board of Nursing Fee Fund                   | 88.9                                       | 88.9                                     |
| Criminal Background and<br>Fingerprint Fund | 11.1                                       | 11.1                                     |
| <b>TOTAL</b>                                | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Board of Nursing Fee Fund

The Board is responsible for examining, licensing, and renewing licenses of qualified nurse applicants and conducting hearings upon charges for limitation, suspension, or revocation of a license. According to KSA 74-1108, the executive administrator of the Board can levy fees, charges, or penalties for these services. KSA 74-1106 authorizes the Board of Nursing to apply for and receive grant funds, as well as receive donations, bequests, and gifts. The agency reports that as of May 12, 2017, licensure verification for Registered Nurses (RNs) and Licensed Practical Nurses (LPNs) is done through Nursys.com (a national database) so revenue from verifications is expected to decrease by approximately \$100,000 annually. This change is reflected in the estimated revenues in FY 2018 and for FY 2019. The 2017 Legislature approved transfers of \$36,000 in FY 2018 and \$37,000 for FY 2019 from the Board of Nursing Fee Fund to the Board of Pharmacy, as part of a multi-agency agreement to share costs associated with the Kansas Prescription Monitoring Program, also known as K-TRACS.

| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|------------------------|-------------------------------|-----------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 1,041,050           | \$ 1,087,472                  | \$ 1,087,472          | \$ 929,843                    | \$ 929,843             |
| Revenue                                      | 2,469,304              | 2,455,500                     | 2,455,500             | 2,555,500                     | 2,555,500              |
| Transfers in                                 | 0                      | 0                             | 0                     | 0                             | 0                      |
| <b>Funds Available</b>                       | <b>\$ 3,510,354</b>    | <b>\$ 3,542,972</b>           | <b>\$ 3,542,972</b>   | <b>\$ 3,485,343</b>           | <b>\$ 3,485,343</b>    |
| Less:                                        |                        |                               |                       |                               |                        |
| Expenditures                                 | 2,422,882              | 2,577,129                     | 2,577,129             | 2,630,173                     | 2,630,173              |
| Transfers Out                                | 0                      | 36,000                        | 36,000                | 37,000                        | 37,000                 |
| Off Budget Expenditures                      | 0                      | 0                             | 0                     | 0                             | 0                      |
| <b>Ending Balance</b>                        | <b>\$ 1,087,472</b>    | <b>\$ 929,843</b>             | <b>\$ 929,843</b>     | <b>\$ 818,170</b>             | <b>\$ 818,170</b>      |
| Ending Balance as Percent of<br>Expenditures | 44.9%                  | 36.1%                         | 36.1%                 | 31.1%                         | 31.1%                  |
| Month Highest Ending<br>Balance              | April<br>\$ 1,136,502  | April<br>\$ 1,187,180         | April<br>\$ 1,187,180 | April<br>\$ 1,015,099         | April<br>\$ 10,015,099 |
| Month Lowest Ending<br>Balance               | December<br>\$ 934,271 | June<br>\$ 929,843            | June<br>\$ 929,843    | June<br>\$ 818,170            | June<br>\$ 818,170     |



**BOARD OF NURSING LICENSURE FEES**

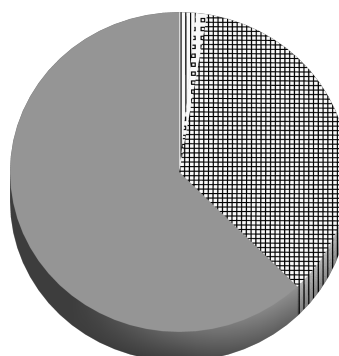
| License                                                    | Current<br>Fee | Statutory<br>Limit |
|------------------------------------------------------------|----------------|--------------------|
| Professional Nurse—application for license                 | \$ 75          | \$ 75              |
| Professional Nurse—biennial renewal fee                    | 55             | 60                 |
| Practical Nurse—application for license                    | 50             | 50                 |
| Practical Nurse—biennial renewal fee                       | 55             | 60                 |
| Advanced Practice Registered Nurse—application for license | 50             | 50                 |
| Advanced Practice Registered Nurse—biennial renewal fee    | 55             | 60                 |
| Registered Nurse Anesthetist—application for license       | 75             | 75                 |
| Registered Nurse Anesthetist—biennial renewal fee          | 55             | 60                 |
| Mental Health Technician—application for license           | 50             | 50                 |
| Mental Health Technician—biennial renewal fee              | 55             | 60                 |

## PROGRAM DETAIL

### Expenditures by Object

#### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 1,844,100                      | 62.3 %              | \$ 0                        | -- %                |
| Contractual Services | 1,038,073                         | 35.1                | 0                           | --                  |
| Commodities          | 31,900                            | 1.1                 | 0                           | --                  |
| Capital Outlay       | 46,100                            | 1.6                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 2,960,173</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 26.0              | 26.0                   | 26.0                 | 26.0                   | 26.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                            | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of investigations conducted | 2,325                    | 2,071             | 2,450                | 2,480                |
| Percent of online renewals         | 90.0%                    | 81.1%             | 90.0%                | 100.0%               |

# BOARD OF EXAMINERS IN OPTOMETRY

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 141,764           | 166,208                | 166,208              | 167,363                | 167,363              |
| <i>Subtotal</i>         | <i>\$ 141,764</i> | <i>\$ 166,208</i>      | <i>\$ 166,208</i>    | <i>\$ 167,363</i>      | <i>\$ 167,363</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 141,764</b> | <b>\$ 166,208</b>      | <b>\$ 166,208</b>    | <b>\$ 167,363</b>      | <b>\$ 167,363</b>    |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |      |      |
|--------------------|------|------|------|------|------|
| State General Fund | -- % | -- % | -- % | -- % | -- % |
| All Funds          | 9.7  | 17.2 | 17.2 | 0.7  | 0.7  |
| FTE Positions      | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Board of Examiners in Optometry was created in 1909 to administer and enforce the provisions of the Optometry Act so the highest quality of eye care is provided to the citizens of Kansas. The Board is responsible for evaluating the qualifications of new applicants for the practice of optometry through examinations and review of qualifications.

## MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** gave the Board of Healing Arts the authority to temporarily suspend or limit the registration of an entity dispensing contact lenses to Kansans by mail if the continued dispensing of lenses by such entity would constitute an imminent danger to the public. Although this authority was given to the Board of Healing Arts, it is an important issue to the Board of Examiners in Optometry due to its relevance to eye health.

The **2010 Legislature** passed SB 489, which amended existing law concerning the dispensing of contact lenses to Kansas residents by a person or entity not licensed to practice optometry, medicine, or surgery in the state. The bill allowed the mailing or delivery of contact lenses using a commercial courier or overnight or other delivery services.

The **2012 Legislature** passed HB 2525, which updated Kansas optometry law to reflect the current, single licensure level for optometrists as required by the Kansas State Board of Examiners in Optometry by eliminating language referring to three different levels of licensure, as well as clarifying the minor surgical procedures Kansas optometrists are allowed to perform. The bill also created the Optometry Litigation Fund, capped at \$400,000, which is used to pay all costs and fees associated with litigation expenditures for the Board. Additionally, the bill requires all applicants for licensure to submit fingerprints to the Board and requires all new optometry graduates to have 24 hours of continuing education during their first year.

The **2014 Legislature** granted the Board authority to transfer \$200,000 from the Optometry Fee Fund to the Optometry Litigation Fund in FY 2014 and \$75,000 for FY 2015 in response to higher than expected litigation costs for the agency. Beginning for FY 2016, the annual transfer limit is \$50,000.

The **2014 Legislature** also passed SB 285, the Vision Care Services Act, which bars clauses in service contracts between insurers and optometrists that set fixed prices for services not included as covered services in the contract.

The **2015 Legislature** added 0.2 FTE positions to increase the agency's executive officer from a 0.8 FTE position to a 1.0 FTE position for FY 2016.

The **2016 Legislature** added \$10,000 for public service announcements related to the dangers of using cosmetic contact lenses without a prescription in FY 2016 and for FY 2017. The Legislature also added \$5,000 for increased administrative fees from Kansas.gov for maintenance of the agency's online licensing program in FY 2016 and for FY 2017.

In addition, the **2016 Legislature** transferred \$100,000 from the Optometry Fee Fund and \$50,000 from the Optometry Litigation Fund to the State General Fund for the Governor's July 30, 2015 allotment in FY 2016.

The **2017 Legislature** approved \$11,250 for FY 2018 and \$11,625 for FY 2019, all from special revenue funds, for subscription fees to use the Optometric Education (OE) Tracker Database system.

The **2017 Legislature** added language to transfer up to \$6,500 for FY 2018 and up to \$6,500 for FY 2019, all from the Optometry Fee Fund, to the Pharmacy Fee Fund in the Board of Pharmacy for the operation and maintenance of the Kansas Prescription Drug Monitoring Program (K-TRACS).

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$166,208, all from special revenue funds, in FY 2018. This is a decrease of \$146, or 0.1 percent, below the approved FY 2018 budget. This estimate includes 1.0 FTE position, the same as the approved number.

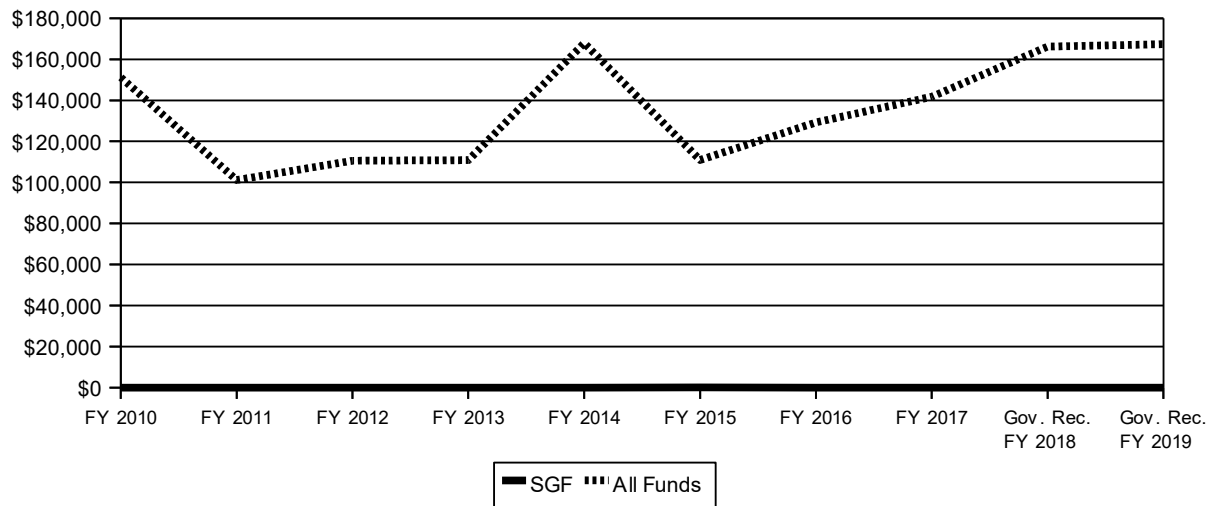
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$167,363, all from special revenue funds, in FY 2019. This estimate is the same as the approved FY 2019 budget. This includes 1.0 FTE position, the same as the approved number.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds  | % Change | FTE |
|---------------------------------|------|----------|------------|----------|-----|
| 2010                            | \$ 0 | -- %     | \$ 151,153 | 20.2 %   | 0.8 |
| 2011                            | 0    | --       | 101,181    | (33.1)   | 0.8 |
| 2012                            | 0    | --       | 110,543    | 9.3      | 0.8 |
| 2013                            | 0    | --       | 110,872    | 0.3      | 0.8 |
| 2014                            | 0    | --       | 167,887    | 51.4     | 0.8 |
| 2015                            | 0    | --       | 110,916    | (33.9)   | 0.8 |
| 2016                            | 0    | --       | 129,238    | 16.5     | 1.0 |
| 2017                            | 0    | --       | 141,764    | 9.7      | 1.0 |
| 2018 Gov. Rec.                  | 0    | --       | 166,208    | 17.2     | 1.0 |
| 2019 Gov. Rec.                  | 0    | --       | 167,363    | 0.7      | 1.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 16,210  | 10.7 %   | 0.2 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        |            | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                 |                                |                                 |
|----------------------------------------|------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-----------------|--------------------------------|---------------------------------|
| Actual<br>FY 2017                      |            | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |            |                     |                     |                                |                                 |                           |                 |                                |                                 |
| Administration                         | \$ 141,764 | \$ 166,208          | \$ 167,363          | \$ 1,155                       | 0.7 %                           | \$ 166,208                | \$ 167,363      | \$ 1,155                       | 0.7 %                           |
| <b>By Major Object of Expenditure:</b> |            |                     |                     |                                |                                 |                           |                 |                                |                                 |
| Salaries and Wages                     | \$ 68,061  | \$ 69,425           | \$ 70,728           | \$ 1,303                       | 1.9 %                           | \$ 69,425                 | \$ 70,728       | \$ 1,303                       | 1.9 %                           |
| Contractual Services                   | 72,979     | 95,673              | 95,525              | (148)                          | (0.2)                           | 95,673                    | 95,525          | (148)                          | (0.2)                           |
| Commodities                            | 724        | 1,110               | 1,110               | 0                              | 0.0                             | 1,110                     | 1,110           | 0                              | 0.0                             |
| Capital Outlay                         | 0          | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Debt Service                           | 0          | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Subtotal-Operations                    | \$ 141,764 | \$ 166,208          | \$ 167,363          | \$ 1,155                       | 0.7 %                           | \$ 166,208                | \$ 167,363      | \$ 1,155                       | 0.7 %                           |
| Aid to Local Units                     | 0          | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Other Assistance                       | 0          | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| TOTAL                                  | \$ 141,764 | \$ 166,208          | \$ 167,363          | \$ 1,155                       | 0.7 %                           | \$ 166,208                | \$ 167,363      | \$ 1,155                       | 0.7 %                           |
| <b>Financing:</b>                      |            |                     |                     |                                |                                 |                           |                 |                                |                                 |
| State General Fund                     | \$ 0       | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |
| Optometry Fee Fund                     | 116,162    | 163,708             | 164,863             | 1,155                          | 0.7                             | 163,708                   | 164,863         | 1,155                          | 0.7                             |
| Optometry Litigation Fund              | 25,315     | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Criminal History and Reporting Fund    | 287        | 2,500               | 2,500               | 0                              | 0.0                             | 2,500                     | 2,500           | 0                              | 0.0                             |
| TOTAL                                  | \$ 141,764 | \$ 166,208          | \$ 167,363          | \$ 1,155                       | 0.7 %                           | \$ 166,208                | \$ 167,363      | \$ 1,155                       | 0.7 %                           |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 166,354                            | 166,208                       | (146)                             | 166,208                     | (146)                               |
| <b>TOTAL</b>                | <b>\$ 166,354</b>                  | <b>\$ 166,208</b>             | <b>\$ (146)</b>                   | <b>\$ 166,208</b>           | <b>\$ (146)</b>                     |
| FTE Positions               | 1.0                                | 1.0                           | 0.0                               | 1.0                         | 0.0                                 |

The **agency** requests a revised FY 2018 estimate of \$166,208, all from special revenue funds. This is a decrease of \$146, or 0.1 percent, below the approved FY 2018 budget. The request includes the following:

- **Salaries and Wages.** The agency requests expenditures of \$69,425 for 1.0 FTE position. This is a decrease of \$146, or 0.1 percent, below the approved FY 2018 budget. The agency request represents the amount needed to maintain existing staff;
- **Contractual Services.** The agency estimates expenditures of \$95,673, the same as the amount approved; and
- **Commodities.** The agency estimates expenditures of \$1,110, the same as the amount approved.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 167,363                            | 167,363                       | 0                                 | 167,363                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 167,363</b>                  | <b>\$ 167,363</b>             | <b>\$ 0</b>                       | <b>\$ 167,363</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 1.0                                | 1.0                           | 0.0                               | 1.0                         | 0.0                                 |

The **agency** requests a revised FY 2019 estimate of \$167,363, all from special revenue funds. This request is the same as the approved FY 2019 budget. The request includes the following:

- **Salaries and Wages.** The agency requests expenditures of \$70,728 for 1.0 FTE position. This is an increase of \$192, or 0.3 percent, above the approved FY 2019 budget. This increase represents the amount needed to maintain existing staff;
- **Contractual Services.** The agency estimates expenditures of \$95,525 for FY 2019. This is a decrease of \$192, or 0.2 percent, below the amount approved; and
- **Commodities.** The agency estimates expenditures of \$1,110, the same as the amount approved.

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



## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                              | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|---------------------------------------------|--------------------------------------------|------------------------------------------|
| Optometry Fee Fund                          | 98.5 %                                     | 98.5 %                                   |
| Optometry Litigation Fund                   | 0.0                                        | 0.0                                      |
| Criminal History and<br>Fingerprinting Fund | 1.5                                        | 1.5                                      |
| <b>TOTAL</b>                                | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Optometry Fee Fund Analysis

The Board of Examiners in Optometry Fee Fund generates revenue from the collection of fees related to the licensing of optometrists. Of these collections, 10.0 percent are remitted to the State General Fund and remaining funds are credited to the Optometry Fee Fund.

The fee structure was changed from annual to biennial license renewal by the 2003 Legislature with the passage of HB 2169. The bill also raised the maximum renewal fee to \$800. The Board has made this transition, and now one-half of the licensees renew in even years and the other half in odd years. Other revenue is derived from examination fees, mailing list fees, and fees for new licenses.

All moneys in the Optometry Litigation Fund originate from the Optometry Fee Fund, with \$50,000 transfers planned in FY 2018 and FY 2019.

As a fee-funded agency, the Board currently contributes the lesser of 10.0 percent, or \$100,000, of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a. The table below summarizes estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation. The transfers out in FY 2018 and FY 2019 reflect a \$50,000 transfer from the Optometry Fee Fund to the Optometry Litigation Fund. The additional \$6,500 reflects a transfer from the Optometry Fee Fund to the Pharmacy Fee Fund in the Board of Pharmacy for the operation and maintenance of the Kansas Prescription Drug Monitoring Program (K-TRACS) authorized by KSA 2016 Supp. 65-1683 through 65-1694.

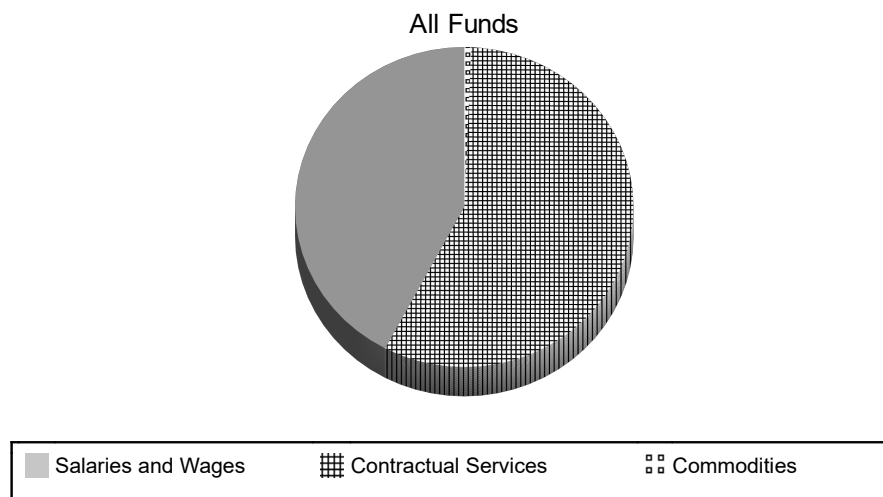
| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019  |
|----------------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|-----------------------|
| Beginning Balance                            | \$ 164,256             | \$ 212,384                    | \$ 212,384             | \$ 140,701                    | \$ 140,701            |
| Revenue                                      | 164,290                | 148,525                       | 148,525                | 168,775                       | 168,775               |
| Transfers in                                 | 0                      | 0                             | 0                      | 0                             | 0                     |
| <b>Funds Available</b>                       | <b>\$ 328,546</b>      | <b>\$ 360,909</b>             | <b>\$ 360,909</b>      | <b>\$ 309,476</b>             | <b>\$ 309,476</b>     |
| Less:                                        |                        |                               |                        |                               |                       |
| Expenditures                                 | \$ 116,162             | \$ 163,708                    | \$ 163,708             | \$ 164,863                    | \$ 164,863            |
| Transfers Out                                | 0                      | 56,500                        | 56,500                 | 56,500                        | 56,500                |
| Off Budget Expenditures                      | 0                      | 0                             | 0                      | 0                             | 0                     |
| <b>Ending Balance</b>                        | <b>\$ 212,384</b>      | <b>\$ 140,701</b>             | <b>\$ 140,701</b>      | <b>\$ 88,113</b>              | <b>\$ 88,113</b>      |
| Ending Balance as Percent of<br>Expenditures | 182.8%                 | 85.9%                         | 85.9%                  | 53.4%                         | 53.4%                 |
| Month Highest Ending<br>Balance              | May<br>\$ 212,939      | May<br>\$ 201,829             | May<br>\$ 201,829      | May<br>\$ 145,893             | May<br>\$ 145,893     |
| Month Lowest Ending<br>Balance               | February<br>\$ 100,761 | February<br>\$ 119,450        | February<br>\$ 119,450 | February<br>\$ 47,718         | February<br>\$ 47,718 |

| BOARD OF EXAMINERS IN OPTOMETRY LICENSURE FEES |                |                    |
|------------------------------------------------|----------------|--------------------|
| License                                        | Current<br>Fee | Statutory<br>Limit |
| Initial license examination fee                | \$ 150         | \$ 450             |
| First examination retake fee                   | 75             | 150                |
| Subsequent examination retakes fee             | 45             | 150                |
| Initial license                                | 30             | 150                |
| Renewal (biennial)                             | 450            | 800                |
| Reciprocal license                             | 150            | 450                |
| Reactivation of license                        | 100            | 450                |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 70,728                         | 42.3 %              | \$ 0                        | -- %                |
| Contractual Services | 95,525                            | 57.1                | 0                           | --                  |
| Commodities          | 1,110                             | 0.7                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 167,363</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 1.0               | 1.0                    | 1.0                  | 1.0                    | 1.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                         | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|---------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of consumer complaints   | N/A                      | 10                | N/A                  | N/A                  |
| Number of reciprocal applicants | N/A                      | 3                 | N/A                  | N/A                  |
| Number of in-state applicants   | N/A                      | 22                | N/A                  | N/A                  |

# BOARD OF PHARMACY

| Expenditure             | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Operating Expenditures: |                            |                            |                            |                            |                            |
| State General Fund      | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds             | 1,827,469                  | 2,121,982                  | 2,121,982                  | 2,177,382                  | 2,177,382                  |
| <i>Subtotal</i>         | <i>\$ 1,827,469</i>        | <i>\$ 2,121,982</i>        | <i>\$ 2,121,982</i>        | <i>\$ 2,177,382</i>        | <i>\$ 2,177,382</i>        |
| Capital Improvements:   |                            |                            |                            |                            |                            |
| State General Fund      | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| Other Funds             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal</i>         | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                |
| <b>TOTAL</b>            | <b><u>\$ 1,827,469</u></b> | <b><u>\$ 2,121,982</u></b> | <b><u>\$ 2,121,982</u></b> | <b><u>\$ 2,177,382</u></b> | <b><u>\$ 2,177,382</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |      |      |
|--------------------|------|------|------|------|------|
| State General Fund | -- % | -- % | -- % | -- % | -- % |
| All Funds          | 49.5 | 16.1 | 16.1 | 2.6  | 2.6  |
| FTE Positions      | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Board of Pharmacy is responsible for the enforcement of the Pharmacy Act and the Controlled Substance Act. The mission of the Board is to ensure all persons and entities conducting business relating to the practice of pharmacy in Kansas are properly licensed and registered to protect public health, safety, and welfare and to promote understanding of pharmacy-related practices. The seven-member Board is appointed by the Governor for overlapping four-year terms and is composed of six licensed pharmacists and one public member.

## MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** passed HB 2578, the Utilization of Unused Medications Act, which creates a voluntary program in which adult-care homes, mail service pharmacies, and medical care facilities can donate unused medications to indigent health clinics, federally qualified health centers, or community health centers for distribution to medically indigent Kansas residents. The Board assisted the Kansas Department of Health and Environment in establishing a clearinghouse whereby all drugs could be donated to one location.

The **2008 Legislature** also passed House Sub. for SB 491, which created the Prescription Monitoring Program to monitor Schedule II through Schedule IV substances and other drugs of concern. The Board is required to develop and maintain a database of prescriptions for controlled substances and drugs of concern as a tool for pharmacists to monitor for patients misusing, abusing, or diverting controlled substances.

The **2009 Legislature** authorized the creation of a statewide electronic logging system for the sale of methamphetamine precursors in pharmacies. The legislation required the Board to establish and provide the electronic system at no cost to the pharmacy. The Legislature did not fund the project, but the agency did receive permission to accept donations, gifts, or grants for funding of this project.

The **2009 Legislature** also permitted the Board to fingerprint or perform a background check on any original or reinstatement license applicant as a consumer protection action. Applicants are required to pay the fee associated with a Kansas Bureau of Investigation fingerprint or background check. The agency collects these funds, which then go directly to the Kansas Bureau of Investigation.

The **2010 Legislature** expanded the Utilization of Unused Medications Act to permit out-of-state mail order pharmacies to donate unused drugs.

The **2012 Legislature** passed SB 134, which requires the Board to conduct a study, in consultation with industry, on electronic transmission of prior authorization and step therapy programs relating to prescription medication. The study was to be completed and submitted to the Legislature by January 15, 2013. The agency also is authorized to conduct pilot projects for new technology implementation when necessary, but no state moneys may be used for the pilot projects.

SB 134 also expanded the Prescription Drug Monitoring Program to send information to physicians, dispensers, and law enforcement if a patient appears to be misusing, abusing, or diverting controlled substances. The law allows medical examiners to access the Prescription Drug Monitoring Program to investigate and determine cause of death.

In addition, SB 134 authorized the agency to apply for and accept grants, and to accept any donations, gifts, or bequests to further the Prescription Monitoring Program. Any funding received by the agency is submitted for deposit to the State Treasury to the credit of Non-Federal Gifts and Grants Fund of the agency.

The **2014 Legislature** passed Senate Sub. for HB 2146, which gives the agency authority to require pharmacy technicians to pass examinations and meet continuing education requirements and requires the agency to license pharmacy interns. The bill also added collaborative drug therapy management as a class of pharmacy practice, eliminated single registration for manufacturers and distributors operating multiple facilities, and changed the timing for license renewals.

The **2017 Legislature** approved transfers into the Pharmacy Fee Fund from the agencies that regulate a profession with prescribing authority: the Board of Healing Arts, the Board of Nursing, the Dental Board, and the Optometry Board.

The **2017 Legislature** passed HB 2030, which changed the minimum age from 18 to 12 years of age for a person to whom a pharmacist, pharmacy student, or pharmacy intern may administer a vaccine, other than the influenza vaccine. In addition, HB 2030 allows individuals or parents/guardians of a minor to opt-out of the existing requirements to report all immunizations to appropriate county or state registries.

The **2017 Legislature** passed Senate Sub. for HB 2055, which made various amendments to the Kansas Pharmacy Act. The bill deleted, added, or modified definitions to be consistent with federal standards; inserted provisions to bring the Act into compliance with federal law; modified requirements for wholesale distributors; inserted requirements for an automated dispensing system, a third-party logistics provider, and an outsourcing facility; changed requirements for pharmacy technicians; set caps on registration fees for third-party logistics providers, outsourcing facilities, repackagers, and automated dispensing systems; and expanded the rules and regulations authority of the Board in several areas.

The **2017 Legislature** passed HB 2217, which amended the Kansas Pharmacy Act to create standards governing the use of emergency opioid antagonists approved by the FDA to treat an opioid overdose. The bill requires the Board to issue a statewide opioid antagonist protocol. Additionally, the bill provides protection from civil and criminal liability for individuals acting in good faith and with reasonable care in administering an opioid antagonist.

The **2017 Legislature** passed House Sub. for SB 51, which added several drugs to and modified drug classes under the Uniform Controlled Substance Act. The bill also expanded the authority of the Board to provide greater flexibility in the emergency scheduling of controlled substance analogs (also known as “designer drugs”) and new drugs, and amended the duration of the temporary scheduling by the Board.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$2.1 million, all from special revenue funds, in FY 2018. This is an increase of \$667,966, or 45.9 percent, above the approved FY 2018 budget. This increase is primarily attributable to federal grant funds received for the enhancement of the Prescription Drug Monitoring Program (K-TRACS). The remainder of the increase is attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved number. A 1.0 FTE position was reclassified as a temporary position in FY 2018.

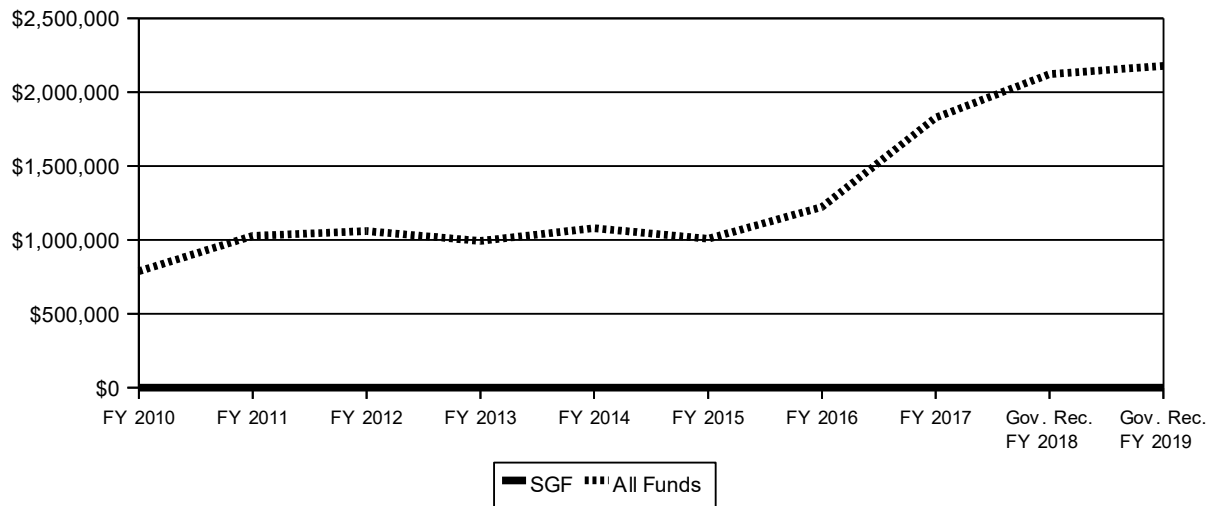
The **Governor** concurs with the agency’s revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$2.2 million, all from special revenue funds, for FY 2019. This is an increase of \$690,963, or 46.5 percent, above the approved FY 2019 budget. This increase is primarily attributable to federal grant funds received for the enhancement of the Prescription Drug Monitoring Program (K-TRACS). The remainder of the increase is attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved number. A 1.0 FTE position was reclassified as a temporary position for FY 2019.

The **Governor** concurs with the agency’s revised estimate for FY 2019.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds    | % Change | FTE  |
|---------------------------------|------|----------|--------------|----------|------|
| 2010                            | \$ 0 | -- %     | \$ 787,517   | 13.5 %   | 8.0  |
| 2011                            | 0    | --       | 1,026,676    | 30.4     | 8.0  |
| 2012                            | 0    | --       | 1,058,908    | 3.1      | 10.0 |
| 2013                            | 0    | --       | 992,663      | (6.3)    | 10.0 |
| 2014                            | 0    | --       | 1,079,214    | 8.7      | 9.0  |
| 2015                            | 0    | --       | 1,006,901    | (6.7)    | 11.0 |
| 2016                            | 0    | --       | 1,222,327    | 21.4     | 11.0 |
| 2017                            | 0    | --       | 1,827,469    | 49.5     | 12.0 |
| 2018 Gov. Rec.                  | 0    | --       | 2,121,982    | 16.1     | 12.0 |
| 2019 Gov. Rec.                  | 0    | --       | 2,177,382    | 2.6      | 12.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 1,389,865 | 176.5 %  | 4.0  |



# Summary of Operating Budget FY 2017 - FY 2019

Board of Pharmacy

|                                   |    | Agency Estimate   |                     |                     |                                |                                 | Governor's Recommendation |                 |                                |                                 |  |
|-----------------------------------|----|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-----------------|--------------------------------|---------------------------------|--|
|                                   |    | Actual<br>FY 2017 | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |
| By Program:                       |    |                   |                     |                     |                                |                                 |                           |                 |                                |                                 |  |
| Administration                    | \$ | 1,827,469         | \$ 2,121,982        | \$ 2,177,382        | \$ 55,400                      | 2.6 %                           | \$ 2,121,982              | \$ 2,177,382    | \$ 55,400                      | 2.6 %                           |  |
| By Major Object of Expenditure:   |    |                   |                     |                     |                                |                                 |                           |                 |                                |                                 |  |
| Salaries and Wages                | \$ | 842,093           | \$ 969,465          | \$ 994,880          | \$ 25,415                      | 2.6 %                           | \$ 969,465                | \$ 994,880      | \$ 25,415                      | 2.6 %                           |  |
| Contractual Services              |    | 361,855           | 670,267             | 697,384             | 27,117                         | 4.0                             | 670,267                   | 697,384         | 27,117                         | 4.0                             |  |
| Commodities                       |    | 21,227            | 28,000              | 25,000              | (3,000)                        | (10.7)                          | 28,000                    | 25,000          | (3,000)                        | (10.7)                          |  |
| Capital Outlay                    |    | 82,513            | 38,500              | 44,368              | 5,868                          | 15.2                            | 38,500                    | 44,368          | 5,868                          | 15.2                            |  |
| Debt Service                      |    | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |  |
| Subtotal-Operations               | \$ | 1,307,688         | \$ 1,706,232        | \$ 1,761,632        | \$ 55,400                      | 3.2 %                           | \$ 1,706,232              | \$ 1,761,632    | \$ 55,400                      | 3.2 %                           |  |
| Aid to Local Units                |    | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |  |
| Other Assistance                  |    | 519,781           | 415,750             | 415,750             | 0                              | --                              | 415,750                   | 415,750         | 0                              | --                              |  |
| TOTAL                             | \$ | 1,827,469         | \$ 2,121,982        | \$ 2,177,382        | \$ 55,400                      | 2.6 %                           | \$ 2,121,982              | \$ 2,177,382    | \$ 55,400                      | 2.6 %                           |  |
| Financing:                        |    |                   |                     |                     |                                |                                 |                           |                 |                                |                                 |  |
| State General Fund                | \$ | 0                 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |  |
| Board of Pharmacy Fee Fund        |    | 1,248,205         | 1,561,016           | 1,596,419           | 35,403                         | 2.3                             | 1,561,016                 | 1,596,419       | 35,403                         | 2.3                             |  |
| Harold Rogers Prescription Fund   |    | 123,318           | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |  |
| Prescription Drug Overdose - DDPI |    | 455,946           | 560,966             | 580,963             | 19,997                         | 3.6                             | 560,966                   | 580,963         | 19,997                         | 3.6                             |  |
| All Other Funds                   |    | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |  |
| TOTAL                             | \$ | 1,827,469         | \$ 2,121,982        | \$ 2,177,382        | \$ 55,400                      | 2.6 %                           | \$ 2,121,982              | \$ 2,177,382    | \$ 55,400                      | 2.6 %                           |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,454,016                          | 2,121,982                     | 667,966                           | 2,121,982                   | 667,966                             |
| <b>TOTAL</b>                | <b>\$ 1,454,016</b>                | <b>\$ 2,121,982</b>           | <b>\$ 667,966</b>                 | <b>\$ 2,121,982</b>         | <b>\$ 667,966</b>                   |
| FTE Positions               | 13.0                               | 12.0                          | (1.0)                             | 12.0                        | (1.0)                               |

The **agency** requests a revised estimate of \$2.1 million, all from special revenue funds, in FY 2018. This is an increase of \$667,966, or 45.9 percent, above the approved FY 2018 budget. This increase is attributable to increased funding from federal grants for the enhancement of the Prescription Drug Monitoring Program (PDMP) K-TRACS. The revised estimate also includes an increase of \$107,000, attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. This request includes the following categories of expenditures:

- **Salaries and Wages.** The agency requests expenditures of \$969,465 for salaries and wages in FY 2018. This is an increase of \$110,433, or 12.9 percent, above the amount approved in FY 2018. This increase is attributable to federal grant funding for a Program Manager and a K-TRACS epidemiologist. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved number. A 1.0 FTE position was reclassified as a temporary position in FY 2018.
- **Contractual Services.** The agency requests expenditures of \$670,267 for contractual services in FY 2018. This is an increase of \$204,383, or 43.9 percent, above the amount approved in FY 2018. This increase is attributable to increased expenditures to cover operating expenditures and software expenditures for the PDMP. Additionally, \$107,000 of this increase is attributable to background check fees paid directly to the KBI not previously accounted for in the agency budget;
- **Commodities.** The agency requests expenditures of \$28,000 for commodities in FY 2018. This is an increase of \$7,400, or 35.9 percent, above the amount approved in FY 2018. This increase is partially attributable to increased gasoline prices for the agency's vehicles. The agency anticipates increases in gas prices and higher fuel expenditures due to adding a vehicle for a part-time inspector. Additionally, the agency increased expenditures for other supplies and materials

as the agency will be hosting two regional pharmacy conferences in FY 2018; and

- **Capital Outlay.** The agency requests expenditures of \$38,500 for capital outlay in FY 2018. This is a decrease of \$70,000, or 64.5 percent, below the approved amount. This decrease is attributable to decreased expenditures for computer software.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,486,419                          | 2,177,382                     | 690,963                           | 2,177,382                   | 690,963                             |
| <b>TOTAL</b>                | <b>\$ 1,486,419</b>                | <b>\$ 2,177,382</b>           | <b>\$ 690,963</b>                 | <b>\$ 2,177,382</b>         | <b>\$ 690,963</b>                   |
| FTE Positions               | 13.0                               | 12.0                          | (1.0)                             | 12.0                        | (1.0)                               |

The **agency** requests a revised estimate of \$2.2 million, all from special revenue funds, for FY 2019. This is an increase of \$690,963, or 46.5 percent, above the approved FY 2019 budget. This increase is attributable to increased funding from federal grants for the enhancement of the Prescription Drug Monitoring Program (PDMP) K-TRACS. The revised estimate also includes an increase of \$110,000 attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. This request includes the following categories of expenditures:

- **Salaries and Wages.** The agency requests expenditures of \$994,880 for salaries and wages for FY 2019. This is an increase of \$122,711, or 14.1 percent, above the amount approved for FY 2019. This increase is attributable to federal grant funding for a Program Manager and a K-TRACS epidemiologist. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved amount. A 1.0 FTE position was reclassified as a temporary position for FY 2019;
- **Contractual Services.** The agency requests expenditures of \$697,384 for contractual services for FY 2019. This is an increase of \$215,634, or 44.8 percent, above the amount approved for FY 2019. This increase is attributable to increased expenditures to cover operating expenditures and software rental expenditures for the PDMP. Additionally, \$110,000 of this increase is attributable to background check fees paid directly to the KBI not previously accounted for in the agency budget;

- **Commodities.** The agency requests expenditures of \$25,000 for commodities for FY 2019. This is an increase of \$2,500, or 11.1 percent, above the amount approved for FY 2019. This increase is attributable to increased expenditures on gasoline for agency vehicles and professional scientific supplies. The agency anticipates increases in gas prices and higher fuel expenditures due to adding a vehicle for a part-time inspector. Additionally, the agency renewed its subscription to NABP Law Online in order to access pharmacy laws and regulations for other states; and
- **Capital Outlay.** The agency requests expenditures of \$44,368 for capital outlay for FY 2019. This is a decrease of \$65,632, or 59.7 percent, below the approved amount for FY 2019. This decrease is attributable to decreased expenditures for computer software.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,240, including \$0 from the State General Fund, and FY 2019 longevity payments total \$1,320, including \$0 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                                                                 | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                                                             | 0.0 %                                      | 0.0 %                                    |
| State Board of Pharmacy<br>Fee Fund                                            | 73.3                                       | 73.3                                     |
| Prescription Drug<br>Overdose - Data Driven<br>Prevention Initiative<br>(DDPI) | 26.7                                       | 26.7                                     |
| Harold Rogers Prescription<br>Fund                                             | 0.0                                        | 0.0                                      |
| <b>TOTAL</b>                                                                   | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## State Board of Pharmacy Fee Fund

The State Board of Pharmacy Fee Fund receives fees from the licensing of pharmacists, pharmacy technicians, pharmacies, drug manufacturers and distributors, and retail dealers, as well as the administration of pharmacist licensing examinations. Licenses and permits are renewed on a biennial basis.

Historically, the agency's case flow fluctuated throughout the year because different classes of licenses expired on dates established by statute. The 2014 Legislature eliminated these set expiration dates and empowered the Board to set the renewal schedule for licensees. Pharmacists and pharmacy technicians continue to renew biennially, with odd-numbered licenses and registrations renewing in odd-numbered years and even-numbered registrations renewing in even-numbered years.

Additionally, in order to address the growing balance in the Fund, the Board reduced all application, renewal, and late fees by 20.0 percent, effective July 1, 2014.

As a fee-funded agency, the Board currently contributes 10.0 percent, or \$100,000, whichever is lesser, of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a. The table below summarizes the estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation. The transfers in FY 2018 for \$167,500 and for FY 2019 for \$171,000 reflect transfers from the Healing Arts Fee Fund, Dental Board Fee Fund, Board of Nursing Fee Fund, and Board of Examiners in Optometry Fee Fund for the operation and maintenance of the Kansas Prescription Monitoring Program (K-TRACS).

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|-----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 1,611,475          | \$ 1,489,734                  | \$ 1,489,734         | \$ 1,242,418                  | \$ 1,242,418         |
| Revenue                                      | 1,126,464             | 1,146,200                     | 1,146,200            | 1,147,400                     | 1,147,400            |
| Transfers in                                 | 0                     | 167,500                       | 167,500              | 171,000                       | 171,000              |
| <b>Funds Available</b>                       | <b>\$ 2,737,939</b>   | <b>\$ 2,803,434</b>           | <b>\$ 2,803,434</b>  | <b>\$ 2,560,818</b>           | <b>\$ 2,560,818</b>  |
| Less:                                        |                       |                               |                      |                               |                      |
| Expenditures                                 | \$ 1,248,205          | \$ 1,561,016                  | \$ 1,561,016         | \$ 1,596,419                  | \$ 1,596,419         |
| Transfers Out                                | 0                     | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                     | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 1,489,734</b>   | <b>\$ 1,242,418</b>           | <b>\$ 1,242,418</b>  | <b>\$ 964,399</b>             | <b>\$ 964,399</b>    |
| Ending Balance as Percent of<br>Expenditures | 119.4%                | 79.6%                         | 79.6%                | 60.4%                         | 60.4%                |
| Month Highest Ending<br>Balance              | July<br>\$ 1,666,407  | July<br>\$ 1,508,576          | July<br>\$ 1,508,576 | July<br>\$ 1,302,418          | July<br>\$ 1,302,418 |
| Month Lowest Ending<br>Balance               | April<br>\$ 1,007,474 | April<br>\$ 800,418           | April<br>\$ 800,418  | April<br>\$ 479,988           | April<br>\$ 479,988  |

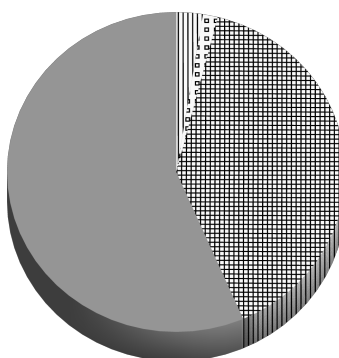
| BOARD OF PHARMACY LICENSURE FEES                                    |                |                    |
|---------------------------------------------------------------------|----------------|--------------------|
| License                                                             | Current<br>Fee | Statutory<br>Limit |
| Pharmacists by Exam                                                 | \$ 40          | \$ 350             |
| Pharmacists by Exam Renewal Fee                                     | 120            | 200                |
| Pharmacists by Exam Late Fee                                        | 160            | N/A                |
| Pharmacists by Reciprocity                                          | 64             | 250                |
| Pharmacists by Reciprocity Renewal Fee                              | 120            | 200                |
| Pharmacists by Reciprocity Late Fee                                 | 160            | N/A                |
| Pharmacy Registration                                               | 112            | 150                |
| Pharmacy Registration Renewal                                       | 100            | 125                |
| Pharmacy Registration Late Fee                                      | 100            | N/A                |
| Pharmacy Technician                                                 | 20             | 50                 |
| Manufacturer Registration                                           | 240            | 500                |
| Wholesale Distributor Registration                                  | 240            | 500                |
| Non-Prescription Drug Wholesaler                                    | 40             | 50                 |
| Institutional Drug Room                                             | 20             | 40                 |
| Veterinary medical teaching hospital pharmacy                       | 40             | 40                 |
| Retailer Dealer Permit                                              | 10             | 12                 |
| Ambulance                                                           | 20             | N/A                |
| Sample Distribution Permit                                          | 24             | 50                 |
| Place of Business that sells Durable Medical Equipment Registration | 240            | 300                |
| Non-resident Pharmacy                                               | 112            | 150                |
| Non-resident Pharmacy Renewal Fee                                   | 100            | 125                |
| Non-resident Pharmacy Late Fee                                      | 100            | N/A                |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 994,880                        | 45.7 %              | \$ 0                        | -- %                |
| Contractual Services | 697,384                           | 32.0                | 0                           | --                  |
| Commodities          | 25,000                            | 1.1                 | 0                           | --                  |
| Capital Outlay       | 44,368                            | 2.0                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 2,177,382</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 12.0              | 12.0                   | 12.0                 | 12.0                   | 12.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of active pharmacist licenses   | 5,705                    | 5,705             | 5,875                | 6,000                |
| Number of complaints received          | 110                      | 114               | 116                  | 118                  |
| Number of K-TRACS queries per month    | N/A                      | 559,148           | 625,000              | 750,000              |
| Number of disciplinary actions imposed | 80                       | 69                | 75                   | 80                   |



# REAL ESTATE APPRAISAL BOARD

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 262,497           | 321,177                | 321,177              | 324,684                | 324,684              |
| <i>Subtotal</i>         | <i>\$ 262,497</i> | <i>\$ 321,177</i>      | <i>\$ 321,177</i>    | <i>\$ 324,684</i>      | <i>\$ 324,684</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 262,497</b> | <b>\$ 321,177</b>      | <b>\$ 321,177</b>    | <b>\$ 324,684</b>      | <b>\$ 324,684</b>    |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |      |      |
|--------------------|------|------|------|------|------|
| State General Fund | -- % | -- % | -- % | -- % | -- % |
| All Funds          | 7.3  | 22.4 | 22.4 | 1.1  | 1.1  |
| FTE Positions      | 2.0  | 2.0  | 2.0  | 2.0  | 2.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Real Estate Appraisal Board licenses and certifies real estate appraisers in the State of Kansas. The Board was created for this purpose in 1990 in response to federal law requiring appraisers involved in federally related transactions to have a state license or certification. When it was created, the Board was attached to the Real Estate Commission for administrative purposes. The 1993 Legislature amended the State Certified and Licensed Real Property Appraisers Act to separate the Real Estate Appraisal Board from the Real Estate Commission and charge the Appraisal Board with administering the Act. The Board's staff is made up of 2.0 FTE positions: the Executive Director and a Public Service Administrator.

The Real Estate Appraisal Board is composed of seven members who are appointed to staggered three-year terms by the Governor. At least one member must represent the general public, at least two members must represent financial institutions, and at least three members must be licensed real estate appraisers. The Real Estate Appraisal Board is financed through fees obtained from the examination and licensure of real estate appraisers and appraisal management companies.

## MAJOR ISSUES FROM PRIOR YEARS

The **2012 Legislature** passed SB 345, requiring real estate appraisal management companies working in Kansas to register with the Real Estate Appraisal Board effective October 1, 2012. The purpose of this act is to protect lenders, financial institutions, clients, consumers, and the public from economic and financial harm and the potential for such harm that may result from interference with the independence, objectivity, and impartiality of the real estate appraisal process.

The **2014 Legislature** added \$604, all from special revenue funds, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate for FY 2018 operating expenditures of \$321,177, all from special revenue funds, which is unchanged from the amount approved by the 2017 Legislature. The request includes funding for 2.0 FTE positions, the same as the approved number.

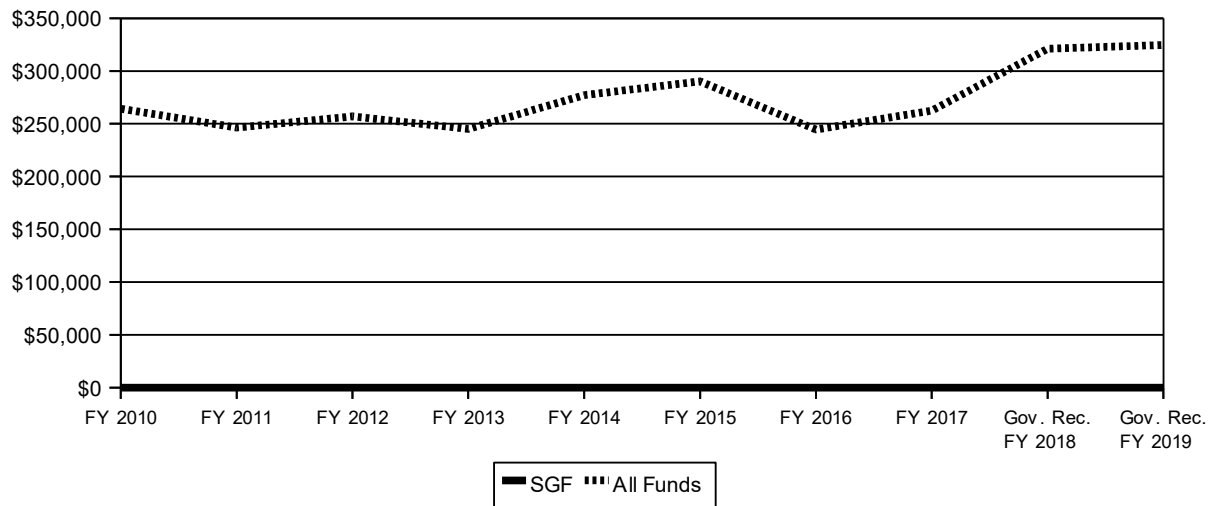
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for FY 2019 operating expenditures of \$324,684, all from special revenue funds, which is unchanged from the amount approved by the 2017 Legislature. The request includes funding for 2.0 FTE positions, the same as the approved number.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds  | % Change | FTE |
|---------------------------------|------|----------|------------|----------|-----|
| 2010                            | \$ 0 | -- %     | \$ 264,270 | (9.5)%   | 2.0 |
| 2011                            | 0    | --       | 246,374    | (6.8)    | 2.0 |
| 2012                            | 0    | --       | 256,989    | 4.3      | 2.0 |
| 2013                            | 0    | --       | 245,121    | (4.6)    | 2.0 |
| 2014                            | 0    | --       | 277,138    | 13.1     | 2.0 |
| 2015                            | 0    | --       | 290,198    | 4.7      | 2.0 |
| 2016                            | 0    | --       | 244,547    | (15.7)   | 2.0 |
| 2017                            | 0    | --       | 262,497    | 7.3      | 2.0 |
| 2018 Gov. Rec.                  | 0    | --       | 321,177    | 22.4     | 2.0 |
| 2019 Gov. Rec.                  | 0    | --       | 324,684    | 1.1      | 2.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ 60,414  | 22.9 %   | 0.0 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                            | Actual<br>FY 2017 | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|--------------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                            |                   | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                         |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                             | \$ 262,497        | \$ 321,177          | \$ 324,684          | \$ 3,507                       | 1.1 %                           | \$ 321,177                | \$ 324,684        | \$ 3,507                       | 1.1 %                           |
| <b>By Major Object of Expenditure:</b>     |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                         | \$ 158,167        | \$ 161,898          | \$ 164,846          | \$ 2,948                       | 1.8 %                           | \$ 161,898                | \$ 164,846        | \$ 2,948                       | 1.8 %                           |
| Contractual Services                       | 102,089           | 154,279             | 154,838             | 559                            | 0.4                             | 154,279                   | 154,838           | 559                            | 0.4                             |
| Commodities                                | 737               | 2,500               | 2,500               | 0                              | --                              | 2,500                     | 2,500             | 0                              | --                              |
| Capital Outlay                             | 1,504             | 2,500               | 2,500               | 0                              | --                              | 2,500                     | 2,500             | 0                              | --                              |
| Debt Service                               | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <i>Subtotal-Operations</i>                 | <i>\$ 262,497</i> | <i>\$ 321,177</i>   | <i>\$ 324,684</i>   | <i>\$ 3,507</i>                | <i>1.1 %</i>                    | <i>\$ 321,177</i>         | <i>\$ 324,684</i> | <i>\$ 3,507</i>                | <i>1.1 %</i>                    |
| Aid to Local Units                         | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                               | <b>\$ 262,497</b> | <b>\$ 321,177</b>   | <b>\$ 324,684</b>   | <b>\$ 3,507</b>                | <b>1.1 %</b>                    | <b>\$ 321,177</b>         | <b>\$ 324,684</b> | <b>\$ 3,507</b>                | <b>1.1 %</b>                    |
| <b>Financing:</b>                          |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                         | \$ 0              | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |
| Appraisal Management<br>Companies Fee Fund | 65,802            | 160,588             | 0                   | (160,588)                      | (100.0)                         | 160,588                   | 0                 | (160,588)                      | (100.0)                         |
| Appraiser Fee Fund                         | 196,695           | 160,589             | 324,684             | 164,095                        | 102.2                           | 160,589                   | 324,684           | 164,095                        | 102.2                           |
| Federal Registry<br>Clearing Fund          | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                               | <b>\$ 262,497</b> | <b>\$ 321,177</b>   | <b>\$ 324,684</b>   | <b>\$ 3,507</b>                | <b>1.1 %</b>                    | <b>\$ 321,177</b>         | <b>\$ 324,684</b> | <b>\$ 3,507</b>                | <b>1.1 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 321,177                            | 321,177                       | 0                                 | 321,177                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 321,177</b>                  | <b>\$ 321,177</b>             | <b>\$ 0</b>                       | <b>\$ 321,177</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 2.0                                | 2.0                           | 0.0                               | 2.0                         | 0.0                                 |

The **agency** requests a revised FY 2018 budget totaling \$321,177, all from special revenue funds, which is unchanged from the amount approved by the 2017 Legislature. The request includes funding for 2.0 FTE positions, which is the same as the approved number. Major categories of expenditures are provided below:

- **Salaries and Wages.** The agency requests \$161,898, which is an increase of \$3,459, or 2.2 percent, above the approved amount. The increase is primarily due to higher expenditures for regular unclassified employees and temporary unclassified employees;
- **Contractual Services.** The agency requests \$154,279, which is a decrease of \$5,959, or 3.7 percent, below the approved amount. The decrease is primarily due to decreased expenditures for private miles in-state, non-subsistence items for out-of-state travel, and inter-governmental postage, which are offset, in part, by an increase in rent for the agency's office;
- **Commodities.** The agency requests \$2,500, which is unchanged from the approved amount; and
- **Capital Outlay.** The agency requests \$2,500, which is an increase of \$2,500, or 100.0 percent, above the approved amount. The increase is due to increased expenditures for non-capital computer equipment.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## Supplemental Detail

| FY 2018 SUPPLEMENTALS           |                 |             |            |                           |             |            |
|---------------------------------|-----------------|-------------|------------|---------------------------|-------------|------------|
| Supplementals                   | Agency Estimate |             |            | Governor's Recommendation |             |            |
|                                 | SGF             | All Funds   | FTE        | SGF                       | All Funds   | FTE        |
| Special Litigation Reserve Fund | \$ 0            | \$ 20,000   | 0.0        | \$ 0                      | \$ 20,000   | 0.0        |
| Appraiser Fee Fund              | 0               | (20,000)    | 0.0        | 0                         | (20,000)    | 0.0        |
| <b>TOTAL</b>                    | <b>\$ 0</b>     | <b>\$ 0</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 0</b> | <b>0.0</b> |

The **agency** requests the authority to create a Special Litigation Reserve Fund to be funded by a \$20,000 transfer from the Appraiser Fee Fund in both FY 2018 and FY 2019. The Special Litigation Reserve Fund would only be used for costs incurred in litigation cases that would cause the agency to expend more than its approved budget. Expenditures from the fund would only be made upon the approval of the Budget Director.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 324,684                            | 324,684                       | 0                                 | 324,684                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 324,684</b>                  | <b>\$ 324,684</b>             | <b>\$ 0</b>                       | <b>\$ 324,684</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 2.0                                | 2.0                           | 0.0                               | 2.0                         | 0.0                                 |

The **agency** requests a revised estimate for FY 2019 totaling \$324,684, all from special revenue funds, which is unchanged from the amount approved by the 2017 Legislature. The agency requests funding for 2.0 FTE positions, which is the same as the approved number. Major categories of expenditures are provided below:

- **Salaries and Wages.** The agency requests \$164,846, which is an increase of \$7,602, or 4.8 percent, above the approved amount. The increase is primarily due to higher expenditures for regular unclassified employees, temporary unclassified employees, and employer contributions to fringe benefits;
- **Contractual Services.** The agency requests \$154,838, which is a decrease of \$10,102, or 6.1 percent, below the approved amount. The decrease is primarily due to reduced expenditures for private miles in-state, non-subsistence items for

out-of-state travel, inter-governmental postage, and professional fees, which are offset by an increase in rent for the agency's office;

- **Commodities.** The agency requests \$2,500, which is unchanged from the approved amount; and
- **Capital Outlay.** The agency requests \$2,500, which is an increase of \$2,500, or 100.0 percent, above the approved amount. The increase is due to increased expenditures for non-capital computer equipment.

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

### Supplemental Detail

| FY 2019 SUPPLEMENTALS                 |                 |             |            |                           |             |            |
|---------------------------------------|-----------------|-------------|------------|---------------------------|-------------|------------|
| Supplementals                         | Agency Estimate |             |            | Governor's Recommendation |             |            |
|                                       | SGF             | All Funds   | FTE        | SGF                       | All Funds   | FTE        |
| Special Litigation Reserve Fund       | \$ 0            | \$ 20,000   | 0.0        | \$ 0                      | \$ 20,000   | 0.0        |
| Appraisal Management Company Fee Fund | 0               | (162,342)   | 0.0        | 0                         | (162,342)   | 0.0        |
| Appraiser Fee Fund                    | 0               | 142,342     | 0.0        | 0                         | 142,342     | 0.0        |
| <b>TOTAL</b>                          | <b>\$ 0</b>     | <b>\$ 0</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 0</b> | <b>0.0</b> |

The **agency** requests the authority to create a Special Litigation Reserve Fund to be funded by a \$20,000 transfer from the Appraiser Fee Fund in both FY 2018 and FY 2019. The Special Litigation Reserve Fund would only be used for costs incurred in litigation cases that would cause the agency to expend more than its approved budget. Expenditures from the fund would only be made upon the approval of the Budget Director.

The agency also requests to eliminate the Appraisal Management Company Fee Fund in FY 2019 and transfer the \$162,342 in expenditure authority to the Appraiser Fee Fund.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source                             | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                         | 0.0 %                                      | 0.0 %                                    |
| Appraisal Management<br>Companies Fee Fund | 0.0                                        | 0.0                                      |
| Appraiser Fee Fund                         | 100.0                                      | 100.0                                    |
| Federal Registry Clearing<br>Fund          | 0.0                                        | 0.0                                      |
| <b>TOTAL</b>                               | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Appraiser Fee Fund Analysis

The Real Estate Appraisal Board is a fee-funded agency. The revenue received provides financing for agency operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited into the State General Fund (KSA 58-4107). Most of the revenue in the Appraiser Fee Fund is generated from new and renewal license fees.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|-----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 100,879            | \$ 172,049                    | \$ 172,049           | \$ 249,911                    | \$ 249,911           |
| Revenue                                      | 267,865               | 166,343                       | 165,843              | 266,051                       | 265,551              |
| Transfers in                                 | 0                     | 92,108                        | 92,108               | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 368,744</b>     | <b>\$ 430,500</b>             | <b>\$ 430,000</b>    | <b>\$ 515,962</b>             | <b>\$ 515,462</b>    |
| Less:                                        |                       |                               |                      |                               |                      |
| Expenditures                                 | 196,695               | 160,589                       | 160,089              | 324,684                       | 324,184              |
| Transfers Out                                | 0                     | 20,000                        | 20,000               | 20,000                        | 20,000               |
| Off Budget Expenditures                      | 0                     | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 172,049</b>     | <b>\$ 249,911</b>             | <b>\$ 249,911</b>    | <b>\$ 171,278</b>             | <b>\$ 171,278</b>    |
| Ending Balance as Percent of<br>Expenditures | 87.5%                 | 155.6%                        | 156.1%               | 52.8%                         | 52.8%                |
| Month Highest Ending<br>Balance              | June<br>\$ 172,050    | June<br>\$ 293,432            | June<br>\$ 249,911   | July<br>\$ 426,227            | July<br>\$ 246,625   |
| Month Lowest Ending<br>Balance               | February<br>\$ 82,949 | February<br>\$ 141,470        | May<br>\$ 90,660     | June<br>\$ 171,278            | May<br>\$ 49,603     |

## Appraisal Management Companies Fee Fund Analysis

The 2012 Legislature passed laws authorizing the agency to begin registering Appraisal Management Companies (AMCs) on October 1, 2012. After five years of monitoring the time staff spent and the costs associated with registering AMCs, the agency has determined it is appropriate to have just one fund. Thus, the agency has requested that starting in FY 2018, all fees collected from AMCs be deposited in the Appraiser Fee Fund and all funds in the AMC Fee Fund be transferred to the Appraiser Fee Fund by FY 2019.

| Resource Estimate                            | Actual<br>FY 2017       | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018    | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 214,377              | \$ 152,988                    | \$ 152,988              | \$ 0                          | \$ 0                 |
| Revenue                                      | 4,413                   | 99,708                        | 99,708                  | 0                             | 0                    |
| Transfers in                                 | 0                       | 0                             | 0                       | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 218,790</b>       | <b>\$ 252,696</b>             | <b>\$ 252,696</b>       | <b>\$ 0</b>                   | <b>\$ 0</b>          |
| Less:                                        |                         |                               |                         |                               |                      |
| Expenditures                                 | 65,802                  | 160,588                       | 160,588                 | 0                             | 0                    |
| Transfers Out                                | 0                       | 92,108                        | 92,108                  | 0                             | 0                    |
| Off Budget Expenditures                      | 0                       | 0                             | 0                       | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 152,988</b>       | <b>\$ 0</b>                   | <b>\$ 0</b>             | <b>\$ 0</b>                   | <b>\$ 0</b>          |
| Ending Balance as Percent of<br>Expenditures | 232.5%                  | 0.0%                          | 0.0%                    | -- %                          | -- %                 |
| Month Highest Ending<br>Balance              | September<br>\$ 195,368 | September<br>\$ 139,422       | September<br>\$ 162,188 | \$ 0                          | \$ 0                 |
| Month Lowest Ending<br>Balance               | June<br>\$ 152,987      | June<br>\$ 0                  | June<br>\$ 0            | \$ 0                          | \$ 0                 |

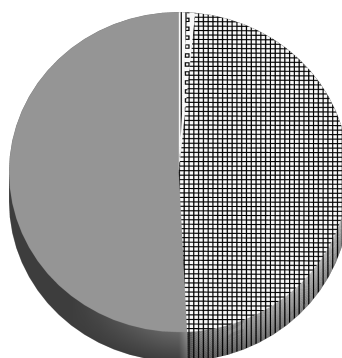
| REAL ESTATE APPRAISAL BOARD LICENSURE FEES           |                |                    |
|------------------------------------------------------|----------------|--------------------|
| License                                              | Current<br>Fee | Statutory<br>Limit |
| Application for Certification or Licensure           | \$ 50          | \$ 50              |
| Original Certification or Licensure                  | 225            | 300                |
| Annual Renewal                                       | 150            | 300                |
| Late Renewal                                         | 50             | 50                 |
| Certification Letter                                 | 10             | 25                 |
| New Continuing Education Course Approval             | 50             | 100                |
| New Pre-Licensing Course Approval                    | 100            | 100                |
| Renewal of Courses                                   | 25             | 25                 |
| Approval and Renewal of all Appraisal Qualifications | 10             | 25                 |
| Reinstatement of License Fee                         | 50             | 50                 |
| Temporary Practice Permit                            | 50             | 50                 |
| AMC Registration                                     | 1,500          | 3,500              |
| AMC Renewal Fee                                      | 900            | 3,500              |
| AMC Late Fee                                         | 100            | 500                |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 164,846                        | 50.8 %              | \$ 0                        | -- %                |
| Contractual Services | 154,838                           | 47.7                | 0                           | --                  |
| Commodities          | 2,500                             | 0.8                 | 0                           | --                  |
| Capital Outlay       | 2,500                             | 0.8                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 324,684</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 2.0               | 2.0                    | 2.0                  | 2.0                    | 2.0                  |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                             | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|-----------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of active real estate appraisal licenses     | N/A*                     | 960               | 1,050                | 1,050                |
| Number of appraisal management companies registered | 131                      | 116               | 116                  | 116                  |
| Number of complaints handled                        | 40                       | 35                | 32                   | 32                   |

\*The Governor did not make a recommendation on this measure in FY 2017.

# REAL ESTATE COMMISSION

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 1,160,591           | 1,203,240              | 1,203,240            | 1,181,284              | 1,181,284            |
| <i>Subtotal</i>         | <i>\$ 1,160,591</i> | <i>\$ 1,203,240</i>    | <i>\$ 1,203,240</i>  | <i>\$ 1,181,284</i>    | <i>\$ 1,181,284</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 1,160,591</b> | <b>\$ 1,203,240</b>    | <b>\$ 1,203,240</b>  | <b>\$ 1,181,284</b>    | <b>\$ 1,181,284</b>  |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |       |       |
|--------------------|------|------|------|-------|-------|
| State General Fund | -- % | -- % | -- % | -- %  | -- %  |
| All Funds          | 4.6  | 3.7  | 3.7  | (1.8) | (1.8) |
| FTE Positions      | 11.0 | 10.8 | 10.8 | 10.8  | 10.8  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Real Estate Commission (KREC) is composed of five members who are appointed by the Governor. Members are appointed to staggered four-year terms. One member is chosen from each of the state's four congressional districts and the fifth member is appointed from the state at-large. Kansas law requires that at least three members have experience as real estate brokers for a minimum of five years and at least one member shall never have been engaged in the real estate business. (KSA 74-4201)

The mission of KREC is to protect the public interest in the selling, purchasing, and leasing of real estate and developing responsive policies and procedures, which are customer service focused and not unduly burdensome to regulated real estate licensees. These responsibilities are divided into three main categories:

- **Licensing.** The Commission reviews all applications for real estate salespersons and brokers licensure, license renewal, and processes all requests for license cancellation and reinstatement;

- **Education.** The Commission is responsible for increasing consumers' and licensees' knowledge of Kansas real estate practice law through education and outreach; and
- **Compliance.** The Commission also is responsible for ensuring real estate-licensed activities comply with state regulations and statutes. The KREC examines the records maintained by real estate brokers and investigates complaints from the public.

In addition, the KREC administers the Real Estate Recovery Revolving Fund, which was created to reimburse persons who suffer monetary damages by reason of certain acts committed in connection with a real estate sales transaction by a licensed real estate broker or salesperson or by an unlicensed employee of a licensed broker. Damages awarded from the Fund are not included in the data that follows. Attorney fees associated with defending the Fund are reportable and are included in the data.

## MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** transferred \$200,000 from the Real Estate Recovery Revolving Fund to the Real Estate Fee Fund for the purpose of converting the Commission's licensing system to a Microsoft web-based system. Any excess funding from the conversion amount returns to the Real Estate Recovery Revolving Fund.

The **2012 Legislature** added \$27,939, all from the Real Estate Fee Fund, to restore expenditures deleted in the Governor's recommendation for the Voluntary Retirement Incentive Program for FY 2013.

The **2013 Legislature** added \$76,885 for FY 2014 and \$87,226 for FY 2015, all from the Real Estate Fee Fund, to hold the agency's operating budget at the FY 2012 level.

The **2014 Legislature** approved expenditures of \$27,500 in FY 2014 and \$77,500 for FY 2015, all from the Real Estate Recovery Revolving Fund, for the purpose of replacing the Commission's electronic records management system.

The **2014 Legislature** also added \$2,718, all from the Real Estate Fee 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 **2015 Legislature** passed SB 108, which increased the statutory limit by \$50 on the agency's two-year licensing fees charged to real estate brokers and salespersons. The change will increase receipts into the agency's fee fund by an estimated \$168,853 for FY 2016 and \$154,028 for FY 2017.

The **2016 Legislature** passed SB 352, which allowed non-Kansas residents to apply for a broker's license if they: 1) are brokers in another state, and 2) meet all the requirements imposed by the Kansas Real Estate Brokers' and Salespersons' License Act. The bill is expected to generate less than \$2,500 of revenue, which will be placed in the Real Estate Fee Fund for FY 2017.

The **2017 Legislature** authorized the transfer of \$195,671, all from the State General Fund, to the Real Estate Fee Fund in FY 2018 as part of the Fee Fund Settlement Agreement that dealt with a funds sweep in 2009.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised FY 2018 budget of \$1.2 million, all from special revenue funds, which is a decrease of \$114,157, or 8.7 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to decreased expenditures for contractual services and capital outlay, with a partially offsetting increase in salaries and wages. The agency requests funding for 10.8 FTE positions, which is a decrease of 0.2 non-FTE unclassified permanent positions from the number approved. The decrease in FTE positions is due to an employee working four days a week instead of full time and a decrease of 3.0 non-FTE unclassified permanent positions, with a partially offsetting increase of 2.8 FTE positions.

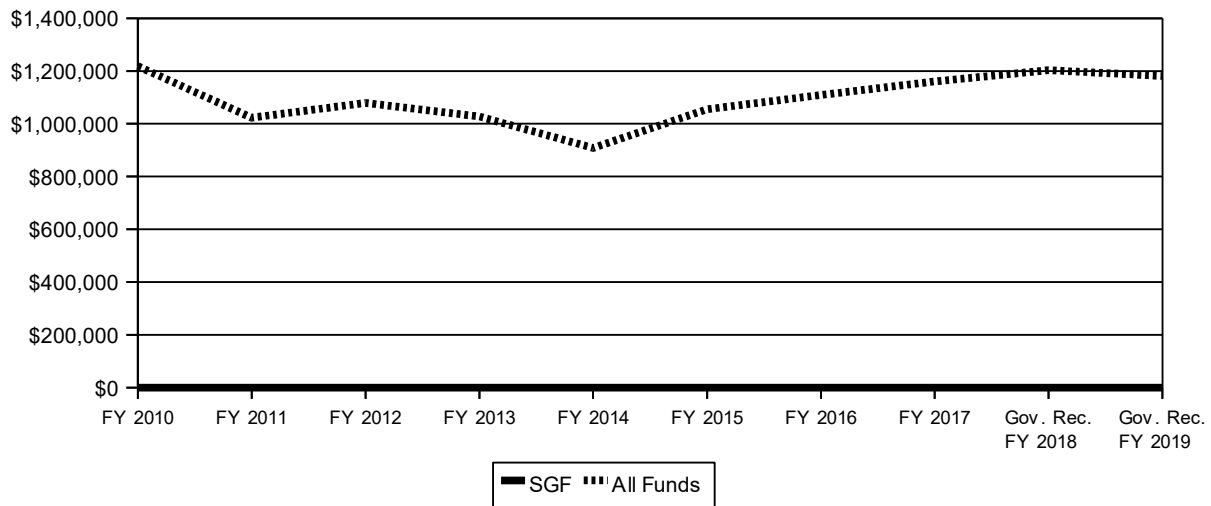
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for FY 2018 operating expenditures of \$1.2 million, all from special revenue funds, which is a decrease of \$101,909, or 7.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to decreased expenditures for contractual services, with a partially offsetting increase in salaries and wages. The agency requests funding for 10.8 FTE positions, which is a decrease of 0.2 non-FTE unclassified permanent positions from the number approved. The decrease in FTE positions is due to an employee working four days a week instead of full time and a decrease of 3.0 non-FTE unclassified permanent positions, with a partially offsetting increase of 2.8 FTE positions.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF  | % Change | All Funds    | % Change | FTE   |
|---------------------------------|------|----------|--------------|----------|-------|
| 2010                            | \$ 0 | -- %     | \$ 1,218,489 | 24.8 %   | 15.0  |
| 2011                            | 0    | --       | 1,023,114    | (16.0)   | 15.0  |
| 2012                            | 0    | --       | 1,079,230    | 5.5      | 13.0  |
| 2013                            | 0    | --       | 1,027,623    | (4.8)    | 13.0  |
| 2014                            | 0    | --       | 908,384      | (11.6)   | 13.0  |
| 2015                            | 0    | --       | 1,055,154    | 16.2     | 13.0  |
| 2016                            | 0    | --       | 1,109,288    | 5.1      | 11.0  |
| 2017                            | 0    | --       | 1,160,591    | 4.6      | 11.0  |
| 2018 Gov. Rec.                  | 0    | --       | 1,203,240    | 3.7      | 10.8  |
| 2019 Gov. Rec.                  | 0    | --       | 1,181,284    | (1.8)    | 10.8  |
| Ten-Year Change Dollars/Percent | \$ 0 | -- %     | \$ (37,205)  | (3.1)%   | (4.2) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                         | Actual<br>FY 2017   | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|-----------------------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
|                                         |                     | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                      |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Administration                          | \$ 1,160,591        | \$ 1,203,240        | \$ 1,181,284        | \$ (21,956)                    | (1.8)%                          | \$ 1,203,240              | \$ 1,181,284        | \$ (21,956)                    | (1.8)%                          |
| <b>By Major Object of Expenditure:</b>  |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Salaries and Wages                      | \$ 638,307          | \$ 694,190          | \$ 707,397          | \$ 13,207                      | 1.9 %                           | \$ 694,190                | \$ 707,397          | \$ 13,207                      | 1.9 %                           |
| Contractual Services                    | 463,176             | 505,450             | 461,037             | (44,413)                       | (8.8)                           | 505,450                   | 461,037             | (44,413)                       | (8.8)                           |
| Commodities                             | 5,140               | 1,600               | 3,650               | 2,050                          | 128.1                           | 1,600                     | 3,650               | 2,050                          | 128.1                           |
| Capital Outlay                          | 53,968              | 2,000               | 9,200               | 7,200                          | 360.0                           | 2,000                     | 9,200               | 7,200                          | 360.0                           |
| Debt Service                            | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <i>Subtotal-Operations</i>              | <i>\$ 1,160,591</i> | <i>\$ 1,203,240</i> | <i>\$ 1,181,284</i> | <i>\$ (21,956)</i>             | <i>(1.8) %</i>                  | <i>\$ 1,203,240</i>       | <i>\$ 1,181,284</i> | <i>\$ (21,956)</i>             | <i>(1.8) %</i>                  |
| Aid to Local Units                      | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| Other Assistance                        | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>TOTAL</b>                            | <b>\$ 1,160,591</b> | <b>\$ 1,203,240</b> | <b>\$ 1,181,284</b> | <b>\$ (21,956)</b>             | <b>(1.8) %</b>                  | <b>\$ 1,203,240</b>       | <b>\$ 1,181,284</b> | <b>\$ (21,956)</b>             | <b>(1.8) %</b>                  |
| <b>Financing:</b>                       |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| State General Fund                      | \$ 0                | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0                | \$ 0                           | -- %                            |
| Real Estate Fee Fund                    | 1,028,272           | 1,059,696           | 1,025,124           | (34,572)                       | (3.3)                           | 1,059,696                 | 1,025,124           | (34,572)                       | (3.3)                           |
| Background<br>Investigation Fee<br>Fund | 129,824             | 132,493             | 137,762             | 5,269                          | 4.0                             | 132,493                   | 137,762             | 5,269                          | 4.0                             |
| Real Estate Recovery<br>Revolving Fund  | 2,495               | 11,051              | 18,398              | 7,347                          | 66.5                            | 11,051                    | 18,398              | 7,347                          | 66.5                            |
| <b>TOTAL</b>                            | <b>\$ 1,160,591</b> | <b>\$ 1,203,240</b> | <b>\$ 1,181,284</b> | <b>\$ (21,956)</b>             | <b>(1.8) %</b>                  | <b>\$ 1,203,240</b>       | <b>\$ 1,181,284</b> | <b>\$ (21,956)</b>             | <b>(1.8) %</b>                  |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,317,397                          | 1,203,240                     | (114,157)                         | 1,203,240                   | (114,157)                           |
| <b>TOTAL</b>                | <b>\$ 1,317,397</b>                | <b>\$ 1,203,240</b>           | <b>\$ (114,157)</b>               | <b>\$ 1,203,240</b>         | <b>\$ (114,157)</b>                 |
| FTE Positions               | 11.0                               | 10.8                          | (0.2)                             | 10.8                        | (0.2)                               |

The **agency** requests a revised FY 2018 budget totaling \$1.2 million, all from special revenue funds, which is a decrease of \$114,157, or 8.7 percent, below the amount approved by the 2017 Legislature. The decrease is mainly attributable to decreased expenditures for contractual services and capital outlay, with a partially offsetting increase in salaries and wages. The agency requests funding for 10.8 FTE positions, which is a decrease of 0.2 non-FTE unclassified permanent positions from the number approved. The decrease in FTE positions is due to an employee working four days a week instead of full time and a reduction of 3.0 non-FTE unclassified permanent positions with a partially offsetting increase of 2.8 FTE positions. Major categories of expenditure are provided below:

- **Salaries and Wages.** The agency requests \$694,190, which is an increase of \$24,201, or 3.6 percent, above the approved amount. The increase is primarily due to additional expenditures for unclassified regular positions with a partially offsetting reduction in unclassified temporary positions;
- **Contractual Services.** The agency requests \$505,450, which is a decrease of \$106,097, or 17.3 percent, below the approved amount. The decrease is primarily due to a bill posting error in the approved budget;
- **Commodities.** The agency requests \$1,600, which is a reduction of \$1,990, or 55.4 percent, below the approved amount. The decrease is primarily due to a reduction in expenditures for gasoline and office supplies; and
- **Capital Outlay.** The agency requests \$2,000, which is a decrease of \$30,271, or 93.8 percent, below the approved amount. The decrease is due to a reduction in expenditures in office furniture and computer equipment.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 1,283,193                          | 1,181,284                     | (101,909)                         | 1,181,284                   | (101,909)                           |
| <b>TOTAL</b>                | <b>\$ 1,283,193</b>                | <b>\$ 1,181,284</b>           | <b>\$ (101,909)</b>               | <b>\$ 1,181,284</b>         | <b>\$ (101,909)</b>                 |
| FTE Positions               | 11.0                               | 10.8                          | (0.2)                             | 10.8                        | (0.2)                               |

The **agency** requests a revised estimate for FY 2019 operating expenditures of \$1.2 million, all from special revenue funds, which is a decrease of \$101,909, or 7.9 percent, below the amount approved by the 2017 Legislature. The reduction is mainly attributable to decreased expenditures for contractual services, with a partially offsetting increase in salaries and wages. The agency requests funding for 10.8 FTE positions, which is a decrease of 0.2 non-FTE unclassified permanent positions from the amount approved. The decrease in FTE positions is due to an employee working four days a week instead of full time and a decrease of 3.0 non-FTE unclassified permanent positions, with an offsetting increase of 2.8 FTE positions. The agency request includes the following categories of expenditures:

- **Salaries and Wages.** The agency requests \$707,397, which is an increase of \$21,537, or 3.1 percent, above the approved amount. The increase is primarily due to additional expenditures for unclassified regular positions, with a partially offsetting decrease in unclassified temporary positions;
- **Contractual Services.** The agency requests \$461,037, which is a decrease of \$115,214, or 20.0 percent, below the approved amount. The decrease is primarily due to a bill posting error in the approved budget;
- **Commodities.** The agency requests \$3,650, which is a decrease of \$2,500, or 40.7 percent, below the approved amount. The decrease is primarily due to a decrease in expenditures for gasoline and office supplies; and
- **Capital Outlay.** The agency requests \$9,200, which is a decrease of \$5,732, or 38.4 percent, below the approved amount. The decrease is due to a decrease in expenditures in office furniture and computer equipment.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 and FY 2019 longevity payments total \$0.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                         | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                     | 0.0 %                                      | 0.0 %                                    |
| Real Estate Fee Fund                   | 86.8                                       | 86.8                                     |
| Background Investigation<br>Fee Fund   | 11.7                                       | 11.7                                     |
| Real Estate Recovery<br>Revolving Fund | 1.6                                        | 1.6                                      |
| <b>TOTAL</b>                           | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Real Estate Fee Fund Analysis

KREC is a fee-funded agency. The revenue received provides financing for all agency operations with 90.0 percent being retained by the agency and 10.0 percent being deposited into the State General Fund. The agency generates fee revenues from four primary sources: application fees, \$15; broker fees, \$175; salesperson fees, \$125; and course approvals, \$75. Licenses are issued for a two-year period. The increase in available funds in FY 2018 is due to the 2017 Legislature authorizing the repayment of \$195,671 swept from the Fund in 2009.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|-----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 332,104            | \$ 406,343                    | \$ 406,343           | \$ 653,573                    | \$ 653,573           |
| Revenue                                      | 1,102,511             | 1,111,255                     | 1,110,255            | 1,063,500                     | 1,062,500            |
| Transfers in                                 | 0                     | 195,671                       | 195,671              | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 1,434,615</b>   | <b>\$ 1,713,269</b>           | <b>\$ 1,712,269</b>  | <b>\$ 1,717,073</b>           | <b>\$ 1,716,073</b>  |
| Less:                                        |                       |                               |                      |                               |                      |
| Expenditures                                 | 1,028,272             | 1,059,696                     | 1,058,696            | 1,025,124                     | 1,024,124            |
| Transfers Out                                | 0                     | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                     | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 406,343</b>     | <b>\$ 653,573</b>             | <b>\$ 653,573</b>    | <b>\$ 691,949</b>             | <b>\$ 691,949</b>    |
| Ending Balance as Percent of<br>Expenditures | 39.5%                 | 61.7%                         | 61.7%                | 67.5%                         | 67.6%                |
| Month Highest Ending<br>Balance              | January<br>\$ 414,636 | June<br>\$ 653,573            | June<br>\$ 653,573   | January<br>\$ 815,994         | June<br>\$ 691,949   |
| Month Lowest Ending<br>Balance               | August<br>\$ 220,344  | August<br>\$ 269,599          | August<br>\$ 517,287 | August<br>\$ 433,631          | August<br>\$ 570,076 |

# REAL ESTATE COMMISSION LICENSURE FEES

| License                                               | Current<br>Fee | Statutory<br>Limit   |
|-------------------------------------------------------|----------------|----------------------|
| Real estate broker application fee                    | \$ 15          | \$ 50                |
| Real estate broker license fee (original and renewal) | 175            | 200                  |
| Real estate salesperson application fee               | 15             | 25                   |
| Real estate salesperson license fee                   | 125            | 150                  |
| Course approval                                       | 75             | 75                   |
| License reinstatement                                 | 15             | 15                   |
| Background investigation                              | 60             | Expense<br>Recovery* |
| Open company office                                   | 25             | 100                  |

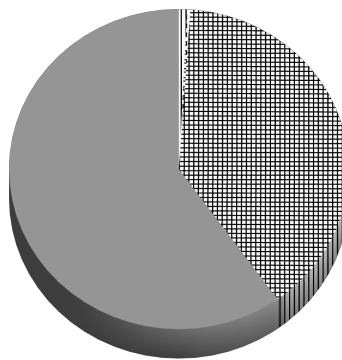
\* Each individual applying for a new license after July 1, 2007, is required to be fingerprinted and submit to a criminal history record check through the KBI/FBI. The fee is used to pay for the cost of the criminal history check, participation in the KB1 Rapback Program and the Commission's administrative costs. The KB1 Rapback Program provides an update regarding new criminal arrests and dispositions for any licensees who have been fingerprinted.

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 707,397                        | 59.9 %              | \$ 0                        | -- %                |
| Contractual Services | 461,037                           | 39.0                | 0                           | --                  |
| Commodities          | 3,650                             | 0.3                 | 0                           | --                  |
| Capital Outlay       | 9,200                             | 0.8                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 1,181,284</b>               | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

## FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 11.0              | 10.8                   | 10.8                 | 10.8                   | 10.8                 |

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## PERFORMANCE MEASURES

| Measure                               | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|---------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of active real estate licenses | 14,325                   | 14,299            | 14,975               | 15,625               |
| Percentage of licenses renewed online | 70.0%                    | 67.0%             | 75.0%                | 90.0%                |
| Number of complaints                  | 125                      | 175               | 185                  | 185                  |

# OFFICE OF THE SECURITIES COMMISSIONER

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 2,814,609           | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 2,814,609</i> | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 2,814,609</b> | <b>\$ 0</b>            | <b>\$ 0</b>          | <b>\$ 0</b>            | <b>\$ 0</b>          |

## Percentage Change:

### Operating Expenditures

|                    |        |       |      |      |      |
|--------------------|--------|-------|------|------|------|
| State General Fund | -- %   | -- %  | -- % | -- % | -- % |
| All Funds          | (11.0) | (100) | --   | --   | --   |

|               |      |     |     |     |     |
|---------------|------|-----|-----|-----|-----|
| FTE Positions | 30.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|---------------|------|-----|-----|-----|-----|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Office of the Kansas Securities Commissioner regulates and monitors the offering of securities and financial services within Kansas by registering securities, broker-dealers and their agents, investment advisers, loan brokers, and certain land subdivisions. Agency staff also investigate potential violations of the laws and ensure registered persons and entities comply with industry, legal, and accounting standards. The staff has the authority to investigate any investment-related activity that has occurred in Kansas, even if companies or individuals from outside of the state are involved.

The Securities Commissioner administers the Kansas Uniform Securities Act, the Uniform Land Sales Practices Act, and the Loan Brokers Act. The Commissioner enforces these laws through administrative, civil, and criminal proceedings. As defined by statute, a "security" includes virtually any type of passive investment, not just stocks and bonds. Companies and individuals offering securities are subject to certain ethical and industry standards and must abide by federal and state laws and regulations.

The Office of the Kansas Securities Commissioner is funded entirely by industry fees, which fund the Securities Act Fee Fund, and fines and settlements, which fund the Investor Education Fund.

## MAJOR ISSUES FROM PRIOR YEARS

Passed in **July 2010**, the federal Dodd-Frank Wall Street Reform and Consumer Protection Act was enacted. It transfers responsibility and jurisdiction to the Office of the Securities Commissioner for the regulation of certain investment advisers to hedge funds and investment advisers with up to \$100.0 million of assets under management in Kansas.

In **FY 2011**, the agency received an additional \$600,000 from an auction rate securities settlement agreement that resulted from an agency investigation used for the agency's Investor Education Program.

The **2013 Legislature** deleted \$568,795, all from special revenue funds, due to a decreased public service announcement development and distribution program in FY 2014. The Legislature also deleted \$132,462 and \$118,901 from FY 2014 and FY 2015, respectively, all from special revenue funds, for reduced funding for salaries and wages.

The **2017 Legislature** passed SB 23, which made the regulation of securities offering and the enforcement of securities law managed as a program within the Kansas Insurance Department. SB 23 authorized the transfer and detailed the structure for the program.

## BUDGET SUMMARY AND KEY POINTS

The Office of Securities Commissioner merged with the Insurance Department. SB 23 (2017) consolidated criminal prosecutions for fraud and abuse under the jurisdiction of the Office of the Attorney General and established the Office of the Securities Commissioner as a division under the jurisdiction of the Insurance Department in FY 2018 and FY 2019.

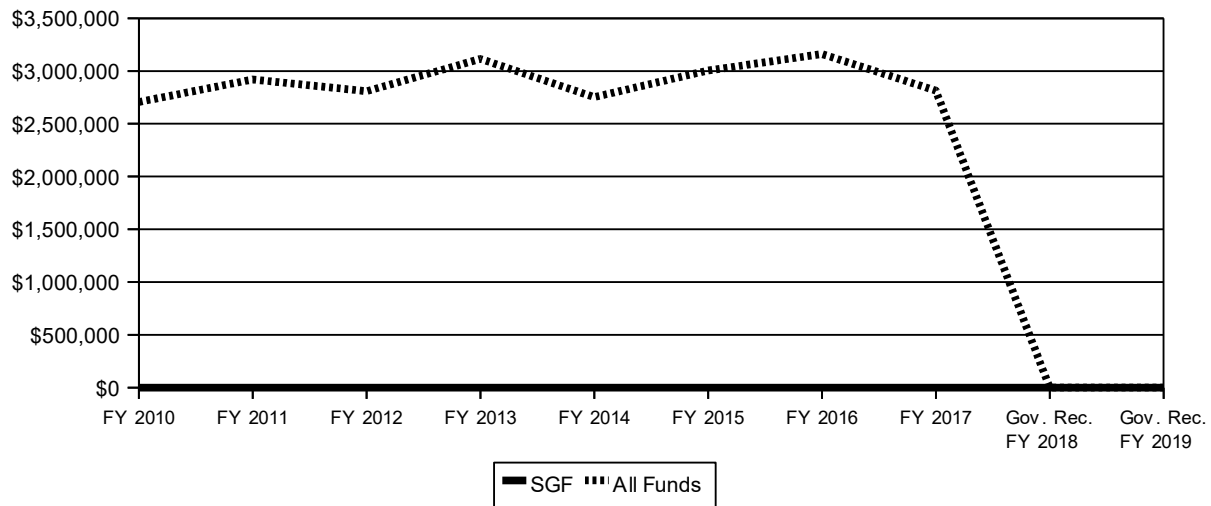
**FY 2018 – Current Year.** This function is now funded within the Kansas Insurance Department and the Office of the Attorney General. In addition to the funding, 30.0 FTE positions and employees were transferred to the Insurance Department. A small portion of the funding was transferred to the Office of the Attorney General as well.

**FY 2019 – Budget Year.** The function is now funded within the Kansas Insurance Department and the Office of the Attorney General. In addition to the funding, 30.0 FTE positions and employees were transferred to the Insurance Department. A small portion of the funding was transferred to the Office of the Attorney General as well.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds      | % Change | FTE    |
|-----------------|------|----------|----------------|----------|--------|
| 2010            | \$ 0 | -- %     | \$ 2,706,312   | 1.6 %    | 32.1   |
| 2011            | 0    | --       | 2,919,962      | 7.9      | 32.0   |
| 2012            | 0    | --       | 2,809,149      | (3.8)    | 30.0   |
| 2013            | 0    | --       | 3,115,058      | 10.9     | 30.0   |
| 2014            | 0    | --       | 2,753,227      | (11.6)   | 30.0   |
| 2015            | 0    | --       | 3,005,160      | 9.2      | 30.0   |
| 2016            | 0    | --       | 3,161,298      | 5.2      | 30.0   |
| 2017            | 0    | --       | 2,814,609      | 3.5      | 30.0   |
| 2018 Gov. Rec.  | 0    | --       | 0              | --       | 0.0    |
| 2019 Gov. Rec.  | 0    | --       | 0              | --       | 0.0    |
| Ten-Year Change |      |          |                |          |        |
| Dollars/Percent | \$ 0 | -- %     | \$ (2,706,312) | -- %     | (32.1) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        |              | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                 |                                |                                 |
|----------------------------------------|--------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-----------------|--------------------------------|---------------------------------|
| Actual<br>FY 2017                      |              | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |              |                     |                     |                                |                                 |                           |                 |                                |                                 |
| Administration                         | \$ 2,814,609 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |
| <b>By Major Object of Expenditure:</b> |              |                     |                     |                                |                                 |                           |                 |                                |                                 |
| Salaries and Wages                     | \$ 2,299,733 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |
| Contractual Services                   | 437,458      | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Commodities                            | 10,244       | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Capital Outlay                         | 16,174       | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Debt Service                           | 0            | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Subtotal-Operations                    | \$ 2,763,609 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |
| Aid to Local Units                     | 0            | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Other Assistance                       | 51,000       | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| TOTAL                                  | \$ 2,814,609 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |
| <b>Financing:</b>                      |              |                     |                     |                                |                                 |                           |                 |                                |                                 |
| State General Fund                     | \$ 0         | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |
| Securities Act Fee Fund                | 2,739,827    | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Investor Education Fund                | 74,782       | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| TOTAL                                  | \$ 2,814,609 | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0            | \$ 0                           | -- %                            |

## Securities Act Fee Fund Analysis

The Securities Act Fee Fund is financed by fees received from agents of broker-dealers, investment advisers, investment companies (mutual fund issuers), and other issuers of securities offering investment capital in Kansas. The authority for the Commissioner to set rates are specified in KSA §17-12a205, 17-12a302, 17-12a305, and 17-12a410. Most current rates specified in regulations are below the statutory maximum rates.

KSA §17-12a-601 provides that 90.0 percent of fees received by the Commissioner are credited to the Securities Act Fee Fund, and 10.0 percent of receipts are credited to the State General Fund, up to a maximum of \$100,000. Furthermore, on the last day of the fiscal year, the Director of Accounts will transfer all unencumbered funds in excess of \$50,000 into the State General Fund for reimbursement for services provided to the agency by the Department of Administration.

| Resource Estimate                            | Actual<br>FY 2017    | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 69,765            | \$ 77,388                     | \$ 0                 | \$ 0                          | \$ 0                 |
| Revenue                                      | 16,060,660           | 0                             | 0                    | 0                             | 0                    |
| Transfers in                                 | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 16,130,425</b> | <b>\$ 77,388</b>              | <b>\$ 0</b>          | <b>\$ 0</b>                   | <b>\$ 0</b>          |
| Less:                                        |                      |                               |                      |                               |                      |
| Expenditures                                 | 2,739,830            | 0                             | 0                    | 0                             | 0                    |
| Transfers Out                                | 13,313,207           | 77,388                        | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                    | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 77,388</b>     | <b>\$ 0</b>                   | <b>\$ 0</b>          | <b>\$ 0</b>                   | <b>\$ 0</b>          |
| Ending Balance as Percent of<br>Expenditures | 2.8%                 | --                            | --                   | --                            | --                   |
| Month Highest Ending<br>Balance              | \$ 0                 | \$ 0                          | \$ 0                 | \$ 0                          | \$ 0                 |
| Month Lowest Ending<br>Balance               | \$ 0                 | \$ 0                          | \$ 0                 | \$ 0                          | \$ 0                 |

This fund was transferred to the Kansas Insurance Department for use in regulating securities. The statutory transfer at the end of the year remains intact.

# BOARD OF TECHNICAL PROFESSIONS

| Expenditure             | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 614,857           | 720,165                | 720,165              | 759,689                | 759,689              |
| <i>Subtotal</i>         | <i>\$ 614,857</i> | <i>\$ 720,165</i>      | <i>\$ 720,165</i>    | <i>\$ 759,689</i>      | <i>\$ 759,689</i>    |
| Capital Improvements:   |                   |                        |                      |                        |                      |
| State General Fund      | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>       | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 614,857</b> | <b>\$ 720,165</b>      | <b>\$ 720,165</b>    | <b>\$ 759,689</b>      | <b>\$ 759,689</b>    |

## Percentage Change:

|                        |      |      |      |      |      |
|------------------------|------|------|------|------|------|
| Operating Expenditures |      |      |      |      |      |
| State General Fund     | -- % | -- % | -- % | -- % | -- % |
| All Funds              | 10.2 | 17.1 | 17.1 | 5.5  | 5.5  |
| FTE Positions          | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

Established in 1976, the purpose of the Board of Technical Professions is to establish and maintain a high standard of integrity, skills, and practice in the technical professions and to safeguard the life, health, property, and welfare of the public. The Board exists to protect the interests of the people of Kansas by assuring the practices of engineering, architecture, land surveying, landscape architecture, and geology are carried out only by those persons proven to be qualified as prescribed by statutes and the Board's rules and regulations.

The Board of Technical Professions is a 13-member board consisting of four licensed professional engineers, including one who also must be engaged in private practice as an engineer and one who also may be licensed as a surveyor; two licensed surveyors; three licensed architects; one licensed landscape architect; one licensed geologist; and two public members. The members are appointed by the Governor to serve four-year terms, but may not serve more than three successive terms. For all appointments other than the public members, the member shall be chosen from a list submitted to the Governor by the respective professional society or association.

The Board currently licenses approximately 2,761 architects, 12,347 professional engineers, 670 professional surveyors, 383 landscape architects, and 633 professional geologists (for a total of over 17,400 individuals and over 2,700 business entities). The Board is authorized 5.0 FTE positions: one unclassified executive director, one unclassified assistant executive director, one unclassified public service administrator, and two unclassified administrative specialist employees.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **1976 Legislature** combined the Engineers Examiners Registration Board, the Architects Registration Board, and the Landscape Architects Registration Board into the Board of Technical Professions.

The **2009 Legislature** made revisions to the requirements for a Certificate of Authorization requiring all business entities to obtain a Certificate of Authorization, and definitions were added regarding business entities. The Legislature transferred \$13,600 from the Technical Professions Fee Fund to the State General Fund in FY 2009. They transferred \$19,154 from the Technical Professions Fee Fund to the State General Fund in FY 2010.

The **2009 Legislature** also passed SB 349, which revised several statutes, including changing the term “land surveyor” to “professional surveyor” and the term “geologist” to “professional geologist.”

In **2012**, the agency lowered fees for new licenses and biennial license renewals from \$70 to \$60 and lowered fees for biennial business license renewals from \$95 to \$85.

The **2013 Legislature** maintained funding for salaries and wages at FY 2013 levels after adjusting for both committee action and Kansas Public Employees Retirement System (KPERs) increases for FY 2014 and FY 2015. The reductions totaled \$363 for FY 2014 and \$299 for FY 2015, all from the Technical Professions Fee Fund.

The **2014 Legislature** added \$1,208, all from the Technical Professions Fee 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 **State Finance Council** decided, in **June 2015**, to grant the Board of Technical Professions authority to spend an additional \$70,000 for FY 2016 and FY 2017 to provide for a collaborative licensing system that would provide hosting services for this and other state agencies housed under the Board of Healing Arts’ licensing system.

In **July 2015**, the Governor exercised the authority granted to him by 2015 Senate Sub. for HB 2135 to transfer \$200,000 from the Technical Professions Fee Fund to the State General Fund.

In **2016**, the agency raised fees for new licenses and biennial license renewals from \$60 to \$70 and raised fees for biennial business license renewals from \$85 to \$95.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$720,165, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature. The agency requests funding for 5.0 FTE positions, which is the same number as the FY 2017 Legislature approved.

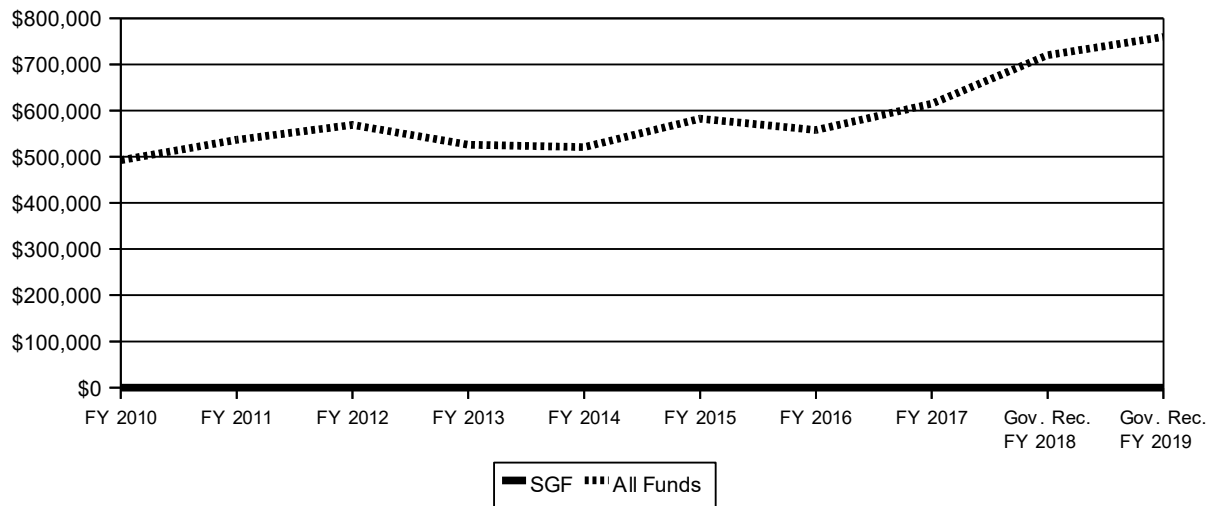
The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$759,689, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature. The request includes funding for 5.0 FTE positions, which is the same number as the FY 2017 Legislature approved.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds  | % Change | FTE |
|-----------------|------|----------|------------|----------|-----|
| 2010            | \$ 0 | -- %     | \$ 492,484 | (1.9)%   | 5.0 |
| 2011            | 0    | --       | 536,666    | 9.0      | 5.0 |
| 2012            | 0    | --       | 568,959    | 6.0      | 5.0 |
| 2013            | 0    | --       | 526,138    | (7.5)    | 5.0 |
| 2014            | 0    | --       | 520,794    | (1.0)    | 5.0 |
| 2015            | 0    | --       | 582,510    | 11.9     | 5.0 |
| 2016            | 0    | --       | 557,919    | (4.2)    | 5.0 |
| 2017            | 0    | --       | 614,857    | 10.2     | 5.0 |
| 2018 Gov. Rec.  | 0    | --       | 720,165    | 17.1     | 5.0 |
| 2019 Gov. Rec.  | 0    | --       | 759,689    | 5.5      | 5.0 |
| Ten-Year Change |      |          |            |          |     |
| Dollars/Percent | \$ 0 | -- %     | \$ 267,205 | 54.3 %   | 0.0 |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017 | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                   |                                |                                 |
|----------------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
|                                        |                   | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019   | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Administration                         | \$ 614,857        | \$ 720,165          | \$ 759,689          | \$ 39,524                      | 5.5 %                           | \$ 720,165                | \$ 759,689        | \$ 39,524                      | 5.5 %                           |
| <b>By Major Object of Expenditure:</b> |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| Salaries and Wages                     | \$ 276,367        | \$ 297,512          | \$ 303,560          | \$ 6,048                       | 2.0 %                           | \$ 297,512                | \$ 303,560        | \$ 6,048                       | 2.0 %                           |
| Contractual Services                   | 299,949           | 399,552             | 426,930             | 27,378                         | 6.9                             | 399,552                   | 426,930           | 27,378                         | 6.9                             |
| Commodities                            | 15,096            | 15,950              | 16,650              | 700                            | 4.4                             | 15,950                    | 16,650            | 700                            | 4.4                             |
| Capital Outlay                         | 23,445            | 7,151               | 12,549              | 5,398                          | 75.5                            | 7,151                     | 12,549            | 5,398                          | 75.5                            |
| Debt Service                           | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Subtotal-Operations                    | \$ 614,857        | \$ 720,165          | \$ 759,689          | \$ 39,524                      | 5.5 %                           | \$ 720,165                | \$ 759,689        | \$ 39,524                      | 5.5 %                           |
| Aid to Local Units                     | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| Other Assistance                       | 0                 | 0                   | 0                   | 0                              | --                              | 0                         | 0                 | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 614,857</b> | <b>\$ 720,165</b>   | <b>\$ 759,689</b>   | <b>\$ 39,524</b>               | <b>5.5 %</b>                    | <b>\$ 720,165</b>         | <b>\$ 759,689</b> | <b>\$ 39,524</b>               | <b>5.5 %</b>                    |
| <b>Financing:</b>                      |                   |                     |                     |                                |                                 |                           |                   |                                |                                 |
| State General Fund                     | \$ 0              | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0                      | \$ 0              | \$ 0                           | -- %                            |
| All Other Funds                        | 614,857           | 720,165             | 759,689             | 39,524                         | 5.5                             | 720,165                   | 759,689           | 39,524                         | 5.5                             |
| <b>TOTAL</b>                           | <b>\$ 614,857</b> | <b>\$ 720,165</b>   | <b>\$ 759,689</b>   | <b>\$ 39,524</b>               | <b>5.5 %</b>                    | <b>\$ 720,165</b>         | <b>\$ 759,689</b> | <b>\$ 39,524</b>               | <b>5.5 %</b>                    |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 720,165                            | 720,165                       | 0                                 | 720,165                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 720,165</b>                  | <b>\$ 720,165</b>             | <b>\$ 0</b>                       | <b>\$ 720,165</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 5.0                                | 0.0                           | (5.0)                             | 0.0                         | (5.0)                               |

The **agency** estimates revised FY 2018 operating expenditures of \$720,165, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature. The agency requests funding for 5.0 FTE positions, which is the same number as the FY 2017 Legislature approved. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$297,512, which is an increase of \$6,807, or 2.3 percent, above the approved amount. The increase is primarily due to an increase in expenditures for fringe benefits;
- **Contractual Services.** The agency requests \$399,552, which is a decrease of \$14,108, or 3.4 percent, below the approved amount. The decrease is primarily due to lower expenditures relating to meals and lodging as well as contracted legal expenditures;
- **Commodities.** The agency requests \$15,950, which is an increase of \$4,650, or 41.2 percent, above the approved amount. The increase is primarily due to an increase in expenditures for professional scientific supplies and office supplies; and
- **Capital Outlay.** The agency requests \$7,151, which is an increase of \$2,651, or 58.9 percent, above the approved amount. The increase is primarily due to an increase in expenditures for office equipment and office furniture.

The **Governor** concurs with the agency's revise estimate in FY 2018.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised request does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 759,689                            | 759,689                       | 0                                 | 759,689                     | 0                                   |
| <b>TOTAL</b>                | <b>\$ 759,689</b>                  | <b>\$ 759,689</b>             | <b>\$ 0</b>                       | <b>\$ 759,689</b>           | <b>\$ 0</b>                         |
| FTE Positions               | 5.0                                | 0.0                           | (5.0)                             | 0.0                         | (5.0)                               |

The **agency** requests FY 2019 operating expenditures of \$759,689, all from special revenue funds, which is the same as the amount approved by the 2017 Legislature. The request includes funding for 5.0 FTE positions, which is the same number as the FY 2017 Legislature approved. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$303,560, which is a decrease of \$25,575, or 7.8 percent, below the approved amount. The decrease is due to lower expenditures for fringe benefits and employee wages;
- **Contractual Services.** The agency requests \$426,930, which is an increase of \$12,426, or 3.0 percent, above the approved amount. The increase is primarily due to higher expenditures for computer programming and employee awards, which are partially offset by a decrease in expenditures for meals and lodging;
- **Commodities.** The agency requests \$16,650, which is an increase of \$5,350, or 47.3 percent, above the approved amount. The increase is primarily due to an increase in expenditures for professional scientific supplies and office supplies; and
- **Capital Outlay.** The agency requests \$12,549, which is an increase of \$7,799, or 164.2 percent, above the approved amount. The increase is primarily due to higher expenditures for computer equipment, software, office equipment, and office furniture.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,000, including \$0 from the State General Fund, and FY 2019 longevity payments total \$1,000, including \$0 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                 | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|--------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund             | 0.0 %                                      | 0.0 %                                    |
| Technical Professions Fee Fund | 100.0                                      | 100.0                                    |
| <b>TOTAL</b>                   | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Technical Professions Fee Fund Analysis

The Board of Technical Professions is a fee-funded agency. The agency receives its revenue from new and renewal license fees for individuals and businesses, as well as from license reinstatement and replacement fees and reciprocity license fees. The revenue received provides financing for all operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited into the State General Fund.

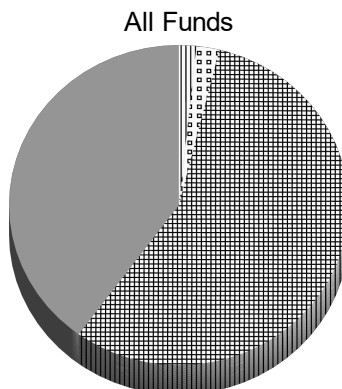
| Resource Estimate                         | Actual<br>FY 2017       | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018    | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019    |
|-------------------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
| Beginning Balance                         | \$ 1,523,566            | \$ 1,689,832                  | \$ 1,689,832            | \$ 1,737,743                  | \$ 1,737,743            |
| Revenue                                   | 781,123                 | 768,076                       | 768,076                 | 768,076                       | 768,076                 |
| Transfers in                              | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Funds Available</b>                    | <b>\$ 2,304,689</b>     | <b>\$ 2,457,908</b>           | <b>\$ 2,457,908</b>     | <b>\$ 2,505,819</b>           | <b>\$ 2,505,819</b>     |
| Less:                                     |                         |                               |                         |                               |                         |
| Expenditures                              | 614,857                 | 720,165                       | 720,165                 | 759,689                       | 759,689                 |
| Transfers Out                             | 0                       | 0                             | 0                       | 0                             | 0                       |
| Off Budget Expenditures                   | 0                       | 0                             | 0                       | 0                             | 0                       |
| <b>Ending Balance</b>                     | <b>\$ 1,689,832</b>     | <b>\$ 1,737,743</b>           | <b>\$ 1,737,743</b>     | <b>\$ 1,746,130</b>           | <b>\$ 1,746,130</b>     |
| Ending Balance as Percent of Expenditures | 274.8%                  | 241.3%                        | 241.3%                  | 229.8%                        | 229.8%                  |
| Month Highest Ending Balance              | June<br>\$ 1,692,833    | June<br>\$ 1,878,630          | June<br>\$ 1,878,630    | June<br>\$ 1,932,975          | June<br>\$ 1,932,975    |
| Month Lowest Ending Balance               | October<br>\$ 1,366,711 | October<br>\$ 1,516,714       | October<br>\$ 1,516,714 | October<br>\$ 1,560,590       | October<br>\$ 1,560,590 |

| BOARD OF TECHNICAL PROFESSIONS LICENSURE FEES |                |                    |
|-----------------------------------------------|----------------|--------------------|
| License                                       | Current<br>Fee | Statutory<br>Limit |
| Individual License (original and renewal)     | \$ 70          | \$ 200             |
| Individual License Reinstatement              | 100            | 200                |
| Business Entity License (original)            | 170            | 300                |
| Business Entity License (renewal)             | 95             | 300                |
| Business License Reinstatement                | 100            | 200                |
| License by Reciprocity                        | 250            | 500                |
| Replacement License                           | 20             | 20                 |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation



Salaries and Wages
  Contractual Services
  Commodities
  Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 303,560                        | 40.0 %              | \$ 0                        | -- %                |
| Contractual Services | 426,930                           | 56.2                | 0                           | --                  |
| Commodities          | 16,650                            | 2.2                 | 0                           | --                  |
| Capital Outlay       | 12,549                            | 1.7                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 759,689</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 5.0               | 5.0                    | 5.0                  | 5.0                    | 5.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                            | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|--------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Number of individual licenses                                      | 17,469                   | 16,984            | 17,324               | 17,670               |
| Number of corporate certificates                                   | 2,913                    | 2,730             | 2,760                | 2,790                |
| Number of days for a corporation to receive license status reports | 1.5                      | 1.5               | 1.5                  | 1.5                  |
| Percent of case files closed resulting in disciplinary action      | 25.0%                    | 24.0%             | 25.0%                | 25.0%                |

# STATE BOARD OF TAX APPEALS

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 762,836          | \$ 782,889             | \$ 782,889           | \$ 789,341             | \$ 789,341           |
| Other Funds             | 1,032,413           | 1,060,264              | 1,062,123            | 1,074,675              | 1,078,392            |
| <i>Subtotal</i>         | <i>\$ 1,795,249</i> | <i>\$ 1,843,153</i>    | <i>\$ 1,845,012</i>  | <i>\$ 1,864,016</i>    | <i>\$ 1,867,733</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>         | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>            | <b>\$ 1,795,249</b> | <b>\$ 1,843,153</b>    | <b>\$ 1,845,012</b>  | <b>\$ 1,864,016</b>    | <b>\$ 1,867,733</b>  |

## Percentage Change:

### Operating Expenditures

|                    |          |       |       |       |       |
|--------------------|----------|-------|-------|-------|-------|
| State General Fund | (10.1) % | 2.6 % | 2.6 % | 0.8 % | 0.8 % |
| All Funds          | 11.8     | 2.7   | 2.8   | 1.1   | 1.2   |
| FTE Positions      | 17.0     | 17.0  | 17.0  | 17.0  | 17.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The mission of the State Board of Tax Appeals (BOTA) is to resolve disputes between taxpayers and taxing authorities promptly and impartially and to help maintain public confidence in the state and local tax system. The Board is committed to fulfilling its mission in a highly efficient and professional manner through using all available technology and human resources to best meet the needs of the public.

**Regular Division.** The Board's regular division has broad jurisdiction to hear and decide tax matters, including property tax appeals, appeals from final determinations of the Department of Revenue, tax grievances, applications for exemption from property tax, countywide reappraisal requests, mortgage registration protests, no-fund warrant requests, and appeals from school districts with declining enrollment.

**Small Claims and Expedited Hearings Division.** The Board's small claims and expedited hearings division is a convenient and informal forum for appealing the valuation of single-family residential properties and commercial properties appraised at \$3.0 million or less. This division also may hear appeals from the Department of Revenue, Division of Taxation, if the amount of tax in controversy does not exceed \$15,000.

**Statutory Authority.** The Kansas State Board of Tax Appeals is a specialized board within the executive branch of state government. The Board's predecessor in authority was the Kansas Court of Tax Appeals. The State Court of Tax Appeals was established on July 1, 2008, pursuant to HB 2018.

The Board of Tax Appeals is the highest administrative tribunal to hear cases involving *ad valorem* (property), income, sales, compensating use, and inheritance taxes, along with other matters involving taxation by state and local authorities. The Board is an independent tax tribunal, meaning it is not affiliated with the Kansas Department of Revenue or any other taxing authority. The Board of Tax Appeals is a neutral decision-making body.

## MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** passed Senate Sub. for HB 2018, which renamed the State Board of Tax Appeals to the State Court of Tax Appeals and created a Chief Hearing Officer position. The Legislature also appropriated \$165,000, all from the State General Fund, for the new position and the reconfiguration of the office workspace and furniture.

The **2010 Legislature** increased the Board of Tax Appeals Filing Fee Fund expenditure limitation for FY 2010 and FY 2011. For FY 2010, the Legislature added \$18,000 and increased the expenditure limitation on the agency's Filing Fee Fund from \$589,299 to \$607,299. For FY 2011, the Legislature added \$33,000 and increased expenditures from the agency's Filing Fee Fund from \$648,777 to \$681,777. The expenditure limitation increase for both FY 2010 and FY 2011 was used to offset reductions in the agency's State General Fund appropriation and to fund agency operations.

In addition, the **2010 Legislature** deleted \$33,986, 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** added \$325,000, all from the State General Fund, to restore a portion of the Board of Tax Appeal's FY 2012 State General Fund reduction of \$625,000.

The **2011 Legislature** also added language authorizing the Board of Tax Appeals to study the necessary statutory changes needed to raise filing fees for FY 2013.

The **2014 Legislature** passed House Sub. for SB 231, which made a number of changes in the power, duties, and functions of the State Court of Tax Appeals (COTA), especially with regard to property tax valuation appeals. The bill renamed that body the "State Board of Tax Appeals" (BOTA); made several changes with respect to how property may be valued for taxation purposes; and lowered the interest rate on delinquent property taxes.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$1.8 million, including \$782,889 from the State General Fund. The all funds request and the State General Fund request are the same as the amount approved by the 2017 Legislature. The agency requests 17.0 FTE positions, which is also the same as the number approved by the 2017 Legislature.

The **Governor** recommends a revised FY 2018 budget of \$1.8 million, including \$782,889 from the State General Fund. This recommendation is \$1,859, or 0.1 percent, all from special revenue funds, above the amount approved by the 2017 Legislature. This increase is a technical adjustment made to correct a previous bill posting error related to expenditures for cybersecurity.

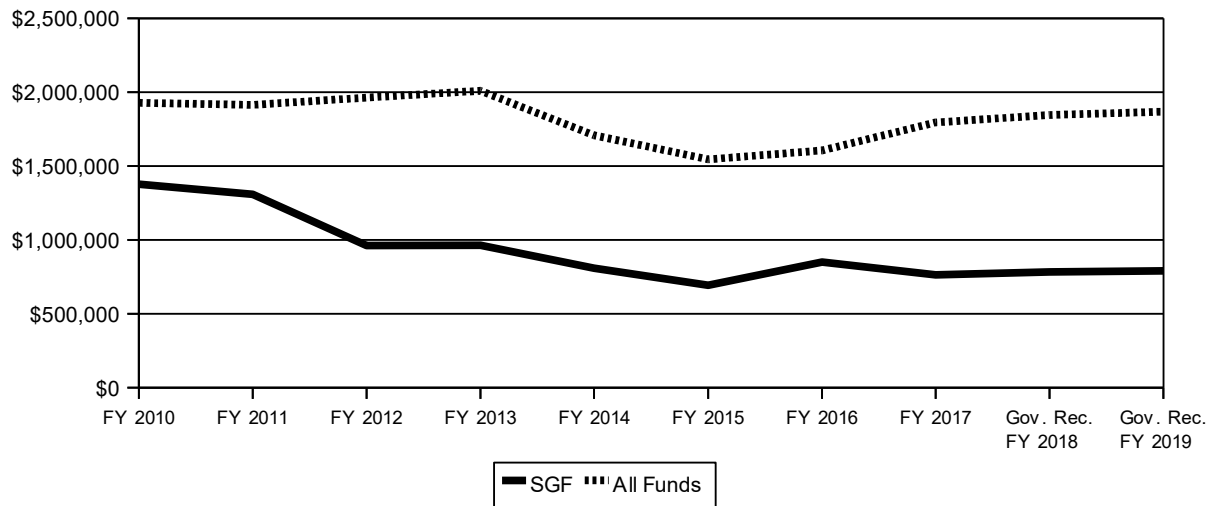
**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$1.9 million, including \$789,341 from the State General Fund. The all funds request and the State General Fund request are the same as the amount approved by the 2017 Legislature. The agency requests 17.0 FTE positions, which is also the same as the number approved by the 2017 Legislature.

The **Governor** recommends a revised FY 2019 budget of \$1.9 million, including \$789,341 from the State General Fund. This recommendation is \$3,717, or 0.2 percent, all from special revenue funds, above the amount approved by the 2017 Legislature. This increase is a technical adjustment made to correct a previous bill posting error related to expenditures for cybersecurity.



# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF          | % Change | All Funds    | % Change | FTE   |
|---------------------------------|--------------|----------|--------------|----------|-------|
| 2010                            | \$ 1,376,801 | (11.9)%  | \$ 1,927,453 | (2.4)%   | 26.0  |
| 2011                            | 1,307,773    | (5.0)    | 1,913,712    | (0.7)    | 18.0  |
| 2012                            | 960,625      | (26.5)   | 1,962,678    | 2.6      | 18.0  |
| 2013                            | 963,272      | 0.3      | 2,008,930    | 2.4      | 18.0  |
| 2014                            | 807,964      | (16.1)   | 1,707,456    | (15.0)   | 18.0  |
| 2015                            | 692,967      | (14.2)   | 1,544,872    | (9.5)    | 17.0  |
| 2016                            | 848,683      | 22.5     | 1,605,152    | 3.9      | 17.0  |
| 2017                            | 762,836      | (10.1)   | 1,795,249    | 11.8     | 17.0  |
| 2018 Gov. Rec.                  | 782,889      | 2.6      | 1,845,012    | 2.8      | 17.0  |
| 2019 Gov. Rec.                  | 789,341      | 0.8      | 1,867,733    | 1.2      | 17.0  |
| Ten-Year Change Dollars/Percent | \$ (587,460) | (42.7)%  | \$ (59,720)  | (3.1)%   | (9.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017   | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|----------------------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
|                                        |                     | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Administration                         | \$ 1,795,249        | \$ 1,843,153        | \$ 1,864,016        | \$ 20,863                      | 1.1 %                           | \$ 1,845,012              | \$ 1,867,733        | \$ 22,721                      | 1.2 %                           |
| <b>TOTAL</b>                           | <b>\$ 1,795,249</b> | <b>\$ 1,843,153</b> | <b>\$ 1,864,016</b> | <b>\$ 20,863</b>               | <b>1.1 %</b>                    | <b>\$ 1,845,012</b>       | <b>\$ 1,867,733</b> | <b>\$ 22,721</b>               | <b>1.2 %</b>                    |
| <b>By Major Object of Expenditure:</b> |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Salaries and Wages                     | \$ 1,350,481        | \$ 1,455,300        | \$ 1,476,227        | \$ 20,927                      | 1.4 %                           | \$ 1,455,300              | \$ 1,476,227        | \$ 20,927                      | 1.4 %                           |
| Contractual Services                   | 393,425             | 357,911             | 358,497             | 586                            | 0.2                             | 359,770                   | 362,214             | 2,444                          | 0.7                             |
| Commodities                            | 7,342               | 13,292              | 13,682              | 390                            | 2.9                             | 13,292                    | 13,682              | 390                            | 2.9                             |
| Capital Outlay                         | 44,001              | 16,650              | 15,610              | (1,040)                        | (6.2)                           | 16,650                    | 15,610              | (1,040)                        | (6.2)                           |
| Debt Service                           | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <i>Subtotal-Operations</i>             | <i>\$ 1,795,249</i> | <i>\$ 1,843,153</i> | <i>\$ 1,864,016</i> | <i>\$ 20,863</i>               | <i>1.1 %</i>                    | <i>\$ 1,845,012</i>       | <i>\$ 1,867,733</i> | <i>\$ 22,721</i>               | <i>1.2 %</i>                    |
| Aid to Local Units                     | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| Other Assistance                       | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 1,795,249</b> | <b>\$ 1,843,153</b> | <b>\$ 1,864,016</b> | <b>\$ 20,863</b>               | <b>1.1 %</b>                    | <b>\$ 1,845,012</b>       | <b>\$ 1,867,733</b> | <b>\$ 22,721</b>               | <b>1.2 %</b>                    |
| <b>Financing:</b>                      |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| State General Fund                     | \$ 762,836          | \$ 782,889          | \$ 789,341          | \$ 6,452                       | 0.8 %                           | \$ 782,889                | \$ 789,341          | \$ 6,452                       | 0.8 %                           |
| Duplicating Fee Fund                   | 1,507               | 3,000               | 1,200               | (1,800)                        | (60.0)                          | 3,000                     | 1,200               | (1,800)                        | (60.0)                          |
| BOTA Filing Fee Fund                   | 1,030,906           | 1,057,264           | 1,073,475           | 16,211                         | 1.5                             | 1,059,123                 | 1,077,192           | 18,069                         | 1.7                             |
| <b>TOTAL</b>                           | <b>\$ 1,795,249</b> | <b>\$ 1,843,153</b> | <b>\$ 1,864,016</b> | <b>\$ 20,863</b>               | <b>1.1 %</b>                    | <b>\$ 1,845,012</b>       | <b>\$ 1,867,733</b> | <b>\$ 22,721</b>               | <b>1.2 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$782,889 in FY 2018. No adjustment has subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 782,889                         | \$ 782,889                    | \$ 0                              | \$ 782,889                  | \$ 0                                |
| All Other Funds             | 1,060,264                          | 1,060,264                     | 0                                 | 1,062,123                   | 1,859                               |
| <b>TOTAL</b>                | <b>\$ 1,843,153</b>                | <b>\$ 1,843,153</b>           | <b>\$ 0</b>                       | <b>\$ 1,845,012</b>         | <b>\$ 1,859</b>                     |
| FTE Positions               | 17.0                               | 17.0                          | 0.0                               | 17.0                        | 0.0                                 |

The **agency** requests revised FY 2018 operating expenditures of \$1.8 million, including \$782,889 from the State General Fund. The all funds request and the State General Fund request are the same as the amount approved by the 2017 Legislature. The agency requests 17.0 FTE positions, which is also the same as the number approved by the 2017 Legislature.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$1.5 million, including \$643,055 from the State General Fund. The all funds request is a decrease of \$27, or less than 0.1 percent, below the approved amount. The State General Fund request is a decrease of \$11,630, or 1.8 percent, below the approved amount. The State General Fund decrease is attributable to the Filing Fee Fund funding a larger percentage of total salary and wage expenditures in the revised estimate;
- **Contractual Services.** The agency requests expenditures of \$357,911, including \$139,834 from the State General Fund. The all funds request is an increase of \$1,382, or 0.4 percent, and the State General Fund request is an increase of \$11,630, or 9.1 percent, above the approved amount. The increases are attributable to an increase in computer programming and software expenditures, in addition to a larger percentage of total contractual service expenditures being funded from the State General Fund in the revised estimate;
- **Commodities.** The agency requests expenditures of \$13,292, all from special revenue funds. The request is a decrease of \$5, or less than 0.1 percent, below the approved amount; and

- **Capital Outlay.** The agency requests expenditures of \$16,650, all from special revenue funds. The request is a decrease of \$1,350, or 7.5 percent, below the approved amount. The decrease is attributable to computer hardware (*i.e.*, computers, servers) replacement costs that were incurred in FY 2017, reducing planned expenditures in FY 2018.

The **Governor** recommends a revised FY 2018 budget of \$1.8 million, including \$782,889 from the State General Fund. This recommendation is \$1,859, or 0.1 percent, all from special revenue funds, above the amount approved by the 2017 Legislature. This increase is a technical adjustment made to correct a previous bill posting error related to expenditures for cybersecurity.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$780,425 for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 789,341                         | \$ 789,341                    | \$ 0                              | \$ 789,341                  | \$ 0                                |
| All Other Funds             | 1,074,675                          | 1,074,675                     | 0                                 | 1,078,392                   | 3,717                               |
| <b>TOTAL</b>                | <b>\$ 1,864,016</b>                | <b>\$ 1,864,016</b>           | <b>\$ 0</b>                       | <b>\$ 1,867,733</b>         | <b>\$ 3,717</b>                     |
| FTE Positions               | 17.0                               | 17.0                          | 0.0                               | 17.0                        | 0.0                                 |

The **agency** requests a revised FY 2019 estimate of \$1.9 million, including \$789,341 from the State General Fund. The all funds request and the State General Fund request are the same as the amount approved by the 2017 Legislature. The agency requests 17.0 FTE positions, which is also the same as the number approved by the 2017 Legislature.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$1.5 million, including \$651,302 from the State General Fund. The all funds request is a decrease of \$4, or less than 0.1 percent, below the approved amount. The State General Fund request is a decrease of \$12,369, or 1.9 percent, below the approved amount. The State General Fund decrease is attributable to the Filing Fee Fund funding a larger percentage of total salary and wage expenditures in the revised estimate;
- **Contractual Services.** The agency requests expenditures of \$358,497, including \$138,039 from the State General Fund. The all funds request is an increase of \$2,424, or 0.7 percent, and the State General Fund request is an increase of \$12,369, or 9.8 percent, above the approved amount. The increases are

attributable to an increase in computer programming and software expenditures, in addition to a larger percentage of total contractual service expenditures being funded from the State General Fund in the revised estimate;

- **Commodities.** The agency requests expenditures of \$13,682, all from special revenue funds. The request is a decrease of \$30, or 0.2 percent, below the approved amount; and
- **Capital Outlay.** The agency requests expenditures of \$15,610, all from special revenue funds. The request is a decrease of \$2,390, or 13.3 percent, below the approved amount. The decrease is attributable to computer hardware (*i.e.*, computers, servers) replacement costs that were incurred in FY 2017, reducing planned expenditures in FY 2018 and for FY 2019.

The **Governor** recommends a revised FY 2019 budget of \$1.9 million, including \$789,341 from the State General Fund. This recommendation is \$3,717, or 0.2 percent, all from special revenue funds, above the amount approved by the 2017 Legislature. This increase is a technical adjustment made to correct a previous bill posting error related to expenditures for cybersecurity.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$2,000, including \$884 from the State General Fund, and FY 2019 longevity payments total \$2,000, including \$882 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source       | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------|--------------------------------------------|------------------------------------------|
| State General Fund   | 42.3 %                                     | 42.3 %                                   |
| BOTA Filing Fee Fund | 57.6                                       | 57.7                                     |
| Duplicating Fee Fund | 0.1                                        | 0.1                                      |
| <b>TOTAL</b>         | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Board of Tax Appeals Filing Fee Fund Analysis

The 2003 Legislature increased the amount of funding the agency received through special revenue funds by creating the BOTA Filing Fee Fund. The agency is required to charge and collect filing fees established by the agency. The fees are collected when any tax protest, tax grievance, tax exemption, or any other original proceeding is filed with the Kansas Board of Tax Appeals.

| Resource Estimate                            | Actual<br>FY 2017      | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|------------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 1,161,200           | \$ 1,011,154                  | \$ 1,011,154         | \$ 833,890                    | \$ 832,031           |
| Revenue                                      | 880,860                | 880,000                       | 880,000              | 880,000                       | 880,000              |
| Transfers in                                 | 0                      | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 2,042,060</b>    | <b>\$ 1,891,154</b>           | <b>\$ 1,891,154</b>  | <b>\$ 1,713,890</b>           | <b>\$ 1,712,031</b>  |
| Less:                                        |                        |                               |                      |                               |                      |
| Expenditures                                 | 1,030,906              | 1,057,264                     | 1,059,123            | 1,073,475                     | 1,077,192            |
| Transfers Out                                | 0                      | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                      | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 1,011,154</b>    | <b>\$ 833,890</b>             | <b>\$ 832,031</b>    | <b>\$ 640,415</b>             | <b>\$ 634,839</b>    |
| Ending Balance as Percent of<br>Expenditures | 98.1%                  | 78.9%                         | 78.6%                | 59.7%                         | 58.9%                |
| Month Highest Ending<br>Balance              | July<br>\$ 1,188,713   | July<br>\$ 1,039,041          | July<br>\$ 1,039,041 | July<br>\$ 856,225            | July<br>\$ 858,084   |
| Month Lowest Ending<br>Balance               | December<br>\$ 789,719 | March<br>\$ 692,913           | March<br>\$ 691,054  | March<br>\$ 502,198           | March<br>\$ 498,471  |

# STATE BOARD OF TAX APPEALS LICENSURE FEES

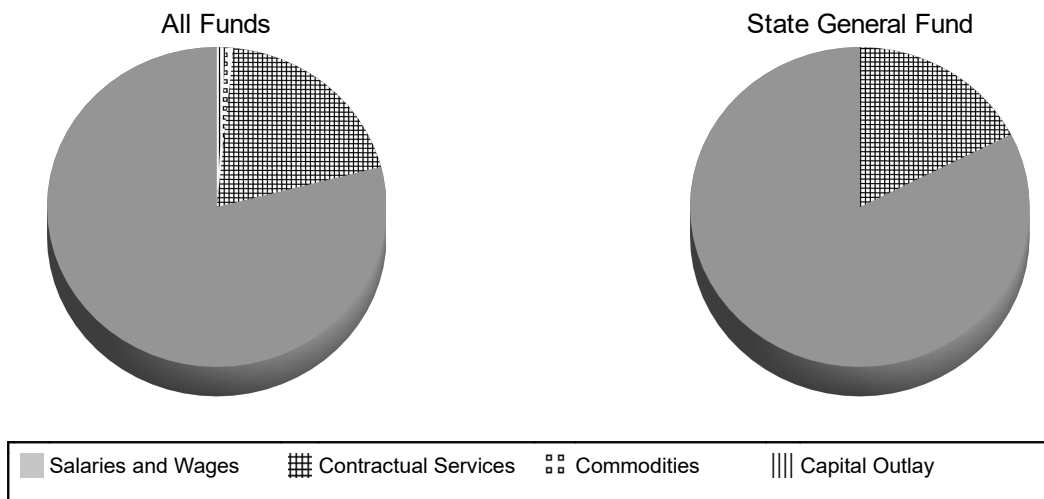
| License                                                                                             | Current Fee |
|-----------------------------------------------------------------------------------------------------|-------------|
| <b>Regular Division</b>                                                                             |             |
| Valuation Appeals: Equalization & Protests (Real and Personal Property)                             |             |
| Real Property: Single-family residential property & farmsteads                                      | \$ Exempt   |
| Not-for-profit organizations valued less than \$100,000                                             | Exempt      |
| Properties valued at \$250,000 or less                                                              | 125         |
| Properties valued at \$250,001 to \$1,000,000                                                       | 200         |
| Properties valued at \$1,000,001 to \$5,000,000                                                     | 300         |
| Properties valued at \$5,000,001 to \$10,000,000                                                    | 400         |
| Properties valued at \$10,000,001 or more                                                           | 500         |
| Personal Property: Single-family residential mobile or manufactured home                            | Exempt      |
| All other personal property                                                                         | 150         |
| Division of Property Valuation (State Assessed Property)                                            |             |
| \$250,000 or less                                                                                   | 125         |
| \$250,001 to \$1,000,000                                                                            | 200         |
| \$1,000,001 to \$5,000,000                                                                          | 300         |
| \$5,000,001 to \$10,000,000                                                                         | 400         |
| \$10,000,001 or more                                                                                | 500         |
| Division of Taxation: Homestead Property Tax & Food Sales Tax Refunds                               |             |
| \$1,000 or less                                                                                     | 100         |
| \$1,001 to \$10,000                                                                                 | 150         |
| \$10,001 to \$100,000                                                                               | 300         |
| \$100,001 or more                                                                                   | 500         |
| Exemption Applications                                                                              |             |
| Industrial Revenue Bond & Eco Devo < \$1,000,000                                                    | 500         |
| Industrial Revenue Bond & Eco Devo > \$1,000,000                                                    | 1,000       |
| Oil Lease of Real Property Exemption                                                                | 400         |
| All Other Personal Property Exemption                                                               | 100         |
| Non-for-profit valued less than \$100,000 & Government entities                                     | Exempt      |
| <b>Small Claims &amp; Expedited Hearings Division</b>                                               |             |
| Equalization & Protests: Single-family residential property, farmstead or mobile/manufactured homes |             |
| Not-for-profit organization valued less than \$100,000                                              | Exempt      |
| \$250,000 or less                                                                                   | 100         |
| \$250,01 to \$1,000,000                                                                             | 150         |
| \$1,000,000 to \$3,000,000                                                                          | 200         |
| Division of Taxation: Homestead Property Tax & Food Sales Tax Refunds                               |             |
| \$500 or less                                                                                       | Exempt      |
| \$501 to \$10,000                                                                                   | 50          |
| \$10,001 to \$14,999                                                                                | 150         |



# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation



| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 1,476,227                      | 79.0 %              | \$ 651,302                  | 82.5 %              |
| Contractual Services | 362,214                           | 19.4                | 138,039                     | 17.5                |
| Commodities          | 13,682                            | 0.7                 | 0                           | --                  |
| Capital Outlay       | 15,610                            | 0.8                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 1,867,733</b>               | <b>100.0 %</b>      | <b>\$ 789,341</b>           | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 17.0              | 17.0                   | 17.0                 | 17.0                   | 17.0                 |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

### PERFORMANCE MEASURES

| Measure                                                            | Gov. Rec.<br>FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|--------------------------------------------------------------------|----------------------|-------------------|----------------------|----------------------|
| Number of cases filed                                              | 8,462                | 7,452             | 8,462                | 8,462                |
| Clearance rate                                                     | 100%                 | 93.6%             | 100%                 | 100%                 |
| Avg. number of days to close commercial appeal                     | 120                  | 127               | 120                  | 120                  |
| Avg. number of days between filings and hearings<br>(small claims) | 45                   | 35                | 45                   | 45                   |

# BOARD OF VETERINARY EXAMINERS

| Expenditure             | Actual<br>FY 2017        | Agency Est.<br>FY 2018   | Gov. Rec.<br>FY 2018     | Agency Est.<br>FY 2019   | Gov. Rec.<br>FY 2019     |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Operating Expenditures: |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 333,785                  | 348,034                  | 348,034                  | 356,957                  | 356,957                  |
| <i>Subtotal</i>         | <i>\$ 333,785</i>        | <i>\$ 348,034</i>        | <i>\$ 348,034</i>        | <i>\$ 356,957</i>        | <i>\$ 356,957</i>        |
| Capital Improvements:   |                          |                          |                          |                          |                          |
| State General Fund      | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     | \$ 0                     |
| Other Funds             | 0                        | 0                        | 0                        | 0                        | 0                        |
| <i>Subtotal</i>         | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              | <i>\$ 0</i>              |
| <b>TOTAL</b>            | <b><u>\$ 333,785</u></b> | <b><u>\$ 348,034</u></b> | <b><u>\$ 348,034</u></b> | <b><u>\$ 356,957</u></b> | <b><u>\$ 356,957</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |       |      |      |      |      |
|--------------------|-------|------|------|------|------|
| State General Fund | -- %  | -- % | -- % | -- % | -- % |
| All Funds          | 100.0 | 4.3  | 4.3  | 2.6  | 2.6  |
| FTE Positions      | 4.0   | 4.0  | 4.0  | 4.0  | 4.0  |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Board of Veterinary Examiners was established in 1907 for the purpose of protecting the public health and safety by insuring, through examination and registration, a minimum standard of skill and ability in veterinarians practicing in Kansas. The Board also is responsible for the examination and registration of veterinary technicians. In addition, the Board registers and inspects veterinary premises. The Board investigates complaints by consumers against practicing veterinarians along with allegations of unethical practice and cases of intentional or unknowing infringement on the laws governing the practice of veterinary medicine. In cases of violations of the Veterinary Practice Act, the Board may condition, limit, or restrict the right of licensees to practice, issue reprimands, impose fines, and suspend or revoke licenses. When necessary, cases are referred by the Board to the Office of the Attorney General for prosecution. The 1980 Legislature established a five-member board, and the 1993 Legislature increased the number of members to seven.

## MAJOR ISSUES FROM PRIOR YEARS

The **2013 Legislature** added \$309,920, all from the Veterinary Examiners Fee Fund, and 4.0 FTE positions to keep the agency as a stand-alone agency for FY 2014. The Legislature also added language creating a task force to examine whether the agency should continue as a stand-alone agency. Task Force members include one member appointed by the governor, the executive director of the American Association of Veterinary State Boards, the vice president of the State Board of Veterinary Examiners, the Kansas Animal Health Commissioner, and the executive vice president of the Kansas Veterinary Medical Association.

The **2013 Legislature** also added \$311,384, all from the Veterinary Examiners Fee Fund, and 4.0 FTE positions to keep the agency as a stand-alone agency for FY 2015.

The **2014 Legislature**, in SB 278, merged the Board of Veterinary Examiners with the Kansas Department of Agriculture on a trial basis for two years. If no action was taken by the Legislature, the Board of Veterinary Examiners would become a stand-alone agency again beginning in FY 2017.

The **2016 Legislature** transferred the Veterinary Examiners Fee Fund to the Board of Veterinary Examiners, making the Board a stand-alone agency beginning for FY 2017.

The **2017 Legislature** added \$598 in FY 2017, \$1,788 for FY 2018, and \$3,179 for FY 2019, all from special revenue funds, to restore KPERS employer contributions to the approved levels in each respective fiscal year.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$348,034, all from special revenue funds. The revised estimate is a decrease of \$446, or 0.1 percent, below the approved amount. The decrease is largely attributable to a downward adjustment in the requested number of hours for the position of Executive Director from what had been previously requested and approved.

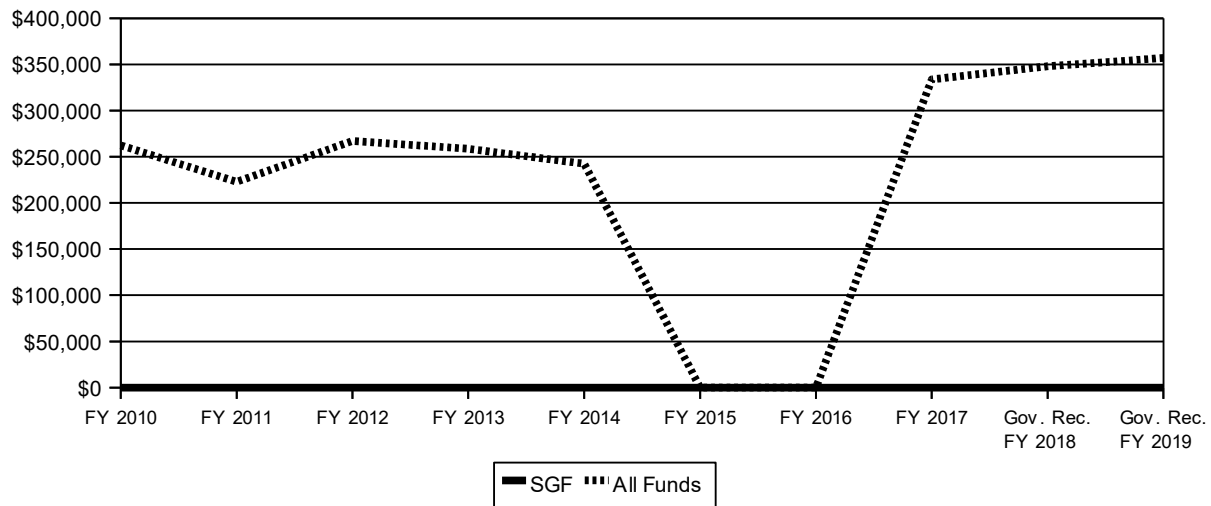
The **Governor** concurs with the agency's revised FY 2018 estimate.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$356,957, all from special revenue funds. The revised estimate is a decrease of \$30, or less than 0.1 percent, below the approved amount. The decrease is primarily due to a downward adjustment in the requested number of hours for the position of Executive Director from what had been previously requested and approved.

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

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds  | % Change | FTE |
|-----------------|------|----------|------------|----------|-----|
| 2010            | \$ 0 | %        | \$ 262,315 | 1.2 %    | 3.0 |
| 2011            | 0    | --       | 222,851    | (15.0)   | 3.0 |
| 2012            | 0    | --       | 267,159    | 19.9     | 3.0 |
| 2013            | 0    | --       | 258,633    | (3.2)    | 3.0 |
| 2014            | 0    | --       | 242,391    | (6.3)    | 4.0 |
| 2015            | 0    | --       | 0          | (100.0)  | 0.0 |
| 2016            | 0    | --       | 0          | --       | 0.0 |
| 2017            | 0    | --       | 333,785    | 100.0    | 4.0 |
| 2018 Gov. Rec.  | 0    | --       | 348,034    | 4.3      | 4.0 |
| 2019 Gov. Rec.  | 0    | --       | 356,957    | 2.6      | 4.0 |
| Ten-Year Change |      |          |            |          |     |
| Dollars/Percent | \$ 0 | -- %     | \$ 94,642  | 36.1 %   | 1.0 |

Note: The Board of Veterinary Examiners was consolidated with the Department of Agriculture for two years and then became a stand-alone agency again.

# Summary of Operating Budget FY 2017 - FY 2019

Board of Veterinary Examiners

|                                        |            | Agency Estimate     |                     |                                |                                 |                 | Governor's Recommendation |                                |                                 |  |  |
|----------------------------------------|------------|---------------------|---------------------|--------------------------------|---------------------------------|-----------------|---------------------------|--------------------------------|---------------------------------|--|--|
| Actual<br>FY 2017                      |            | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018 | Rec.<br>FY 2019           | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |  |  |
| <b>By Program:</b>                     |            |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Administration                         | \$ 333,785 | \$ 348,034          | \$ 356,957          | \$ 8,923                       | 2.6 %                           | \$ 348,034      | \$ 356,957                | \$ 8,923                       | 2.6%                            |  |  |
| <b>By Major Object of Expenditure:</b> |            |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| Salaries and Wages                     | \$ 248,658 | \$ 277,250          | \$ 285,981          | \$ 8,731                       | 3.1 %                           | \$ 277,250      | \$ 285,981                | \$ 8,731                       | 3.1 %                           |  |  |
| Contractual Services                   | 77,788     | 63,485              | 63,677              | 192                            | 0.3                             | 63,485          | 63,677                    | 192                            | 0.3                             |  |  |
| Commodities                            | 4,601      | 5,299               | 5,299               | 0                              | --                              | 5,299           | 5,299                     | 0                              | --                              |  |  |
| Capital Outlay                         | 2,738      | 2,000               | 2,000               | 0                              | --                              | 2,000           | 2,000                     | 0                              | --                              |  |  |
| Debt Service                           | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Subtotal-Operations                    | \$ 333,785 | \$ 348,034          | \$ 356,957          | \$ 8,923                       | 2.6 %                           | \$ 348,034      | \$ 356,957                | \$ 8,923                       | 2.6 %                           |  |  |
| Aid to Local Units                     | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| Other Assistance                       | 0          | 0                   | 0                   | 0                              | --                              | 0               | 0                         | 0                              | --                              |  |  |
| TOTAL                                  | \$ 333,785 | \$ 348,034          | \$ 356,957          | \$ 8,923                       | 2.6 %                           | \$ 348,034      | \$ 356,957                | \$ 8,923                       | 2.6 %                           |  |  |
| <b>Financing:</b>                      |            |                     |                     |                                |                                 |                 |                           |                                |                                 |  |  |
| State General Fund                     | \$ 0       | \$ 0                | \$ 0                | \$ 0                           | -- %                            | \$ 0            | \$ 0                      | \$ 0                           | -- %                            |  |  |
| All Other Funds                        | 333,785    | 348,034             | 356,957             | 8,923                          | 2.6                             | 348,034         | 356,957                   | 8,923                          | 2.6                             |  |  |
| TOTAL                                  | \$ 333,785 | \$ 348,034          | \$ 356,957          | \$ 8,923                       | 2.6 %                           | \$ 348,034      | \$ 356,957                | \$ 8,923                       | 2.6 %                           |  |  |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 348,480                            | 348,034                       | (446)                             | 348,034                     | (446)                               |
| <b>TOTAL</b>                | <b>\$ 348,480</b>                  | <b>\$ 348,034</b>             | <b>\$ (446)</b>                   | <b>\$ 348,034</b>           | <b>\$ (446)</b>                     |
| FTE Positions               | 4.0                                | 4.0                           | 0.0                               | 4.0                         | 0.0                                 |

The **agency** estimates FY 2018 expenditures of \$348,034, all from the Veterinary Examiners Fee Fund. This revised estimate is a decrease of \$446, or 0.1 percent, below the approved amount. Major categories of expenditure are detailed below:

- **Salaries and Wages.** The agency estimates \$277,250, all from the Veterinary Examiners Fee Fund, for salaries and wages in FY 2018. This is a decrease of \$2,129, or 0.8 percent, below the approved amount. The decrease is largely attributable to a downward adjustment in the requested number of hours for the position of Executive Director from what had been previously requested and approved;
- **Contractual Services.** The agency estimates \$63,485, all from the Veterinary Examiners Fee Fund, for contractual services in FY 2018. This revised estimate is an increase of \$384, or 0.6 percent, above the approved amount;
- **Commodities.** The agency estimates \$5,299, all from the Veterinary Examiners Fee Fund, for commodity expenditures in FY 2018. This revised estimate is a decrease of \$701, or 11.7 percent, below the approved amount. The decrease is largely attributable to a decrease in expenditures for office supplies; and
- **Capital Outlay.** The agency estimates expenditures of \$2,000, all from the Veterinary Examiners Fee Fund, for capital outlay in FY 2018. This revised estimate is an increase of \$2,000, or 100.0 percent, above the approved amount. This increase is attributable to the cost of an annual subscription to a cloud data storage system.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 356,987                            | 356,957                       | (30)                              | 356,957                     | (30)                                |
| <b>TOTAL</b>                | <b>\$ 356,987</b>                  | <b>\$ 356,957</b>             | <b>\$ (30)</b>                    | <b>\$ 356,957</b>           | <b>\$ (30)</b>                      |
| FTE Positions               | 4.0                                | 4.0                           | 0.0                               | 4.0                         | 0.0                                 |

The **agency** requests a revised estimate of \$348,034, all from the Veterinary Examiners Fee Fund, for FY 2019. This revised estimate is a decrease of \$30, or less than 0.1 percent, below the approved amount. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency estimates \$285,981, all from the Veterinary Examiners Fee Fund, for salaries and wages for FY 2019. This is a decrease of \$2,706, or 0.9 percent, below the approved amount. The decrease is largely attributable to a downward adjustment in the requested number of hours for the position of Executive Director from what had been previously requested and approved;
- **Contractual Services.** The agency estimates \$63,677, all from the Veterinary Examiners Fee Fund, for contractual services for FY 2019. This revised estimate is an increase of \$1,377, or 2.2 percent, above the approved amount. This increase is due to increased expenditures on rent and legal services;
- **Commodities.** The agency estimates \$5,299, all from the Veterinary Examiners Fee Fund, for commodity expenditures for FY 2019. This revised estimate is a decrease of \$701, or 11.7 percent, below the approved amount. The decrease is largely attributable to a lower revised estimate of commodities expenditures to more accurately reflect actual expenses; and
- **Capital Outlay.** The agency estimates expenditures of \$2,000, all from the Veterinary Examiners Fee Fund, for capital outlay for FY 2019. This revised estimate is an increase of \$2,000, or 100.0 percent, above the approved amount. This increase is attributable to the cost of an annual subscription to a cloud data storage system.

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

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **There are no longevity bonus payments for this agency.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

| Funding Source                   | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------------|--------------------------------------------|------------------------------------------|
| Veterinary Examiners Fee<br>Fund | 100.0 %                                    | 100.0 %                                  |
| <b>TOTAL</b>                     | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Veterinary Examiners Fee Fund Analysis

The Board of Veterinary Examiners is a fee-funded agency. The revenue received provides financing for all agency operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited into the State General Fund. The Board of Veterinary Examiners generates fee revenues for licensing, registering, and giving examinations to veterinarians and veterinary technicians who wish to practice veterinary medicine in Kansas. The Board also charges fees for the registration and inspection of veterinary premises. All licenses and registrations are renewed annually and include a fee for this service (KSA 47-820).

| Resource Estimate                            | Actual<br>FY 2017  | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------|--------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| Beginning Balance                            | \$ 0               | \$ 218,019                    | \$ 218,019           | \$ 229,690                    | \$ 229,690           |
| Revenue                                      | 357,802            | 359,705                       | 359,705              | 359,705                       | 359,705              |
| Transfers in                                 | 194,002            | 0                             | 0                    | 0                             | 0                    |
| <b>Funds Available</b>                       | <b>\$ 551,804</b>  | <b>\$ 577,724</b>             | <b>\$ 577,724</b>    | <b>\$ 589,395</b>             | <b>\$ 589,395</b>    |
| Less:                                        |                    |                               |                      |                               |                      |
| Expenditures                                 | 333,785            | 348,034                       | 348,034              | 356,957                       | 356,957              |
| Transfers Out                                | 0                  | 0                             | 0                    | 0                             | 0                    |
| Off Budget Expenditures                      | 0                  | 0                             | 0                    | 0                             | 0                    |
| <b>Ending Balance</b>                        | <b>\$ 218,019</b>  | <b>\$ 229,690</b>             | <b>\$ 229,690</b>    | <b>\$ 232,438</b>             | <b>\$ 232,438</b>    |
| Ending Balance as Percent of<br>Expenditures | 65.3%              | 66.0%                         | 66.0%                | 65.1%                         | 65.1%                |
| Month Highest Ending<br>Balance              | July<br>\$ 260,000 | July<br>\$ 260,000            | July<br>\$ 260,000   | July<br>\$ 260,000            | July<br>\$ 260,000   |
| Month Lowest Ending<br>Balance               | June<br>\$ 42,000  | June<br>\$ 42,000             | June<br>\$ 42,000    | June<br>\$ 42,000             | June<br>\$ 42,000    |

**BOARD OF VETERINARY EXAMINERS LICENSURE FEES**

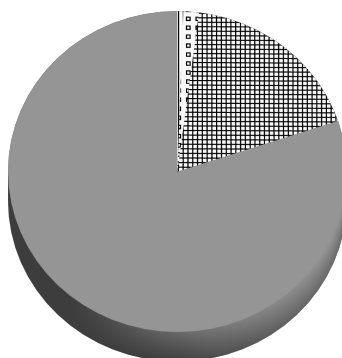
| <u>License</u>                                                  | <u>Current<br/>Fee</u> | <u>Statutory<br/>Limit</u> |
|-----------------------------------------------------------------|------------------------|----------------------------|
| Application for license to practice veterinary medicine         | \$ 125                 | \$ 250                     |
| Application for institutional license                           | 50                     | 250                        |
| Renewal of application for institutional license                | 20                     | 100                        |
| Renewal of license to practice veterinary medicine              | 95                     | 100                        |
| Late fee for renewal of license to practice veterinary medicine | 50                     | 50                         |
| Examination fee                                                 | 0                      | 500                        |
| Veterinary technician registration                              | 20                     | 50                         |
| Veterinary technician renewal                                   | 10                     | 25                         |
| Registration of a premises                                      | 150                    | 150                        |
| Renewal of a premises registration                              | 50                     | 50                         |
| Late fee for renewal of premises                                | 50                     | 50                         |
| Premises inspection and re-inspection fee                       | 75                     | 150                        |
| Fee for compliance inspection and audit                         | 100                    | 150                        |

# PROGRAM DETAIL

## Expenditures by Object

### Governor's FY 2019 Recommendation

All Funds



Salaries and Wages    Contractual Services    Commodities    Capital Outlay

| Object               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 285,981                        | 80.1 %              | \$ 0                        | -- %                |
| Contractual Services | 63,677                            | 17.8                | 0                           | --                  |
| Commodities          | 5,299                             | 1.5                 | 0                           | --                  |
| Capital Outlay       | 2,000                             | 0.6                 | 0                           | --                  |
| <b>TOTAL</b>         | <b>\$ 356,957</b>                 | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program        | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 4.0               | 4.0                    | 4.0                  | 4.0                    | 4.0                  |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

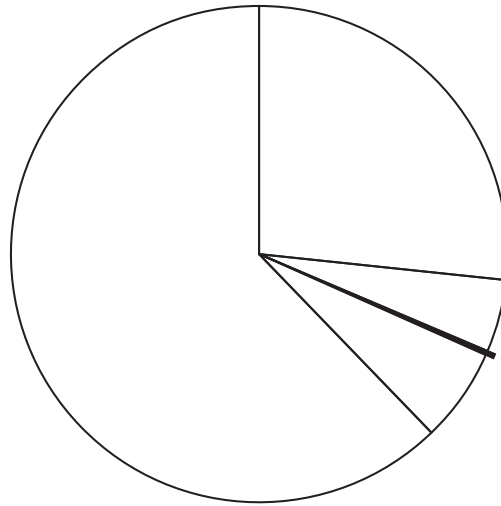
### PERFORMANCE MEASURES

| Measure                                                                          | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
|----------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Percent of successful completion of National Vet Exam and National Vet Tech Exam | N/A                      | 100.0%            | 100.0%               | 100.0%               |
| Percent of complaints investigated                                               | 100%                     | 100%              | 100.0%               | 100.0%               |
| Percent of premises not meeting national standards                               | N/A                      | 5.0%              | 4.0%                 | 3.0%                 |

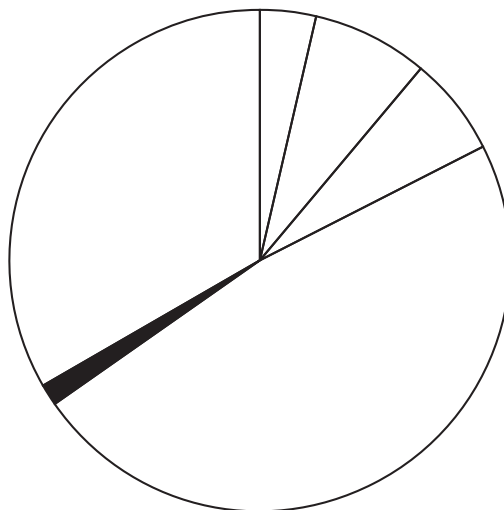


# AGRICULTURE AND NATURAL RESOURCES

State General Fund



All Funds



Agriculture and Natural Resources protects and regulates the natural and physical resources of the state. The writeup for the Kansas Department of Health and Environment (KDHE)–Division of Environment can be found included with the KDHE–Division of Health and Health Care Finance in the Human Services section of this publication.

The Governor's FY 2019 recommendation for the Agriculture and Natural Resources function totals \$215.1 million from all funding sources, including \$15.5 million from the State General Fund.

|                                                       |            |
|-------------------------------------------------------|------------|
| <b>Agencies in this Function:</b>                     |            |
| <i>Department of Agriculture.....</i>                 | <i>741</i> |
| <i>Department of Wildlife, Parks and Tourism.....</i> | <i>768</i> |
| <i>Kansas Water Office.....</i>                       | <i>797</i> |
| <i>Kansas State Fair.....</i>                         | <i>817</i> |

The FY 2019 recommendation represents a State General Fund increase of 2.0 percent, or \$307,571, above FY 2018. Expenditures from all funds decrease by 3.3 percent, or \$7.2 million, below FY 2018.

A total of 1,281.1 FTE positions are recommended by the Governor for the

Agriculture and Natural Resources function for FY 2019, which is unchanged from FY 2018. Of all state FTE positions, 3.2 percent are in this function.

Agencies in this function compose 0.22 percent of the total State General Fund budget for FY 2019, down from 0.23 percent in FY 2018. They compose 1.3 percent of expenditures from all funding sources for FY 2019, down from 1.4 percent in FY 2018.

# DEPARTMENT OF AGRICULTURE

| Expenditure             | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating Expenditures: |                             |                             |                             |                             |                             |
| State General Fund      | \$ 9,487,162                | \$ 9,202,853                | \$ 9,202,853                | \$ 9,817,594                | \$ 9,539,726                |
| Other Funds             | 35,718,394                  | 41,130,411                  | 41,130,411                  | 37,604,178                  | 37,604,178                  |
| <i>Subtotal</i>         | <i>\$ 45,205,556</i>        | <i>\$ 50,333,264</i>        | <i>\$ 50,333,264</i>        | <i>\$ 47,421,772</i>        | <i>\$ 47,143,904</i>        |
| Capital Improvements:   |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 0                           | 0                           | 0                           | 0                           | 0                           |
| <i>Subtotal</i>         | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 | <i>\$ 0</i>                 |
| <b>TOTAL</b>            | <b><u>\$ 45,205,556</u></b> | <b><u>\$ 50,333,264</u></b> | <b><u>\$ 50,333,264</u></b> | <b><u>\$ 47,421,772</u></b> | <b><u>\$ 47,143,904</u></b> |
| Percentage Change:      |                             |                             |                             |                             |                             |
| Operating Expenditures  |                             |                             |                             |                             |                             |
| State General Fund      | 7.2 %                       | (3.0) %                     | (3.0) %                     | 6.7 %                       | 3.7 %                       |
| All Funds               | 7.2                         | 11.3                        | 11.3                        | (5.8)                       | (6.3)                       |
| FTE Positions           | 317.5                       | 363.0                       | 363.0                       | 363.0                       | 363.0                       |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Department of Agriculture is responsible for implementing food safety, consumer and environmental protection, and water resource allocation programs. This includes the assurance of a safe meat, milk, and egg supply; safety of the food supply through inspection at food processing and retail establishments; the responsible and judicious use of pesticides and nutrients; the protection of Kansas' natural and cultivated plants; the integrity of weighing and measuring devices in commerce; and that the waters of Kansas are put to beneficial use. The agency consists of 15 programs under six main categories: Administration; Agribusiness Services (Meat and Poultry, Food Safety, Dairy and ACAP, Weights and Measures, Grain Warehouse, Agricultural Laboratories, Plant Protection and Seed, Pesticide and Fertilizer); Engineering (Water Resources, Water Appropriations, Water Structures); Animal Health; Conservation; and Agriculture Marketing. The Secretary of Agriculture is a gubernatorial appointee and serves as head of the agency.

## MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** added \$584,217 from the State Water Plan Fund for the Interstate Water Issues sub-program for consultants in both the Arkansas and Republican River litigation and ongoing expenses related to compact compliance, along with \$92,340 and 1.0 non-FTE

position for the Ozark Plateau Aquifer Water Initiative Strategic Plan. The 2007 Legislature also added \$145,000 from the State General Fund for the replacement of one large scale test truck for the Weights and Measures subprogram.

The **2008 Legislature** transferred the Food Service Inspection program, including regulation of food service establishments (restaurants) and lodging, from the Kansas Department of Health and Environment (KDHE) to the Department of Agriculture. The transfer included \$1,811,893, including \$184,962 from the State General Fund, and 38.0 FTE positions from the KDHE budget to the Department of Agriculture budget. In addition, the 2008 Legislature requested an audit be conducted on the feasibility of combining several state agencies. The resulting performance audit report was entitled “Agricultural-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved By Making the Animal Health Department and the Conservation Commission Part of the Department of Agriculture.”

The **2010 Legislature** deleted \$233,797, 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, and added \$29,000, all from the State General Fund, to continue agricultural land valuations performed by the Agricultural Statistics program for FY 2011. The same amount was deleted from the Department of Revenue’s FY 2011 budget. This amount fully funded the land valuations for FY 2011.

The **2010 Legislature** also added \$75,000, all from the Economic Development Initiatives Fund, for Grain Warehouse Inspection program expenditures for FY 2011, and added language for FY 2011 that allowed the agency to reappropriate. The Legislature also added language establishing a new fund called the “Lodging Fee Fund” with a no limit expenditure limitation and added language stating expenditures may be made from the Fund for Lodging Inspection program expenditures.

The **2011 Legislature** approved Executive Reorganization Order No. 40, which transferred the Agriculture Products Development Division within the Department of Commerce to the Department of Agriculture and renamed it the Marketing and Promotions program; consolidated the Kansas Animal Health Department and the Livestock Commissioner within the Department of Agriculture as the Animal Health Division; and consolidated the State Conservation Commission within the Department of Agriculture as the Conservation Division.

The **2011 Legislature** also added \$1.0 million, all from special revenue funds, for replacement vehicles, grain warehouse inspections, the Conservation Reserve Enhancement program, streamgage monitoring, livestock market reporting, non-point source pollution, aid to conservation districts, the Compliance Education Fee Fund, and feral swine eradication. Those increases were partially offset by reductions totaling \$826,891, including \$227,025 from the State General Fund, for the Water Supply Restoration program, self-funded longevity bonus payments, office supplies, cell phone expenditures, a 5.0 percent information technology reduction, an administration activities reduction, a death and disability contribution moratorium, and an across-the-board reduction.

The **2012 Legislature** added \$468,983 and 6.0 FTE positions to restore funding and positions that were deleted for savings from the Voluntary Retirement Incentive Program for FY 2013. The 2012 Legislature also approved the addition of \$465,907, all from special revenue funds, and restored 3.0 FTE positions deleted by the Governor to the Division of Water Resources for FY 2013 to assist in the processing of water appropriation applications. The approved budget also shifted \$672,281, all from the State Water Plan Fund, from water rights purchased to the Water Transition Assistance program and Conservation Enhancement program for FY 2013.



The **2013 Legislature** added language to allow the agency to transfer funds between line items in the State Water Plan Fund appropriation with approval from the State Finance Council for FY 2014 and FY 2015.

The **2014 Legislature** added \$321,114, all from the Veterinary Examiners Fee Fund, and 4.0 FTE positions to consolidate the Board of Veterinary Examiners into the agency in accordance with 2014 SB 278 for FY 2015.

The **2014 Legislature** added \$210,000, including \$160,000 from the State General Fund and \$50,000 from the State Water Plan Fund, to fund wheat genetics research at the Kansas Wheat Innovation Center, and directed the agency to utilize State Water Plan Fund moneys for expenditures other than salaries and wages for FY 2015.

The **2014 Legislature** deleted \$160,000, all from the State General Fund, for supplemental funding for the Weights and Measures program for FY 2015.

The **2014 Legislature** deleted \$50,000, all from the State Water Plan Fund, for streambank stabilization projects for FY 2015.

The **2015 Legislature** added language requiring the Department of Agriculture to submit a zero base budget request for use as a pilot program for the budget process.

The **2015 Legislature** also added \$500,000, all from the Economic Development Initiatives Fund, for the Agriculture Marketing program for FY 2017. The Legislature also deleted the funding for and language authorizing the Conservation Reserve Enhancement Program for FY 2017.

The **2016 Legislature** authorized the Conservation Reserve Enhancement Program for FY 2017, funded by carry-forward expenditures from the State Water Plan Fund. Additionally, the temporary merger between the Kansas Department of Agriculture and the Board of Veterinary Examiners expired, and the Board became a separate agency again, effective FY 2017.

The **2016 Legislature** also added language authorizing the Conservation Reserve Enhancement Program and authorizing the use of State Water Plan Fund reappropriations to fund the program for FY 2017.

Additionally, the **Governor's May 2016 allotment** deleted \$395,775, all from the State General Fund, for FY 2017.

The **2017 Legislature** added \$60,000, all from special revenue funds, for the acquisition of a Quattro Micro Analyzer and a Bentley Somatic Cell Counter for FY 2018 and FY 2019.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$50.3 million, including \$9.2 million from the State General Fund, in FY 2018. This amount includes \$700,920 in reappropriations from the State Water Plan Fund. This is an increase of \$5.5 million, or 12.2 percent, above the approved amount. This increase is due to \$4.1 million in federal funds from the U.S. Department of Agriculture (USDA) to fund a LiDAR topographic mapping program in the state. Other areas of increased expenditure include contractual services relating to architects and engineers for State Water Plan projects, capital outlay expenditures on replacing

computers, and other assistance expenditures due to shifting expenditures related to the Kansas Agricultural Remediation Board into other assistance from contractual services

The agency has one supplemental request in FY 2018. The agency requests that the unused amount of \$281,312, which had been authorized under KSA 2016 Supp. 2-1915 to be used in FY 2017 for the Sediment and Nutrient Reduction Program, be carried forward and transferred to the Riparian and Wetlands Development program in FY 2018.

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

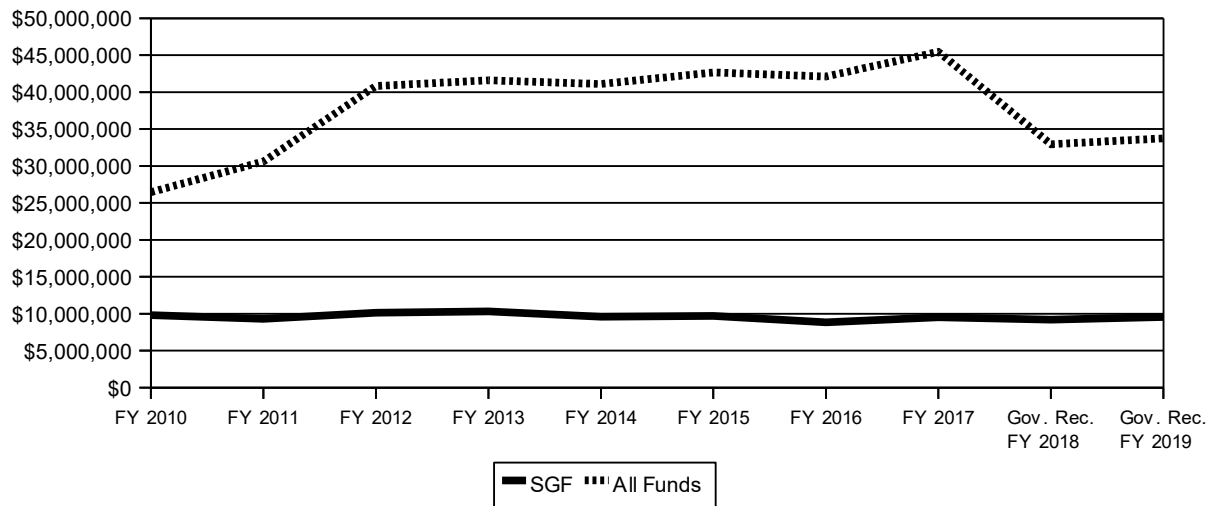
**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$47.4 million, including \$9.8 million from the State General Fund, for FY 2019. This is an all funds increase of \$1.2 million, or 2.6 percent, above the approved amount, with \$530,297 from the State General Fund. This increase is due to increased salaries and wages expenditures as the agency fills vacant positions, as well as contractual services, capital outlay, and other assistance.

The agency has six supplemental requests for FY 2019. These include \$77,868 for a third Animal Facilities Inspector, \$177,429 for three environmental scientists based in western Kansas, \$75,000 for a coordinator dedicated to assisting in the development of water technology farms, \$90,000 for education and outreach concerning the condition and importance of the state's water resources, \$50,000 for further development of the bio/agro security emergency volunteer corps, and \$60,000 for a technical assistant for writing bio-security plans.

The **Governor** recommends \$47.1 million, including \$9.5 million from the State General Fund, for FY 2019. This is a decrease of \$277,868, or 0.7 percent, below the agency's revised estimate. The decrease is due to the Governor recommending \$252,429 of the agency's \$530,297 in supplemental requests. The Governor recommends funding for three environmental scientists and a water technology farms coordinator.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year     | SGF          | % Change | All Funds     | % Change | FTE    |
|-----------------|--------------|----------|---------------|----------|--------|
| 2010            | \$ 9,796,750 | (11.8)%  | \$ 26,450,210 | (7.8)%   | 386.0  |
| 2011            | 9,306,234    | (5.0)    | 30,611,208    | 15.7     | 389.0  |
| 2012            | 10,143,610   | 9.0      | 40,822,187    | 33.4     | 411.0  |
| 2013            | 10,309,478   | 1.6      | 41,602,901    | 1.9      | 354.7  |
| 2014            | 9,582,162    | (7.1)    | 41,101,813    | (1.2)    | 357.5  |
| 2015            | 9,693,976    | 1.2      | 42,664,762    | 3.8      | 319.5  |
| 2016            | 8,851,362    | (8.7)    | 42,166,800    | (1.2)    | 323.5  |
| 2017            | 9,487,162    | 7.2      | 45,205,556    | 7.2      | 317.5  |
| 2018 Gov. Rec.  | 9,202,853    | (3.0)    | 50,333,264    | 11.3     | 363.0  |
| 2019 Gov. Rec.  | 9,539,726    | 3.7      | 47,143,904    | (6.3)    | 363.0  |
| Ten-Year Change |              |          |               |          |        |
| Dollars/Percent | \$ (257,024) | (2.6)%   | \$ 20,693,694 | 78.2 %   | (23.0) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                         | \$ 7,507,433         | \$ 6,531,440         | \$ 6,659,953         | \$ 128,513                     | 2.0 %                           | \$ 6,531,440              | \$ 6,459,953         | \$ (71,487)                    | (1.1)%                          |
| Agribusiness Services                  | 14,171,290           | 15,062,908           | 15,639,623           | 576,715                        | 3.8                             | 15,062,908                | 15,639,623           | 576,715                        | 3.8                             |
| Animal Health                          | 2,519,216            | 2,615,824            | 2,681,634            | 65,810                         | 2.5                             | 2,615,824                 | 2,603,766            | (12,058)                       | (0.5)                           |
| Conservation                           | 8,596,944            | 8,408,181            | 8,112,328            | (295,853)                      | (3.5)                           | 8,408,181                 | 8,112,328            | (295,853)                      | (3.5)                           |
| Agriculture Marketing                  | 2,521,671            | 2,431,413            | 2,503,071            | 71,658                         | 2.9                             | 2,431,413                 | 2,503,071            | 71,658                         | 2.9                             |
| Engineering                            | 9,889,002            | 15,283,498           | 11,825,163           | (3,458,335)                    | (22.6)                          | 15,283,498                | 11,825,163           | (3,458,335)                    | (22.6)                          |
| <b>TOTAL</b>                           | <b>\$ 45,205,556</b> | <b>\$ 50,333,264</b> | <b>\$ 47,421,772</b> | <b>\$ (2,911,492)</b>          | <b>(5.8) %</b>                  | <b>\$ 50,333,264</b>      | <b>\$ 47,143,904</b> | <b>\$ (3,189,360)</b>          | <b>(6.3)%</b>                   |
| <b>By Major Object of Expenditure:</b> |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 21,778,536        | \$ 23,036,475        | \$ 24,376,365        | \$ 1,339,890                   | 5.8 %                           | \$ 23,036,475             | \$ 24,280,633        | \$ 1,244,158                   | 5.4 %                           |
| Contractual Services                   | 13,842,907           | 17,411,550           | 13,129,040           | (4,282,510)                    | (24.6)                          | 17,411,550                | 12,951,779           | (4,459,771)                    | (25.6)                          |
| Commodities                            | 737,947              | 912,585              | 932,694              | 20,109                         | 2.2                             | 912,585                   | 930,319              | 17,734                         | 1.9                             |
| Capital Outlay                         | 1,093,578            | 1,167,020            | 1,143,816            | (23,204)                       | (2.0)                           | 1,167,020                 | 1,141,316            | (25,704)                       | (2.2)                           |
| Debt Service                           | 0                    | 0                    | 0                    | 0                              | --                              | 0                         | 0                    | 0                              | --                              |
| Subtotal-Operations                    | \$ 37,452,968        | \$ 42,527,630        | \$ 39,581,915        | \$ (2,945,715)                 | (6.9) %                         | \$ 42,527,630             | \$ 39,304,047        | \$ (3,223,583)                 | (7.6) %                         |
| Aid to Local Units                     | 2,515,145            | 2,000,000            | 2,092,637            | 92,637                         | 4.6                             | 2,000,000                 | 2,092,637            | 92,637                         | 4.6                             |
| Other Assistance                       | 5,237,443            | 5,805,634            | 5,747,220            | (58,414)                       | (1.0)                           | 5,805,634                 | 5,747,220            | (58,414)                       | (1.0)                           |
| <b>TOTAL</b>                           | <b>\$ 45,205,556</b> | <b>\$ 50,333,264</b> | <b>\$ 47,421,772</b> | <b>\$ (2,911,492)</b>          | <b>(5.8) %</b>                  | <b>\$ 50,333,264</b>      | <b>\$ 47,143,904</b> | <b>\$ (3,189,360)</b>          | <b>(6.3)%</b>                   |
| <b>Financing:</b>                      |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                     | \$ 9,487,162         | \$ 9,202,853         | \$ 9,817,594         | \$ 614,741                     | 6.7 %                           | \$ 9,202,853              | \$ 9,539,726         | \$ 336,873                     | 3.7 %                           |
| All Other Funds                        | 35,718,394           | 41,130,411           | 37,604,178           | (3,526,233)                    | (8.6)                           | 41,130,411                | 37,604,178           | (3,526,233)                    | (8.6)                           |
| <b>TOTAL</b>                           | <b>\$ 45,205,556</b> | <b>\$ 50,333,264</b> | <b>\$ 47,421,772</b> | <b>\$ (2,911,492)</b>          | <b>(5.8) %</b>                  | <b>\$ 50,333,264</b>      | <b>\$ 47,143,904</b> | <b>\$ (3,189,360)</b>          | <b>(6.3)%</b>                   |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$9.2 million in FY 2018. No changes have subsequently been made to this amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 9,202,853                       | \$ 9,202,853                  | \$ 0                              | \$ 9,202,853                | \$ 0                                |
| All Other Funds             | 35,651,366                         | 41,130,411                    | 5,479,045                         | 41,130,411                  | 5,479,045                           |
| <b>TOTAL</b>                | <b>\$ 44,854,219</b>               | <b>\$ 50,333,264</b>          | <b>\$ 5,479,045</b>               | <b>\$ 50,333,264</b>        | <b>\$ 5,479,045</b>                 |
| FTE Positions               | 363.0                              | 363.0                         | 0.0                               | 363.0                       | 0.0                                 |

The **agency** estimates \$50.3 million, including \$9.2 million from the State General Fund, in FY 2018. This is an increase of \$5.5 million, or 12.2 percent, above the approved amount. This increase is due to \$4.1 million in federal funds from the USDA to fund a LiDAR topographic mapping program in the state. This amount also includes \$700,920 in reappropriations to the State Water Plan Fund. Other areas of increased expenditure include contractual services, capital outlay, and other assistance expenditures, which are detailed below:

- **Contractual Services.** The agency estimates \$17.4 million in contractual services expenditures in FY 2018. This is an increase of \$3.4 million, or 24.2 percent, above the approved amount. The increase is due to increased expenditures on architects and engineers for State Water Plan projects;
- **Capital Outlay.** The agency estimates \$1.2 million in capital outlay expenditures in FY 2018. This is an increase of \$266,585, or 29.6 percent, above the approved amount. The increase is due to increased expenditures on computer replacements, vehicle upgrades, and laboratory equipment; and
- **Other Assistance.** The agency estimates expenditures of \$5.8 million in other assistance expenditures in FY 2018. This is an increase of \$2.2 million, or 60.0 percent, above the approved amount. This increase is due to shifting the expenditures related to the Kansas Agricultural Remediation Board from contractual services and into other assistance and increased cost-share payments in the Conservation Division.

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

## Supplemental Detail

| FY 2018 SUPPLEMENTALS             |                 |                   |            |                           |                   |            |
|-----------------------------------|-----------------|-------------------|------------|---------------------------|-------------------|------------|
| Supplementals                     | Agency Estimate |                   |            | Governor's Recommendation |                   |            |
|                                   | SGF             | All Funds         | FTE        | SGF                       | All Funds         | FTE        |
| Riparian and Wetlands Development | \$ 0            | \$ 281,312        | 0.0        | \$ 0                      | \$ 281,312        | 0.0        |
|                                   | 0               | 0                 | 0.0        | 0                         | 0                 | 0.0        |
| <b>TOTAL</b>                      | <b>\$ 0</b>     | <b>\$ 281,312</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 281,312</b> | <b>0.0</b> |

The **agency** requests \$281,312, all from special revenue funds, in FY 2018. Although submitted as a supplemental request, the agency is not requesting new funds. Instead, it requests that the unused \$281,312, which had been authorized under KSA 2016 Supp. 2-1915 to be used in FY 2017 for the Sediment and Nutrient Reduction program, be carried forward and transferred to the Riparian and Wetlands Development program in FY 2018.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$9.3 million for the Department of Agriculture for FY 2019. No changes have subsequently been made to this amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 9,287,297                       | \$ 9,817,594                  | \$ 530,297                        | \$ 9,539,726                | \$ 252,429                          |
| All Other Funds             | 36,919,698                         | 37,604,178                    | 684,480                           | 37,604,178                  | 684,480                             |
| <b>TOTAL</b>                | <b>\$ 46,206,995</b>               | <b>\$ 47,421,772</b>          | <b>\$ 1,214,777</b>               | <b>\$ 47,143,904</b>        | <b>\$ 936,909</b>                   |
| FTE Positions               | 363.0                              | 363.0                         | 0.0                               | 363.0                       | 0.0                                 |

The **agency** requests a revised estimate of \$47.4 million, including \$9.8 million from the State General Fund, for FY 2019. This is an all funds increase of \$1.2 million, or 2.6 percent, above the approved amount, with \$530,297 from the State General Fund. The increase is due to increased salaries and wages, contractual services, capital outlay, and other assistance expenditures. Major changes are detailed below:

- **Salaries and Wages.** The agency estimates \$24.4 million in salaries and wages expenditures for FY 2019. This is an increase of \$373,079, or 1.6 percent, above the approved amount. The increase is largely due to the agency's supplemental request to fill 4.0 FTE positions;

- **Contractual Services.** The agency estimates \$13.1 million in contractual services expenditures for FY 2019. This is a decrease of \$893,345, or 6.4 percent, below the approved amount. The decrease is due to a shift of payments to the Kansas Agricultural Remediation Board out of contractual services and into other assistance;
- **Capital Outlay.** The agency estimates \$1.1 million in capital outlay expenditures for FY 2019. This is an increase of \$285,848, or 33.3 percent, above the approved amount. This increase is due to increased expenditures on computer and vehicle upgrades and replacements; and
- **Other Assistance.** The agency estimates expenditures of \$5.7 million in other assistance expenditures for FY 2019. This is an increase of \$1.5 million, or 34.4 percent, above the approved amount. The increase is due to a shift of payments to the Kansas Agricultural Remediation Board into other assistance from contractual services.

The **Governor** recommends \$47.1 million, including \$9.5 million from the State General Fund, for FY 2019. This is a decrease of \$277,868, or 0.7 percent, below the agency's revised estimate. The decrease is due to the Governor recommending \$252,429 of the agency's \$530,297 in supplemental requests. The Governor recommends funding for three environmental scientists and a water technology farms coordinator.

### Supplemental Detail

| FY 2019 SUPPLEMENTALS                              |                   |                   |            |                           |                   |            |
|----------------------------------------------------|-------------------|-------------------|------------|---------------------------|-------------------|------------|
| Supplementals                                      | Agency Estimate   |                   |            | Governor's Recommendation |                   |            |
|                                                    | SGF               | All Funds         | FTE        | SGF                       | All Funds         | FTE        |
| Animal Facilities Inspector                        | \$ 77,868         | \$ 77,868         | 0.0        | \$ 0                      | \$ 0              | 0.0        |
| Three Environmental Scientists                     | 177,429           | 177,429           | 0.0        | 177,429                   | 177,429           | 0.0        |
| Water Technology Farms Coordinator                 | 75,000            | 75,000            | 0.0        | 75,000                    | 75,000            | 0.0        |
| Water Vision Education and Outreach                | 90,000            | 90,000            | 0.0        | 0                         | 0                 | 0.0        |
| Emergency Volunteer Corps Development              | 50,000            | 50,000            | 0.0        | 0                         | 0                 | 0.0        |
| Technical Assistant for Writing Bio-security Plans | 60,000            | 60,000            | 0.0        | 0                         | 0                 | 0.0        |
| <b>TOTAL</b>                                       | <b>\$ 530,297</b> | <b>\$ 530,297</b> | <b>0.0</b> | <b>\$ 252,429</b>         | <b>\$ 252,429</b> | <b>0.0</b> |

The **agency** requests \$530,297, all from the State General Fund, in supplementals for FY 2019. This includes \$77,868 to fund a third Animal Facilities Inspector, \$177,429 to fund three environmental scientists based in western Kansas, \$75,000 to fund a coordinator dedicated to assisting in the development of water technology farms, \$90,000 for education and outreach concerning the condition and importance of the state's water resources, \$50,000 for further development of the bio/agro security emergency volunteer corps, and \$60,000 to fund a technical assistant for writing bio-security plans.

The **Governor** recommends \$252,429, all from the State General Fund, for 1.0 Water Technology Farms Coordinator (\$75,000) and 3.0 Environmental Scientists (\$177,429).

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$25,643, including \$8,341 from the State General Fund, and FY 2019 longevity payments total \$26,354, including \$8,625 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.



## Funding Sources

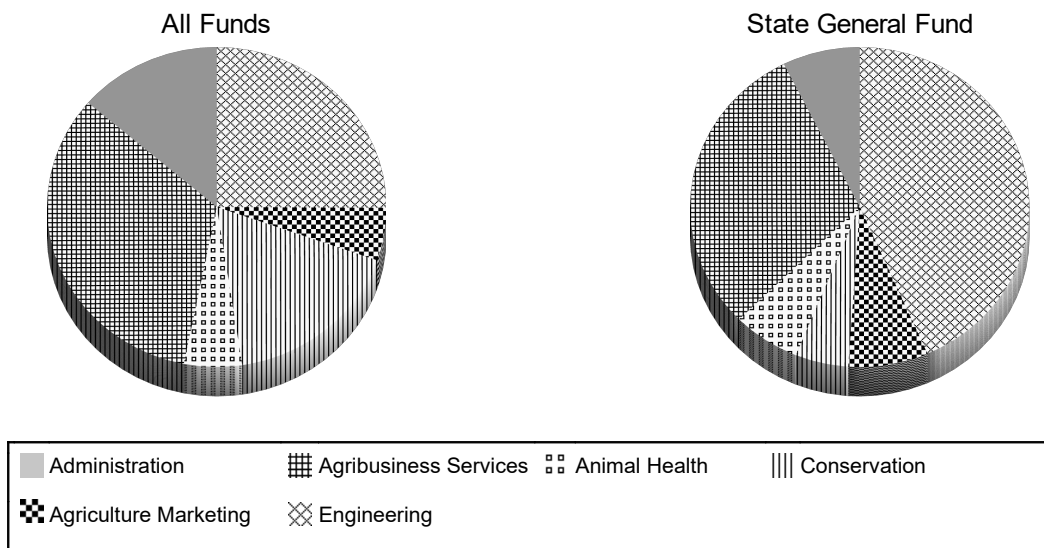
| Funding Source                           | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                       | 19.8 %                                     | 20.2 %                                   |
| State Water Plan Fund                    | 17.4                                       | 17.3                                     |
| Economic Development<br>Initiatives Fund | 2.3                                        | 2.3                                      |
| Federal Funds                            | 20.1                                       | 20.0                                     |
| All Other Funds                          | 40.4                                       | 40.2                                     |
| <b>TOTAL</b>                             | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration        | \$ 6,459,953                      | 13.7 %              | \$ 704,930                  | 7.4 %               |
| Agribusiness Services | 15,639,623                        | 33.2                | 2,863,166                   | 30.0                |
| Animal Health         | 2,603,766                         | 5.5                 | 615,500                     | 6.5                 |
| Conservation          | 8,112,328                         | 17.2                | 482,500                     | 5.1                 |
| Agriculture Marketing | 2,503,071                         | 5.3                 | 726,400                     | 7.6                 |
| Engineering           | 11,825,163                        | 25.1                | 4,147,230                   | 43.5                |
| <b>TOTAL</b>          | <b>\$ 47,143,904</b>              | <b>100.0 %</b>      | <b>\$ 9,539,726</b>         | <b>100.0 %</b>      |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Administration                                    | 35.5              | 43.4                   | 43.4                 | 43.4                   | 43.4                 |
| Agribusiness Services                             | 174.0             | 193.4                  | 193.4                | 193.4                  | 193.4                |
| Animal Health                                     | 17.5              | 20.3                   | 20.3                 | 20.3                   | 20.3                 |
| Conservation                                      | 9.0               | 10.0                   | 10.0                 | 10.0                   | 10.0                 |
| Agriculture Marketing                             | 10.5              | 14.0                   | 14.0                 | 14.0                   | 14.0                 |
| Engineering                                       | 71.0              | 82.0                   | 82.0                 | 82.0                   | 82.0                 |
| <b>TOTAL</b>                                      | <b>317.5</b>      | <b>363.0</b>           | <b>363.0</b>         | <b>363.0</b>           | <b>363.0</b>         |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Administration

The Administration program provides the general policy, outreach, coordination, and management functions for the agency. This program is divided into three subprograms: Administrative Services and Support, Record Center, and Statistical Services and Support. The Administrative Services and Support subprogram provides the agency's fiscal, personnel, legal, and information resource services. The goal of the Record Center subprogram is to maintain credible records to provide consistent and equitable implementation of Kansas statutes as they relate to the agency. This includes the issuance of licenses, permits, registrations, and certifications, and the issuance of renewal notices. The Statistical Services and Support subprogram is responsible for providing meaningful, accurate, and objective statistical information and services to Kansas residents and the Kansas agricultural industry.

| <b>ADMINISTRATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|---------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                |                     |                        |                      |                        |                      |
| Salaries and Wages                                                  | \$ 3,147,104        | \$ 3,195,161           | \$ 3,195,161         | \$ 3,307,248           | \$ 3,307,248         |
| Contractual Services                                                | 2,730,853           | 1,458,605              | 1,458,605            | 1,328,031              | 1,328,031            |
| Commodities                                                         | 97,381              | 109,500                | 109,500              | 109,500                | 109,500              |
| Capital Outlay                                                      | 232,095             | 393,174                | 393,174              | 340,174                | 340,174              |
| Debt Service                                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                        | <i>\$ 6,207,433</i> | <i>\$ 5,156,440</i>    | <i>\$ 5,156,440</i>  | <i>\$ 5,084,953</i>    | <i>\$ 5,084,953</i>  |
| Aid to Local Units                                                  | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                    | 1,300,000           | 1,375,000              | 1,375,000            | 1,375,000              | 1,375,000            |
| <b>TOTAL</b>                                                        | <b>\$ 7,507,433</b> | <b>\$ 6,531,440</b>    | <b>\$ 6,531,440</b>  | <b>\$ 6,459,953</b>    | <b>\$ 6,459,953</b>  |
| <b>Financing:</b>                                                   |                     |                        |                      |                        |                      |
| State General Fund                                                  | \$ 872,483          | \$ 575,786             | \$ 575,786           | \$ 704,930             | \$ 704,930           |
| All Other Funds                                                     | 6,634,950           | 5,955,654              | 5,955,654            | 5,755,023              | 5,755,023            |
| <b>TOTAL</b>                                                        | <b>\$ 7,507,433</b> | <b>\$ 6,531,440</b>    | <b>\$ 6,531,440</b>  | <b>\$ 6,459,953</b>    | <b>\$ 6,459,953</b>  |
| FTE Positions                                                       | 35.5                | 43.4                   | 43.4                 | 43.4                   | 43.4                 |

The **agency** requests \$6.5 million, including \$575,786 from the State General Fund, for the Administration program in FY 2018. This is an all funds increase of \$116,167, or 1.8 percent, and a State General Fund decrease of \$1,683, or 0.3 percent, from the approved amount. The increase is due to increased expenditures on contractual services, commodities, capital outlay, and other assistance, which are detailed below:

- **Contractual Services.** The agency estimates expenditures of \$1.5 million in contractual services expenditures in FY 2018. This is a decrease of \$1.4 million, or 49.7 percent, below the approved amount. The increase is due to payments to the Kansas Agriculture Remediation Board being shifted out of Contractual Services and into other assistance;
- **Commodities.** The agency estimates \$109,500 in commodities expenditures for the Administration program in FY 2018. This is an increase of \$23,200, or 26.9 percent, above the approved amount. The increase is due to increased expenditures on compliance education and office supplies;
- **Capital Outlay.** The agency estimates \$393,174 in capital outlay expenditures for the Administration program in FY 2018. This is an increase of \$278,840, or 243.9 percent, above the approved amount. The increase is due to increased expenditures on disaster recovery hardware and software, as well as all agency vehicle replacement and repair expenditures; and
- **Other Assistance.** The agency estimates expenditures of \$1.4 million in other assistance expenditures in FY 2018. This is an increase of \$1.4 million above the approved amount. The increase is due to payments to the Kansas Agriculture Remediation Board being shifted into other assistance from contractual services.

The **Governor** concurs with the agency's revised estimate for the Administration program in FY 2018.

The **agency** requests \$6.5 million, including \$704,930 from the State General Fund, for FY 2019. This is an all funds increase of \$31,384, or 0.5 percent, and a State General Fund increase of \$74,328, or 11.8 percent, above the approved amount. The increase is due to increased expenditures on contractual services, commodities, capital outlay, and other assistance, which are detailed below:

- **Contractual Services.** The agency estimates expenditures of \$1.3 million in contractual services expenditures for FY 2019. This is a decrease of \$1.5 million, or 53.1 percent, below the approved amount. The increase is due to payments to the Kansas Agriculture Remediation Board being shifted out of contractual services and into other assistance;
- **Commodities.** The agency estimates \$109,500 in commodities expenditures for the Administration program for FY 2019. This is an increase of \$23,200, or 26.9 percent, above the approved amount. This increase is due to increased expenditures on compliance education and office supplies;

- **Capital Outlay.** The agency estimates \$340,174 in capital outlay expenditures for the Administration program for FY 2019. This is an increase of \$241,440, or 244.5 percent, above the approved amount. The increase is due to increased expenditures on vehicle repair and lease payments for audio-visual equipment and the master lease for agency-wide office furniture; and
- **Other Assistance.** The agency estimates expenditures of \$1.4 million in other assistance expenditures for FY 2019. This is an increase of \$1.4 million above the approved amount. The increase is due to payments to the Kansas Agriculture Remediation Board being shifted into other assistance from contractual services.

The **Governor** concurs with the agency's revised estimate for the Administration program for FY 2019.

### ***B. Agribusiness Services***

Agribusiness Services consists of the Meat and Poultry, Food Safety, Dairy and Feed Safety, Weights and Measures, Grain Warehouse, Agricultural Laboratories, Plant Protection and Seed, and Pesticide and Fertilizer programs.

The Meat and Poultry program conducts inspections to ensure safe and wholesome meat and poultry products and to detect and eliminate those items that pose a health threat, are mislabeled, or serve as a source of economic fraud to the consumer. The Food Safety program conducts food safety inspections of food establishments, food processors, and lodging establishments. The Dairy and Feed Safety program regulates the milk production, transportation, processing, and distribution industry in Kansas. The Weights and Measures program is responsible for ensuring that devices involving weight, measurement, or price scanning in commerce are accurate. The Grain Warehouse program ensures depositors of grain in public warehouses are protected from fraud. The Agricultural Laboratories program provides sample analysis in order to enforce the regulatory functions of the agency. The Plant Protection and Seed program protects the state's natural and cultivated plant resources from pests, diseases, and weeds. The Pesticide and Fertilizer program regulates pesticide and fertilizer products and chemical applicators.

| <b>AGRIBUSINESS SERVICES</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|----------------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                             | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                             |                      |                        |                      |                        |                      |
| Salaries and Wages                                                               | \$ 10,465,876        | \$ 11,153,683          | \$ 11,153,683        | \$ 11,778,122          | \$ 11,778,122        |
| Contractual Services                                                             | 2,448,393            | 2,528,179              | 2,528,179            | 2,507,852              | 2,507,852            |
| Commodities                                                                      | 512,224              | 690,501                | 690,501              | 709,385                | 709,385              |
| Capital Outlay                                                                   | 744,782              | 690,545                | 690,545              | 644,264                | 644,264              |
| Debt Service                                                                     | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                     | <i>\$ 14,171,275</i> | <i>\$ 15,062,908</i>   | <i>\$ 15,062,908</i> | <i>\$ 15,639,623</i>   | <i>\$ 15,639,623</i> |
| Aid to Local Units                                                               | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                 | 15                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                     | <b>\$ 14,171,290</b> | <b>\$ 15,062,908</b>   | <b>\$ 15,062,908</b> | <b>\$ 15,639,623</b>   | <b>\$ 15,639,623</b> |
| <b>Financing:</b>                                                                |                      |                        |                      |                        |                      |
| State General Fund                                                               | \$ 2,788,822         | \$ 2,867,666           | \$ 2,867,666         | \$ 2,863,166           | \$ 2,863,166         |
| All Other Funds                                                                  | 11,382,468           | 12,195,242             | 12,195,242           | 12,776,457             | 12,776,457           |
| <b>TOTAL</b>                                                                     | <b>\$ 14,171,290</b> | <b>\$ 15,062,908</b>   | <b>\$ 15,062,908</b> | <b>\$ 15,639,623</b>   | <b>\$ 15,639,623</b> |
| FTE Positions                                                                    | 174.0                | 193.4                  | 193.4                | 193.4                  | 193.4                |

The **agency** requests \$15.1 million, including \$2.9 million from the State General Fund, for Agribusiness Services programs in FY 2018. This is an all funds decrease of \$42,251, or 0.3 percent, and a State General Fund decrease of \$39,232, or 1.3 percent, below the approved amount. This decrease is due to finding efficiencies throughout the Agribusiness Services area. Details on individual programs are provided below:

- **Meat and Poultry.** The agency estimates \$2.9 million, including \$1.4 million from the State General Fund, in expenditures for this program in FY 2018. This is a decrease of \$1,407, or less than 0.1 percent, below the approved amount;
- **Food Safety.** The agency estimates \$4.0 million, all from special revenue funds, in expenditures for this program in FY 2018. This is a decrease of \$3,464, or 0.1 percent, below the approved amount;
- **Dairy and Feed Safety.** The agency estimates \$1.4 million, including \$27,000 from the State General Fund, for this program in FY 2018. This is an increase of \$67,507, or 4.9 percent, above the approved amount. This increase is due to increased salaries and wages expenditures as the agency transitions an administrative assistant into this program from the Administration program and hire a new inspector due to increased milk production. This amount also includes \$125,194 in federal funds to purchase an online licensing and payment solution for the program;
- **Weights and Measures.** The agency estimates \$1.6 million, including \$714,586 from the State General Fund, for this program in FY 2018. This is an increase of \$18,955, or 1.2 percent, above the approved amount. The increase is due to increased expenditures on salaries and wages as the agency fills two previously vacant positions and capital outlay for purchasing new vehicles;

- **Grain Warehouse.** The agency estimates \$480,000, including \$140,200 from the State General Fund, for this program in FY 2018. This is a decrease of \$67,911, or 12.4 percent, below the approved amount. This is due to holding the position of program manager open;
- **Agricultural Laboratories.** The agency estimates \$1.7 million, including \$127,676 from the State General Fund, for this program in FY 2018. This is a decrease of \$104,768, or 5.7 percent, below the approved amount, which is due to holding approximately 1.0 FTE position open;
- **Plant Protection and Seed.** The agency estimates \$1.1 million, including \$414,954 from the State General Fund, for this program in FY 2018. This is a decrease of \$4,803, or 0.4 percent, below the approved amount; and
- **Pesticide and Fertilizer.** The agency estimates \$1.8 million, all from special revenue funds, for this program in FY 2018. This is an increase of \$52,640, or 3.0 percent, above the approved amount. The increase is due to increased capital outlay expenditures as the agency replaces vehicles and computers for the program, increased expenditures on credit card processing charges as the agency moves more applications online, and costs associated with a pest disposal grant.

The **Governor** concurs with the agency's revised estimate for the Agribusiness Services programs in FY 2018.

The **agency** requests \$15.6 million, including \$2.9 million from the State General Fund, for FY 2019. This is an all funds increase of \$131,688, or 0.8 percent, and a State General Fund decrease of \$71,471, or 2.4 percent, from the approved amount. The increase is due to increased salaries and wages expenditures on employer contributions to KPERS and as vacancies are filled. Program details are provided below:

- **Meat and Poultry.** The agency estimates \$3.0 million, including \$1.5 million from the State General Fund, in expenditures for this program for FY 2019. This is a decrease of \$17,083, or 0.6 percent, below the approved amount;
- **Food Safety.** The agency estimates \$4.2 million, all from special revenue funds, in expenditures for this program for FY 2019. This is an increase of \$93,256, or 2.3 percent, above the approved amount. The increase is due to increased capital outlay expenditures for computer replacements and increased credit card processing fees;
- **Dairy and Feed Safety.** The agency estimates \$1.5 million, including \$18,200 from the State General Fund, for this program for FY 2019. This is an increase of \$87,389, or 6.3 percent, above the approved amount. The increase is due to increased salaries and wages expenditures as the agency fully funds the administrative assistant and new inspector positions that they filled midway through FY 2018 and for capital outlay expenditure related to the purchase of two new vehicles;

- **Weights and Measures.** The agency estimates \$1.6 million, including \$670,486 from the State General Fund, for this program for FY 2019. This is an increase of \$46,146, or 2.9 percent, above the approved amount. This increase is due to increased expenditures on salaries and wages as the agency fills two previously vacant positions and capital outlay for purchasing new vehicles;
- **Grain Warehouse.** The agency estimates \$531,263, including \$141,400 from the State General Fund, for this program for FY 2019. This is a decrease of \$45,036, or 7.8 percent, below the approved amount. This decrease is due to decreased salaries and wages expenditures associated with holding open an unfilled program manager position;
- **Agricultural Laboratories.** The agency estimates \$1.8 million, including \$161,476 from the State General Fund, for this program for FY 2019. This is a decrease of \$106,852, or 5.7 percent, below the approved amount. This decrease is due to decreased salaries and wages expenditures associated with holding a position open;
- **Plant Protection and Seed.** The agency estimates \$1.2 million, including \$417,054 from the State General Fund, for this program for FY 2019. This is a decrease of \$26,286, or 2.2 percent, below the approved amount; and
- **Pesticide and Fertilizer.** The agency estimates \$1.9 million, all from special revenue funds, for this program for FY 2019. This is an increase of \$100,154, or 5.5 percent, above the approved amount. The increase is due to increased expenditures on information technology consulting.

The **Governor** concurs with the agency's revised estimate for the Agribusiness Services programs for FY 2019.

### ***C. Animal Health***

The Animal Health program ensures the public health, safety, and welfare of Kansas' citizens and enhances the economic viability of the state's livestock production through livestock identification, animal health planning and preparedness, disease prevention, and control and eradication of infectious and contagious livestock and domestic animal disease in Kansas. The program also regulates facilities that produce, sell, board, train, rescue, offer for adoption, or harbor companion animals and enforce the laws governing such facilities. The program directs a Brand Registration and Inspection program; identifies ownership of lost or stolen livestock; informs the public of the status of the health of livestock in the state; and promotes understanding and gains public assistance in achieving this mission. The Animal Health program was transferred to the Department of Agriculture in FY 2012 as part of Executive Reorganization Order No. 40.



| <b>ANIMAL HEALTH</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|--------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                     | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                     |                            |                            |                            |                            |                            |
| Salaries and Wages                                                       | \$ 1,288,103               | \$ 1,397,960               | \$ 1,397,960               | \$ 1,417,026               | \$ 1,350,508               |
| Contractual Services                                                     | 1,201,837                  | 1,181,670                  | 1,181,670                  | 1,171,633                  | 1,165,158                  |
| Commodities                                                              | 31,773                     | 36,194                     | 36,194                     | 35,994                     | 33,619                     |
| Capital Outlay                                                           | (2,497)                    | 0                          | 0                          | 56,981                     | 54,481                     |
| Debt Service                                                             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                             | <i>\$ 2,519,216</i>        | <i>\$ 2,615,824</i>        | <i>\$ 2,615,824</i>        | <i>\$ 2,681,634</i>        | <i>\$ 2,603,766</i>        |
| Aid to Local Units                                                       | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                         |                            | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                                                             | <b><u>\$ 2,519,216</u></b> | <b><u>\$ 2,615,824</u></b> | <b><u>\$ 2,615,824</u></b> | <b><u>\$ 2,681,634</u></b> | <b><u>\$ 2,603,766</u></b> |
| <b>Financing:</b>                                                        |                            |                            |                            |                            |                            |
| State General Fund                                                       | \$ 635,601                 | \$ 615,600                 | \$ 615,600                 | \$ 693,368                 | \$ 615,500                 |
| All Other Funds                                                          | 1,883,615                  | 2,000,224                  | 2,000,224                  | 1,988,266                  | 1,988,266                  |
| <b>TOTAL</b>                                                             | <b><u>\$ 2,519,216</u></b> | <b><u>\$ 2,615,824</u></b> | <b><u>\$ 2,615,824</u></b> | <b><u>\$ 2,681,634</u></b> | <b><u>\$ 2,603,766</u></b> |
| FTE Positions                                                            | 17.5                       | 20.3                       | 20.3                       | 20.3                       | 20.3                       |

The **agency** requests \$2.6 million, including \$615,600 from the State General Fund, for the Animal Health program in FY 2018. This is an all funds decrease of \$119,535, or 4.4 percent, and a State General Fund increase of \$5,973, or 1.0 percent, from the approved amount. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$1.4 million in salaries and wages expenditures for the Animal Health program in FY 2018. This is a decrease of \$71,492, or 4.9 percent, below the approved amount. This decrease is due to staffing reductions as a result of finding efficiencies;
- **Contractual Services.** The agency requests \$1.2 million in contractual services expenditures for the Animal Health program in FY 2018. This is a decrease of \$26,132, or 2.2 percent, below the approved amount. This is due to cutting expenditures in response to reduced federal grant revenue;
- **Commodities.** The agency requests \$36,194 in commodities expenditures for the Animal Health program in FY 2018. This is a decrease of \$401, or 1.1 percent, below the approved amount. This decrease is due to more accurately budgeting the clothing expenditure amount; and
- **Capital Outlay.** The agency requests \$0 in capital outlay expenditures for the Animal Health program in FY 2018. This is a decrease of \$21,510, or 100.0 percent, below the approved amount. This decrease is due to more accurately matching estimated expenditures to estimated revenues in this program in FY 2018.

The **Governor** concurs with the agency's revised estimate for the Animal Health program in FY 2018.

The **agency** requests \$2.7 million, including \$693,368 from the State General Fund, for the Animal Health program for FY 2019. This is an all funds decrease of \$113,883, or 4.1 percent, and a State General Fund increase of \$77,868, from the approved amount. Decreases in salaries and wages and contractual services are partially offset by an increase in capital outlay. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$1.4 million in salaries and wages expenditures for the Animal Health program for FY 2019. This is a decrease of \$99,600, or 6.6 percent, below the approved amount. The decrease is due to holding 2.0 FTE positions open ;
- **Contractual Services.** The agency requests \$1.2 million in contractual services expenditures for the Animal Health program for FY 2019. This is a decrease of \$49,153, or 4.0 percent, below the approved amount due to cuts in federal funding;
- **Capital Outlay.** The agency requests \$56,981 in capital outlay expenditures for the Animal Health program for FY 2019. This is an increase of \$35,471, or 164.9 percent, above the approved amount. The increase is due to increased expenditures on vehicles and computers. The capital outlay that the program does not have funding for in FY 2018 has also been shifted to FY 2019.

The **Governor** recommends \$2.6 million, including \$615,500 from the State General Fund, for the Animal Health program for FY 2019. This is a decrease of \$77,868, or 2.9 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request to fill an animal health inspector position.

#### ***D. Conservation***

Prior to FY 2012, the State Conservation Commission was a separate agency that was established in 1937 to promote soil and water conservation. The mission of the Commission was to administer conservation programs designed to enable local entities and individuals to protect and enhance Kansas' natural resources. The Conservation program operates eight subprograms, including: Aid to Conservation Districts, Watershed Dam Construction, Water Resource Cost-Share, Water Supply Restoration, Non-point Source Pollution, Riparian and Wetland Protection, Land Reclamation, and Water Quality Buffer Initiatives. The Conservation program was transferred to the Kansas Department of Agriculture as part of Executive Reorganization Order No. 40.

| <p style="text-align: center;"><b>CONSERVATION</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                            |                            |                            |                            |                            |
|--------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                                                         | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                                                         |                            |                            |                            |                            |                            |
| Salaries and Wages                                                                                           | \$ 737,430                 | \$ 783,112                 | \$ 783,112                 | \$ 810,764                 | \$ 810,764                 |
| Contractual Services                                                                                         | 1,952,187                  | 1,462,129                  | 1,462,129                  | 1,102,162                  | 1,102,162                  |
| Commodities                                                                                                  | 6,521                      | 7,576                      | 7,576                      | 7,576                      | 7,576                      |
| Capital Outlay                                                                                               | 2,632                      | 5,000                      | 5,000                      | 5,000                      | 5,000                      |
| Debt Service                                                                                                 | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                                                                 | <i>\$ 2,698,770</i>        | <i>\$ 2,257,817</i>        | <i>\$ 2,257,817</i>        | <i>\$ 1,925,502</i>        | <i>\$ 1,925,502</i>        |
| Aid to Local Units                                                                                           | 2,515,145                  | 2,000,000                  | 2,000,000                  | 2,092,637                  | 2,092,637                  |
| Other Assistance                                                                                             | 3,383,029                  | 4,150,364                  | 4,150,364                  | 4,094,189                  | 4,094,189                  |
| <b>TOTAL</b>                                                                                                 | <b><u>\$ 8,596,944</u></b> | <b><u>\$ 8,408,181</u></b> | <b><u>\$ 8,408,181</u></b> | <b><u>\$ 8,112,328</u></b> | <b><u>\$ 8,112,328</u></b> |
| <b>Financing:</b>                                                                                            |                            |                            |                            |                            |                            |
| State General Fund                                                                                           | \$ 498,301                 | \$ 480,800                 | \$ 480,800                 | \$ 482,500                 | \$ 482,500                 |
| All Other Funds                                                                                              | 8,098,643                  | 7,927,381                  | 7,927,381                  | 7,629,828                  | 7,629,828                  |
| <b>TOTAL</b>                                                                                                 | <b><u>\$ 8,596,944</u></b> | <b><u>\$ 8,408,181</u></b> | <b><u>\$ 8,408,181</u></b> | <b><u>\$ 8,112,328</u></b> | <b><u>\$ 8,112,328</u></b> |
| FTE Positions                                                                                                | 9.0                        | 10.0                       | 10.0                       | 10.0                       | 10.0                       |

The **agency** requests \$8.4 million, including \$480,800 from the State General Fund, for the Conservation program in FY 2018. This is an all funds increase of \$829,625, or 10.9 percent, and a State General Fund increase of \$3,188, or 0.7 percent, above the approved amount. The increase is due to increased expenditures on salaries and wages, contractual services, commodities, capital outlay, and other assistance, which are detailed below:

- **Salaries and Wages.** The agency requests \$783,112 in salaries and wages expenditures for the Conservation program in FY 2018. This is an increase of \$26,002, or 3.4 percent, above the approved amount. The increase is due to increased expenditure on employer contributions to KPERS and shifting employees from classified to unclassified service;
- **Contractual Services.** The agency requests \$1.5 million in contractual services expenditures for the Conservation program in FY 2018. This is a decrease of \$198,115, or 11.9 percent, below the approved amount. This decrease is due to shifting money out of contractual services and into other assistance for cost-sharing payments to landowners as incentives to conserve;
- **Commodities.** The agency requests \$7,576 in commodities expenditures for the Conservation program in FY 2018. This is an increase of \$587, or 8.4 percent, above the approved amount. The increase is due to increased expenditures on tires and supplies;
- **Capital Outlay.** The agency requests \$5,000 in capital outlay expenditures for the Conservation program in FY 2018. This is an increase of \$2,206, or 79.0 percent, above the approved amount. The increase is due to increased expenditures to purchase a second computer for the program; and

- **Other Assistance.** The agency estimates expenditures of \$4.2 million in other assistance expenditures in FY 2018. This is an increase of \$1.0 million, or 31.7 percent, above the approved amount. The increase is due to shifting funds into other assistance from contractual services for cost-sharing payments to landowners as incentives to conserve.

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

The **agency** requests \$8.1 million, including \$482,500 from the State General Fund, for the Conservation program for FY 2019. This is a decrease of \$330,754, or 3.9 percent, all from special revenue funds, below the approved amount. The decrease in contractual services is partially offset by increased expenditures on salaries and wages, contractual services, commodities, capital outlay, and other assistance, which are detailed below:

- **Salaries and Wages.** The agency requests \$810,764 in salaries and wages expenditures for the Conservation program for FY 2019. This is an increase of \$29,441, or 3.8 percent, above the approved amount. The increase is due to increased expenditures on employer contributions to KPERS and shifting employees from classified to unclassified service;
- **Contractual Services.** The agency requests \$1.1 million in contractual services expenditures for the Conservation program for FY 2019. This is a decrease of \$574,851, or 34.3 percent, below the approved amount. This decrease is due to shifting money out of contractual services and into other assistance for cost-sharing payments to landowners as incentives to conserve;
- **Commodities.** The agency requests \$7,576 in commodities expenditures for the Conservation program for FY 2019. This is an increase of \$361, or 5.0 percent, above the approved amount. The increase is due to increased expenditures on tires and supplies;
- **Capital Outlay.** The agency requests \$5,000 in capital outlay expenditures for the Conservation program for FY 2019. This is an increase of \$2,206, or 79.0 percent, above the approved amount. The increase is due to increased expenditures on computers; and
- **Other Assistance.** The agency estimates expenditures of \$4.1 million in other assistance expenditures for FY 2019. This is an increase of \$212,089, or 5.5 percent, above the approved amount. The increase is due to shifting funds into other assistance from contractual services for cost-sharing payments to landowners as incentives to conserve.

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

## E. Agriculture Marketing

Agriculture marketing was transferred to the Department of Agriculture in FY 2011 as part of Executive Reorganization Order No. 40. This program is focused on growing the agricultural industry in Kansas through loan programs, marketing, and agricultural initiatives. The Agricultural Marketing, Advocacy, and Outreach team identifies with the following team goals: retain and serve current farms, ranches, and agribusinesses in Kansas; grow current farms, ranches, and agribusinesses in Kansas; expand the Kansas agriculture industry; assist in maintaining/growing rural Kansas communities; raising awareness of agriculture; and create appreciation for agriculture.

| <b>AGRICULTURE MARKETING<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|----------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                       | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                       |                     |                        |                      |                        |                      |
| Salaries and Wages                                                         | \$ 897,715          | \$ 1,026,993           | \$ 1,026,993         | \$ 1,098,524           | \$ 1,098,524         |
| Contractual Services                                                       | 973,311             | 1,087,946              | 1,087,946            | 1,085,548              | 1,085,548            |
| Commodities                                                                | 45,836              | 26,004                 | 26,004               | 28,529                 | 28,529               |
| Capital Outlay                                                             | 55,410              | 13,200                 | 13,200               | 13,200                 | 13,200               |
| Debt Service                                                               | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>Subtotal - Operations</b>                                               | <b>\$ 1,972,272</b> | <b>\$ 2,154,143</b>    | <b>\$ 2,154,143</b>  | <b>\$ 2,225,801</b>    | <b>\$ 2,225,801</b>  |
| Aid to Local Units                                                         | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                           | 549,399             | 277,270                | 277,270              | 277,270                | 277,270              |
| <b>TOTAL</b>                                                               | <b>\$ 2,521,671</b> | <b>\$ 2,431,413</b>    | <b>\$ 2,431,413</b>  | <b>\$ 2,503,071</b>    | <b>\$ 2,503,071</b>  |
| <b>Financing:</b>                                                          |                     |                        |                      |                        |                      |
| State General Fund                                                         | \$ 620,994          | \$ 722,700             | \$ 722,700           | \$ 726,400             | \$ 726,400           |
| All Other Funds                                                            | 1,900,677           | 1,708,713              | 1,708,713            | 1,776,671              | 1,776,671            |
| <b>TOTAL</b>                                                               | <b>\$ 2,521,671</b> | <b>\$ 2,431,413</b>    | <b>\$ 2,431,413</b>  | <b>\$ 2,503,071</b>    | <b>\$ 2,503,071</b>  |
| FTE Positions                                                              | 10.5                | 14.0                   | 14.0                 | 14.0                   | 14.0                 |

The **agency** requests \$2.4 million, including \$722,700 from the State General Fund, for the Agriculture Marketing program in FY 2018. This is an all funds decrease of \$110,114, or 4.3 percent, and a State General Fund decrease of \$85,380, or 13.4 percent, below the approved amount. There is an increase in salaries and wages and contractual services, offset by a decrease in other assistance, both of which are detailed below:

- **Salaries and Wages.** The agency estimates \$1.0 million in salaries and wages expenditures for the Agriculture Marketing Program in FY 2018. This is an increase of \$43,308, or 4.4 percent, above the approved amount. This increase is due to filling a vacant position mid-way through FY 2018;
- **Contractual Services.** The agency estimates \$1.1 million in contractual services expenditures for the Agriculture Marketing Program in FY 2018. This is an increase of \$45,162, or 4.4 percent, above the approved amount. The increase is largely due to expenditures on contracts with Kansas State University for a value-added food meat lab and a sorghum improvement research program; and

- **Other Assistance.** The agency estimates \$277,270 in other assistance expenditures for the Agriculture Marketing Program in FY 2018. This is a decrease of \$196,466, or 41.45 percent, below the approved amount. This decrease is due to the agency not receiving a grant to carry out a Farm 2 School program it had anticipated being awarded.

The **Governor** concurs with the agency's revised estimate for the Animal Marketing program in FY 2018.

The **agency** requests \$2.5 million, including \$726,400 from the State General Fund, for the Agriculture Marketing Program for FY 2019. This is an all funds increase of \$44,105, or 1.8 percent, and a State General Fund increase of \$85,380, or 33.3 percent, above the approved amount. This is due to increased salaries and wages, contractual services, and capital outlay expenditures. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$1.1 million in salaries and wages expenditures for the Agriculture marketing program for FY 2019. This is an increase of \$82,385, or 8.1 percent, above the approved amount. This increase is due to fully funding an open position that will be filled midway through FY 2018;
- **Contractual Services.** The agency requests \$1.1 million in contractual services expenditures for the Agriculture Marketing program for FY 2019. This is an increase of \$79,581, or 7.9 percent, above the approved amount. This increase is due to expenditures on contracts with Kansas State University for a value-added food meat lab and a sorghum improvement research program;
- **Capital Outlay.** The agency requests \$13,200 in capital outlay expenditures for the Agriculture Marketing program for FY 2019. This is an increase of \$4,350, or 49.2 percent, above the approved amount. The increase is due to computer replacements and a new computer for the position the agency will fill midway through FY 2018; and
- **Other Assistance.** The agency estimates expenditures of \$277,270 in other assistance expenditures for FY 2019. This is a decrease of \$115,769 below the approved amount. The decrease is due to the agency not receiving a grant to carry out a Farm 2 School program the agency had anticipated being awarded.

The **Governor** concurs with the agency's revised estimate for the Animal Marketing program for FY 2019.

## ***F. Engineering***

Engineering programs include Water Management, Water Appropriations, and Water Structures. The Water Management Services program is responsible for administrative, fiscal, legal, and legislative functions, in addition to supervising water conservation issues, data entry for the Water Rights Information System, management of the Geographic Information System, hydrologic studies, and coordination with other water-related agencies and facilitating the stakeholder process in the state. The Water Appropriations program administers the Kansas Water Appropriation Act and rules and regulations pertaining to the management of water resources. The Water Structures program regulates human activities that affect the flow of rivers and streams to ensure that such activities are properly planned, constructed, operated, and maintained.

| ENGINEERING<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|----------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                     | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                     |                     |                        |                      |                        |                      |
| Salaries and Wages                                       | \$ 5,242,308        | \$ 5,479,566           | \$ 5,479,566         | \$ 5,935,467           | \$ 5,935,467         |
| Contractual Services                                     | 4,536,326           | 9,693,021              | 9,693,021            | 5,763,028              | 5,763,028            |
| Commodities                                              | 44,212              | 42,810                 | 42,810               | 41,710                 | 41,710               |
| Capital Outlay                                           | 61,156              | 65,101                 | 65,101               | 84,197                 | 84,197               |
| Debt Service                                             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                             | <i>\$ 9,884,002</i> | <i>\$ 15,280,498</i>   | <i>\$ 15,280,498</i> | <i>\$ 11,824,402</i>   | <i>\$ 11,824,402</i> |
| Aid to Local Units                                       | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                         | 5,000               | 3,000                  | 3,000                | 761                    | 761                  |
| <b>TOTAL</b>                                             | <b>\$ 9,889,002</b> | <b>\$ 15,283,498</b>   | <b>\$ 15,283,498</b> | <b>\$ 11,825,163</b>   | <b>\$ 11,825,163</b> |
| <b>Financing:</b>                                        |                     |                        |                      |                        |                      |
| State General Fund                                       | \$ 4,070,961        | \$ 3,940,301           | \$ 3,940,301         | \$ 4,147,230           | \$ 4,147,230         |
| All Other Funds                                          | 5,818,041           | 11,343,197             | 11,343,197           | 7,677,933              | 7,677,933            |
| <b>TOTAL</b>                                             | <b>\$ 9,889,002</b> | <b>\$ 15,283,498</b>   | <b>\$ 15,283,498</b> | <b>\$ 11,825,163</b>   | <b>\$ 11,825,163</b> |
| FTE Positions                                            | 71.0                | 82.0                   | 82.0                 | 82.0                   | 82.0                 |

The **agency** requests \$15.3 million, including \$3.9 million from the State General Fund, for Engineering programs in FY 2018. This is an all funds increase of \$5.1 million, or 49.5 percent, and a State General Fund increase of \$30,458, or 0.8 percent, above the approved amount. The increase is mainly due to increases in contractual services, which is detailed below:

- **Contractual Service.** The agency requests \$9.7 million in contractual services expenditures for Engineering programs in FY 2018. This is an increase of \$5.0 million, or 106.0 percent, above the approved amount. This increase is largely due to the receipt of \$4.1 million in federal funds to participate in a LiDAR topographical mapping program in the state.

Individual Engineering programs are detailed below:

- **Water Management.** The agency estimates \$1.5 million, including \$818,100 from the State General Fund, for the Water Management program in FY 2018. This is an increase of \$24,848, or 1.7 percent, above the approved amount. The increase is due to increased expenditure for the purchase of a computer software program for water rights inspections;
- **Water Appropriations.** The agency estimates \$3.8 million, including \$1.4 million from the State General Fund, in expenditures on the Water Appropriations program in FY 2018. This is an increase of \$52,031, or 1.4 percent, above the approved amount. The increase is due to increased expenditures on filling two vacant positions and employer contributions to KPERS; and

- **Water Structures.** The agency estimates \$10.0 million, including \$732,431 from the State General Fund, for the Water Structures program in FY 2018. This is an increase of \$5.0 million, or 99.6 percent, above the approved amount. The increase is due to the receipt of a \$4.1 million federal grant for a LiDAR topographical mapping project, as well as increased spending on federally funded architects and engineers.

The **Governor** concurs with the agency's revised request for the Engineering program in FY 2018.

The **agency** requests \$11.8 million, including \$4.1 million from the State General Fund, for Engineering programs for FY 2019. This is an all funds increase of \$1.53 million, or 14.6 percent, and a State General Fund increase of \$248,276, or 6.4 percent, above the approved amount. The increase is due to increased expenditures in salaries and wages and contractual services expenditures, which are detailed below:

- **Salaries and Wages.** The agency requests \$5.9 million in salaries and wages for Engineering programs for FY 2019. This is an increase of \$534,969, or 9.9 percent, above the approved amount. The increase is due to expenditures associated with the two positions that will have been filled in FY 2018 and two new student workers, as well as the agency's supplemental request to fill 3.0 positions; and
- **Contractual Services.** The agency requests \$5.8 million in contractual services expenditures for Engineering programs for FY 2019. This is an increase of \$1.0 million, or 21.3 percent, above the approved amount. The increase is due to increased expenditures on payments to engineering services, software maintenance, and federally funded payments to Water Structures architects and engineers.

Individual Engineering programs are detailed below:

- **Water Management.** The agency estimates \$1.6 million, including \$818,900 from the State General Fund, for the Water Management program for FY 2019. This is a decrease of \$1,199, or 0.1 percent, below the approved amount;
- **Water Appropriations.** The agency estimates \$4.2 million, including \$2.6 million from the State General Fund, for the Water Appropriation program for FY 2019. This is an increase of \$483,510, or 13.2 percent, above the approved amount. The increase is due to increased salaries and wages expenditures associated with filling vacant positions; and
- **Water Structures.** The agency estimates \$6.1 million, including \$729,631 from the State General Fund, for the Water Structures program for FY 2019. This is an increase of \$1.0 million, or 20.4 percent, above the approved amount. The increase is due to increased expenditures on architects and engineers, all from federal funds.

The **Governor** concurs with the agency's revised estimate for the Engineering programs for FY 2019.



| PERFORMANCE MEASURES                                                                                    |                          |                   |                      |                      |
|---------------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                                 | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Percent of customer inquiries responded to within 24 hours                                              | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Percent of food safety orders issued less than 21 days from assignments                                 | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Dairy and feed inspection and sampling frequencies met                                                  | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Percent of food establishment inspected annually                                                        | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Percent of raw meat sampled within 24 hours of receipt                                                  | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Percent of licensed elevators examined annually                                                         | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| State and custom meat and poultry processing plants inspected                                           | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Percent of anhydrous ammonia storage facilities inspected annually                                      | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Percent of Plant Production staff who have completed emergency preparedness training                    | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Annual fuel dispensing and scales device inspections per FTE                                            | 3,200                    | 3,200             | 3,250                | 3,300                |
| Number of foreign animal disease investigations within four hours                                       | 25                       | 25                | 25                   | 25                   |
| Total livestock inspected                                                                               | 2,160,000                | 2,160,000         | 2,160,000            | 2,160,000            |
| Number of licensed animal facilities inspected                                                          | 955                      | 955               | 960                  | 965                  |
| Increased new brand registrations                                                                       | 600                      | 600               | 600                  | 600                  |
| Increased number of inbound and outbound trade missions                                                 | 18                       | 18                | 21                   | 24                   |
| Complete identified objectives and indicators for agricultural workforce development                    | 90.0%                    | 90.0%             | 90.0%                | 90.0%                |
| Expand Agriculture Month activities and events                                                          | 16                       | 16                | 20                   | 24                   |
| Percent of time the program is able to meet statutory requirement to fund total county match commitment | N/A                      | 80.0%             | 76.0%                | 80.0%                |
| Complete distribution of available funds based on watershed priority                                    | 100.0%                   | 100.0%            | 100.0%               | 100.0%               |
| Water conservation programs statutory limits for enrollment met within five years                       | 57.0%                    | 65.0%             | 68.0%                | 71.0%                |
| Number of water structure permits processed and assigned within five days of receipt                    | N/A                      | 70                | 75                   | 75                   |
| Meet customer preferred time goals for resolution of impairment claim investigations                    | 70.0%                    | 70.0%             | 100.0%               | 100.0%               |
| Monitoring and enforcement of streamflow orders performed timely                                        | 90.0%                    | 90.0%             | 90.0%                | 90.0%                |
| Percent of water rights developed, protected and corrected within 60 days of any found problem          | N/A                      | 100.0%            | 100.0%               | 100.0%               |

# DEPARTMENT OF WILDLIFE, PARKS AND TOURISM

| Expenditure             | Actual<br>FY 2017           | Agency Est.<br>FY 2018      | Gov. Rec.<br>FY 2018        | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019        |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating Expenditures: |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 63,480,620                  | 67,733,741                  | 67,733,741                  | 70,498,239                  | 70,298,239                  |
| <i>Subtotal</i>         | <i>\$ 63,480,620</i>        | <i>\$ 67,733,741</i>        | <i>\$ 67,733,741</i>        | <i>\$ 70,498,239</i>        | <i>\$ 70,298,239</i>        |
| Capital Improvements:   |                             |                             |                             |                             |                             |
| State General Fund      | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        | \$ 0                        |
| Other Funds             | 9,333,348                   | 18,517,000                  | 18,517,000                  | 15,429,000                  | 15,429,000                  |
| <i>Subtotal</i>         | <i>\$ 9,333,348</i>         | <i>\$ 18,517,000</i>        | <i>\$ 18,517,000</i>        | <i>\$ 15,429,000</i>        | <i>\$ 15,429,000</i>        |
| <b>TOTAL</b>            | <b><u>\$ 72,813,968</u></b> | <b><u>\$ 86,250,741</u></b> | <b><u>\$ 86,250,741</u></b> | <b><u>\$ 85,927,239</u></b> | <b><u>\$ 85,727,239</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |      |      |      |      |      |
|--------------------|------|------|------|------|------|
| State General Fund | -- % | -- % | -- % | -- % | -- % |
| All Funds          | 10.4 | 6.7  | 6.7  | 4.1  | 3.8  |

|               |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|
| FTE Positions | 445.0 | 445.0 | 445.0 | 445.0 | 445.0 |
|---------------|-------|-------|-------|-------|-------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Department of Wildlife, Parks and Tourism is a cabinet-level agency administered by the Secretary of Wildlife, Parks and Tourism. The Secretary is appointed by the Governor, subject to confirmation by the Kansas Senate. The Kansas Wildlife, Parks and Tourism Commission, a seven-member board appointed by the Governor, serves in an advisory role to the Secretary. The Commission has the authority to approve the agency's rules and regulations. The Secretary for Wildlife, Parks and Tourism and Assistant Secretary for Administration are located in the Topeka administrative offices, while the Assistant Secretary for Operations is located in Pratt. The agency is administered by staff in the Topeka office while field operations are managed from the Pratt office.

The agency was created through the merger of the Park and Resources Authority (located in Topeka) and the Fish and Game Commission (located in Pratt). The Department of Wildlife and Parks was created by Executive Reorganization Order No. 22, which was issued by Governor Hayden on February 10, 1987, and approved by the 1987 Legislature. In 2011, Governor Brownback issued Executive Reorganization Order No. 36, which transferred the Division of Travel and Tourism Development from the Department of Commerce to the Department of Wildlife and Parks and renamed the agency the "Department of Wildlife, Parks and Tourism."

## MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** deleted \$527,244 from the agency's State General Fund operating budget and increased the Parks Fee Fund limitation by the same amount in order to offset the recommended State General Fund reduction for FY 2011. The 2010 Legislature also added \$84,000, all from special revenue funds, and 1.0 FTE position for a Natural Resource Officer position for FY 2011. The position is part of the agency's sworn law enforcement personnel with jurisdiction on public and private lands that enforces both state and federal fish and wildlife laws, boating laws, and regulation of public lands.

The **2011 Legislature** approved Executive Reorganization Order No. 36, which transferred the Division of Travel and Tourism Development from the Department of Commerce to the Department of Wildlife and Parks and renamed the agency the "Department of Wildlife, Parks and Tourism." The 2011 Legislature also added \$1.7 million, all from the special revenue funds, for public fishing areas, Rocky Ford Wildlife Area study, zebra mussel prevention, dam repair, and walk-in hunting access. Those increases were offset by reductions totaling \$2.2 million, including \$133,994 from the State General Fund, for land acquisition, bottled water, office supplies, and cell phone expenditures; a 5.0 percent information technology reduction; an administration activities reduction; a death and disability contribution moratorium; and an across-the-board reduction.

The **2012 Legislature** eliminated State General Fund support for the agency, which was primarily replaced with Economic Development Initiatives Fund dollars. The Legislature also approved \$1.8 million in Expanded Lottery Act Revenues Fund dollars to retire debt associated with building cabins in state parks. Additionally, the 2012 Legislature passed HB 2729, which allows an owner of a vehicle to purchase a nontransferable park and recreation motor vehicle permit during the vehicle registration process. The 2012 Legislature also provided \$800,000 in supplemental funding due to a shortage in fee fund revenue caused by the extreme weather and the blue-green algae problem.

The **2013 Legislature** added \$2.1 million from the Wildlife Fee Fund for FY 2014 to allow the agency to lease land for walk-in hunting. The 2013 Legislature also added \$800,000 from special revenue funds for FY 2014 and FY 2015 for vehicle replacements, and added language to allow the agency to purchase 824 acres of land in Jefferson County. The Legislature also deleted a total of \$2.0 million, including \$893,394 from the Economic Development Initiatives Fund, for FY 2014 and \$1.4 million, including \$234,017 from the Economic Development Initiatives Fund, for FY 2015 for reductions to the Parks program and to reflect reduced funding for salaries and wages. The Legislature also reduced the transfer from the State Highway Fund to the Department Access Roads Fund by \$350,000 for FY 2014.

The **2014 Legislature** added \$3.0 million, including \$2.3 million from the Wildlife Restoration Fund and \$750,000 from the Wildlife Fee Fund, to restore the Neosho Wildlife Area for FY 2015.

The **2016 Legislature** added \$100,000 in FY 2016 and for FY 2017, all from the Wildlife Fee Fund, for a fish habitat enhancement project. Additionally, the Legislature added \$120,000, all from special revenue funds, in FY 2016 to move a water line for the Region 2 office.

The **2016 Legislature** also transferred \$118,860 from the Bridge Maintenance Fund to the State General Fund and \$381,140 from the Department Access Roads Fund to the State General Fund for the Governor's July 30, 2015 allotment in FY 2016.

The **2017 Legislature** added \$360,000, all from the Wildlife Fee Fund, for dam repairs at the Woodson County State Fishing Lake in FY 2017. The Legislature also added \$2.8 million, all from the Wildlife Fee Fund, for dam repairs at the Woodson County State Fishing Lake and the Clark State Fishing Lake for FY 2018.

The **2017 Legislature** also added \$200,000, all from special revenue funds, for the development of recovery plans for state-threatened and endangered species, pursuant to 2016 Senate Sub. for HB 2156, for FY 2018 and FY 2019. Additionally, the 2017 Legislature added \$140,000 for FY 2018 and \$70,000 for FY 2019, all from special revenue funds, for the purchase of heavy duty truck replacements for fish stocking; added \$311,000, all from special revenue funds, for three new game warden positions within the Law Enforcement Division for FY 2018 and FY 2019; and added \$440,000 for FY 2018 and \$220,000 for FY 2019, all from special revenue funds, for vehicle replacements.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$67.7 million in operating expenditures, all from special revenue funds, in FY 2018. This is an increase of \$810,231, or 1.2 percent, above the approved amount. The revised estimate includes 445.0 FTE positions, which is unchanged from the approved number.

The FY 2018 revised estimate includes \$18.5 million, all from special revenue funds, in capital improvement expenditures, which is an increase of \$4.7 million, or 33.8 percent, above the approved amount. The increase is attributable to increased expenditures on buildings and land improvements.

The agency requests \$3.4 million in supplemental requests, all from special revenue funds, for the maintenance and staffing of state park trails, Office of Information Technology Services (OITS) expenditures, vehicles and equipment at state parks, dam repair, updates to state fisheries, and to identify and begin preparations to move the Emporia research lab out of the current building, which is scheduled for future demolition.

The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$70.5 million in operating expenditures, all from special revenue funds, for FY 2019. This is an increase of \$3.6 million, or 5.4 percent, above the approved amount. The revised estimate includes 445.0 FTE positions, which is unchanged from the approved number.

The FY 2019 revised estimate includes \$15.4 million, all from special revenue funds, in capital improvement expenditures, which is an increase of \$4.5 million, or 41.6 percent, above the approved amount. The increase is attributable to increased expenditures on buildings and land improvements.

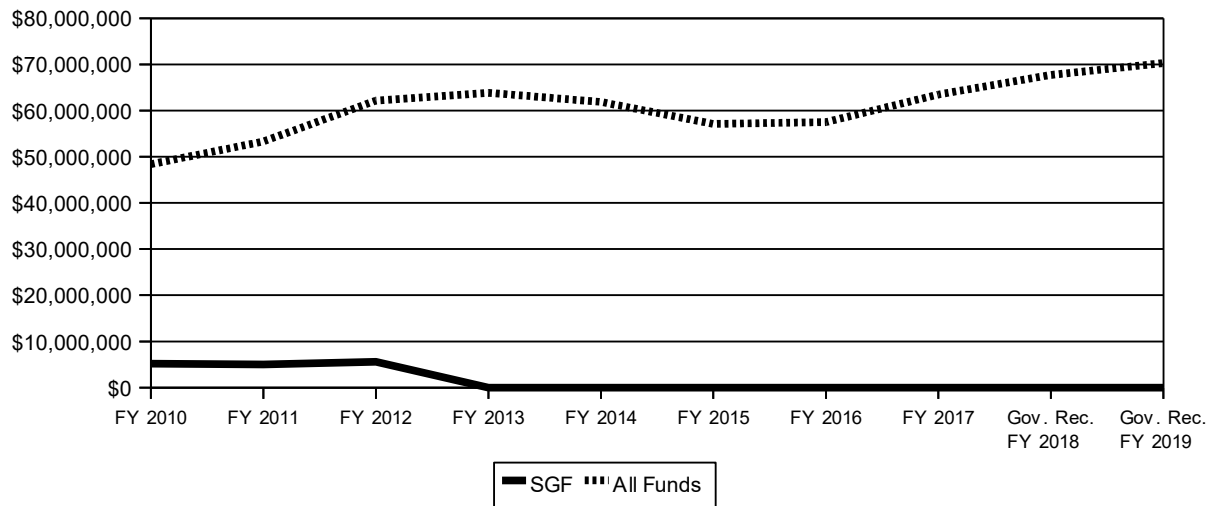
The agency requests \$5.8 million in supplemental requests, all from special revenue funds, for the maintenance and staffing of state park trails, OITS expenditures, vehicles and equipment at state parks, dam repair, updates to the fisheries, a new law enforcement records management system, and to identify and begin preparations to move the Emporia research lab out of the current building, which is scheduled for future demolition.

The **Governor** recommends operating expenditures of \$70.3 million, all from special revenue funds, for FY 2019. This is an all funds decrease of \$200,000, or 0.3 percent, below the requested amount. The decrease is due to the Governor not recommending the agency's supplemental request of \$200,000 from the Parks Fee Fund to replace vehicles and equipment.

The Governor concurs with the agency's revised estimate for capital improvement expenditures for FY 2019.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF            | % Change | All Funds     | % Change | FTE   |
|---------------------------------|----------------|----------|---------------|----------|-------|
| 2010                            | \$ 5,181,930   | (25.3)%  | \$ 48,389,032 | 0.3 %    | 451.5 |
| 2011                            | 4,994,696      | (3.6)    | 53,307,896    | 10.2     | 452.5 |
| 2012                            | 5,552,494      | 11.2     | 62,158,934    | 16.6     | 452.5 |
| 2013                            | 0              | (100.0)  | 63,857,062    | 2.7      | 415.0 |
| 2014                            | 0              | --       | 61,884,991    | (3.1)    | 370.0 |
| 2015                            | 0              | --       | 57,108,974    | (7.7)    | 341.0 |
| 2016                            | 0              | --       | 57,511,003    | 0.7      | 422.0 |
| 2017                            | 0              | --       | 63,480,620    | 10.4     | 445.0 |
| 2018 Gov. Rec.                  | 0              | --       | 67,733,741    | 6.7      | 445.0 |
| 2019 Gov. Rec.                  | 0              | --       | 70,298,239    | 3.8      | 445.0 |
| Ten-Year Change Dollars/Percent | \$ (5,181,930) | (100.0)% | \$ 21,909,207 | 45.3 %   | (6.5) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                          | Actual<br>FY 2017    | Agency Estimate      |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|------------------------------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                          |                      | Estimate<br>FY 2018  | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                       |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Administration                           | \$ 8,923,694         | \$ 10,564,142        | \$ 10,336,886        | \$ (227,256)                   | (2.2) %                         | \$ 10,564,142             | \$ 10,336,886        | \$ (227,256)                   | (2.2) %                         |
| Tourism                                  | 4,102,616            | 4,716,226            | 4,715,938            | (288)                          | (0.0)                           | 4,716,226                 | 4,715,938            | (288)                          | (0.0)                           |
| Ecological Services                      | 1,674,065            | 2,173,785            | 2,176,313            | 2,528                          | 0.1                             | 2,173,785                 | 2,176,313            | 2,528                          | 0.1                             |
| Education                                | 1,818,593            | 1,959,811            | 2,061,519            | 101,708                        | 5.2                             | 1,959,811                 | 2,061,519            | 101,708                        | 5.2                             |
| Law Enforcement                          | 6,798,050            | 7,645,983            | 8,455,686            | 809,703                        | 10.6                            | 7,645,983                 | 8,455,686            | 809,703                        | 10.6                            |
| Parks                                    | 12,344,815           | 13,196,561           | 13,009,076           | (187,485)                      | (1.4)                           | 13,196,561                | 12,809,076           | (387,485)                      | (2.9)                           |
| Fish & Wildlife                          | 26,130,996           | 26,159,217           | 28,430,230           | 2,271,013                      | 8.7                             | 26,159,217                | 28,430,230           | 2,271,013                      | 8.7                             |
| Grants                                   | 1,632,863            | 1,195,000            | 1,195,000            | 0                              | --                              | 1,195,000                 | 1,195,000            | 0                              | --                              |
| Debt Service                             | 54,928               | 123,016              | 117,591              | (5,425)                        | 0.0                             | 123,016                   | 117,591              | (5,425)                        | (4.4)                           |
| <b>TOTAL</b>                             | <b>\$ 63,480,620</b> | <b>\$ 67,733,741</b> | <b>\$ 70,498,239</b> | <b>\$ 2,764,498</b>            | <b>4.1 %</b>                    | <b>\$ 67,733,741</b>      | <b>\$ 70,298,239</b> | <b>\$ 2,564,498</b>            | <b>3.8 %</b>                    |
| <b>By Major Object of Expenditure:</b>   |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                       | \$ 30,131,287        | \$ 32,292,201        | \$ 32,650,979        | \$ 358,778                     | 1.1 %                           | \$ 32,292,201             | \$ 32,650,979        | \$ 358,778                     | 1.1 %                           |
| Contractual Services                     | 21,826,295           | 22,336,417           | 24,129,428           | 1,793,011                      | 8.0                             | 22,336,417                | 24,129,428           | 1,793,011                      | 8.0                             |
| Commodities                              | 6,111,088            | 7,941,861            | 8,053,045            | 111,184                        | 1.4                             | 7,941,861                 | 8,053,045            | 111,184                        | 1.4                             |
| Capital Outlay                           | 3,681,629            | 3,417,846            | 3,824,796            | 406,950                        | 11.9                            | 3,417,846                 | 3,624,796            | 206,950                        | 6.1                             |
| Debt Service                             | 61,590               | 123,016              | 117,591              | (5,425)                        | (4.4)                           | 123,016                   | 117,591              | (5,425)                        | (4.4)                           |
| <i>Subtotal-Operations</i>               | <i>\$ 61,811,889</i> | <i>\$ 66,111,341</i> | <i>\$ 68,775,839</i> | <i>\$ 2,664,498</i>            | <i>4.0 %</i>                    | <i>\$ 66,111,341</i>      | <i>\$ 68,575,839</i> | <i>\$ 2,464,498</i>            | <i>3.7 %</i>                    |
| Aid to Local Units                       | 1,531,721            | 1,409,400            | 1,509,400            | 100,000                        | 7.1                             | 1,409,400                 | 1,509,400            | 100,000                        | 7.1                             |
| Other Assistance                         | 137,010              | 213,000              | 213,000              | 0                              | --                              | 213,000                   | 213,000              | 0                              | --                              |
| <b>TOTAL</b>                             | <b>\$ 63,480,620</b> | <b>\$ 67,733,741</b> | <b>\$ 70,498,239</b> | <b>\$ 2,764,498</b>            | <b>4.1 %</b>                    | <b>\$ 67,733,741</b>      | <b>\$ 70,298,239</b> | <b>\$ 2,564,498</b>            | <b>3.8 %</b>                    |
| <b>Financing:</b>                        |                      |                      |                      |                                |                                 |                           |                      |                                |                                 |
| State General Fund                       | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                           | -- %                            | \$ 0                      | \$ 0                 | \$ 0                           | -- %                            |
| Economic Development<br>Initiatives Fund | 4,318,573            | 5,014,942            | 4,975,584            | (39,358)                       | (0.8)                           | 5,014,942                 | 4,975,584            | (39,358)                       | (0.8)                           |
| Wildlife Fee Fund                        | 25,383,146           | 30,854,161           | 32,036,060           | 1,181,899                      | 3.8                             | 30,854,161                | 32,036,060           | 1,181,899                      | 3.8                             |
| Federal Funds                            | 16,587,089           | 12,405,483           | 13,781,059           | 1,375,576                      | 11.1                            | 12,405,483                | 13,781,059           | 1,375,576                      | 11.1                            |
| All Other Funds                          | 17,191,812           | 19,459,155           | 19,705,536           | 246,381                        | 1.3                             | 19,459,155                | 19,505,536           | 46,381                         | 0.2                             |
| <b>TOTAL</b>                             | <b>\$ 63,480,620</b> | <b>\$ 67,733,741</b> | <b>\$ 70,498,239</b> | <b>\$ 2,764,498</b>            | <b>4.1 %</b>                    | <b>\$ 67,733,741</b>      | <b>\$ 70,298,239</b> | <b>\$ 2,564,498</b>            | <b>3.8 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 80,762,510                         | 86,250,741                    | 5,488,231                         | 86,250,741                  | 5,488,231                           |
| <b>TOTAL</b>                | <b>\$ 80,762,510</b>               | <b>\$ 86,250,741</b>          | <b>\$ 5,488,231</b>               | <b>\$ 86,250,741</b>        | <b>\$ 5,488,231</b>                 |
| FTE Positions               | 445.0                              | 445.0                         | 0.0                               | 445.0                       | 0.0                                 |

The **agency** requests \$86.3 million, all from special revenue funds, in FY 2018. This is an increase of \$5.5 million, or 6.8 percent, above the approved amount. The increase is mainly due to \$3.4 million, all from special revenue funds, in supplemental requests. The increase is also attributable to increased expenditures on contractual services, capital outlay and capital improvements. Major changes are detailed below:

- **Contractual Services.** The agency estimates \$22.3 million, all from special revenue funds, in contractual services expenditures in FY 2018. This is an increase of \$406,708, or 1.9 percent, above the approved amount. The increase is mainly due to increased expenditures on OITS and campground utilities;
- **Capital Outlay.** The agency estimates \$3.4 million, all from special revenue funds, for capital outlay in FY 2018. This is an increase of \$500,000, or 17.1 percent, above the approved amount. The increase is due to increased expenditures on equipment and machinery; and
- **Capital Improvements.** The agency estimates \$18.5 million, all from special revenue funds, for capital improvements in FY 2018. This is an increase of \$4.7 million, or 33.8 percent, above the approved amount. The increase is due to increased expenditures on dam repair and facilities upgrades.

The **Governor** concurs with the agency's revised estimate in FY 2018.

## Supplemental Detail

| FY 2018 SUPPLEMENTALS               |                 |                     |            |                           |                     |            |
|-------------------------------------|-----------------|---------------------|------------|---------------------------|---------------------|------------|
| Supplementals                       | Agency Estimate |                     |            | Governor's Recommendation |                     |            |
|                                     | SGF             | All Funds           | FTE        | SGF                       | All Funds           | FTE        |
| Park trail maintenance and staffing | \$ 0            | \$ 504,329          | 0.0        | \$ 0                      | \$ 504,329          | 0.0        |
| Wildlife Division OITS expenditures | 0               | 300,000             | 0.0        | 0                         | 300,000             | 0.0        |
| Park vehicles and equipment         | 0               | 200,000             | 0.0        | 0                         | 200,000             | 0.0        |
| Crawford County Dam repair          | 0               | 950,000             | 0.0        | 0                         | 950,000             | 0.0        |
| Dam repair supplemental             | 0               | 500,000             | 0.0        | 0                         | 500,000             | 0.0        |
| Fisheries CI Updates                | 0               | 288,000             | 0.0        | 0                         | 288,000             | 0.0        |
| Emporia research lab                | 0               | 618,000             | 0.0        | 0                         | 618,000             | 0.0        |
| <b>TOTAL</b>                        | <b>\$ 0</b>     | <b>\$ 3,360,329</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 3,360,329</b> | <b>0.0</b> |

The **agency** requests seven supplementals totaling \$3.4 million, all from special revenue funds, in FY 2018. The supplemental requests include \$504,329 for maintenance and staffing of state park trails, \$300,000 for OITS expenditures, \$200,000 for vehicles and equipment at the state parks, \$1.0 million for dam repair, \$288,000 for updates to the fisheries, and \$618,000 to identify and begin preparations to move the Emporia research lab out of the current building, which is scheduled for future demolition.

The **Governor** recommends the agency's supplemental requests.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 0                               | \$ 0                          | \$ 0                              | \$ 0                        | \$ 0                                |
| All Other Funds             | 77,780,240                         | 85,927,239                    | 8,146,999                         | 85,727,239                  | 7,946,999                           |
| <b>TOTAL</b>                | <b>\$ 77,780,240</b>               | <b>\$ 85,927,239</b>          | <b>\$ 8,146,999</b>               | <b>\$ 85,727,239</b>        | <b>\$ 7,946,999</b>                 |
| FTE Positions               | 445.0                              | 445.0                         | 0.0                               | 445.0                       | 0.0                                 |

The **agency** requests a revised estimate of \$85.9 million, all from special revenue funds, for FY 2019. This is an increase of \$8.1 million, or 10.5 percent, above the approved amount. The increase is mainly due to \$5.8 million, all from special revenue funds, in supplemental



requests for FY 2019. Additionally, there are increased expenditures on contractual services, capital outlay, and capital improvements. Major changes are detailed below:

- **Contractual Services.** The agency estimates \$24.1 million, all from special revenue funds, in contractual services expenditures for FY 2019. This is an increase of \$2.2 million, or 10.2 percent, above the approved amount. The increase is mainly due to \$1.5 million in increased expenditures on dam repairs and the Walk-in Hunting Access program, which provides hunters access to private property through lease agreements;
- **Capital Outlay.** The agency estimates \$3.8 million, all from special revenue funds, in capital outlay expenditures for FY 2019. This is an increase of \$1.2 million, or 43.8 percent, above the approved amount. The increase is mainly due to increased expenditures on vehicle replacements throughout the agency, as well as new software and computer equipment for the Law Enforcement program; and
- **Capital Improvements.** The agency estimates \$15.4 million, all from special revenue funds, for capital improvements for FY 2019. This is an increase of \$4.5 million, or 41.6 percent, above the approved amount. The increase is due to increased expenditures on buildings and land improvements, including upgrades to the Education Center (\$325,000) and dam repairs (\$1.1 million).

The **Governor** recommends \$85.7 million, all from special revenue funds, for FY 2019. This is a decrease of \$200,000, or 0.2 percent, from the agency's requested amount. This decrease is due to the Governor not recommending the agency's supplemental request of \$200,000 for park vehicle and equipment replacement.

## Supplemental Detail

| FY 2019 SUPPLEMENTALS                     |                 |                     |            |                           |                     |            |
|-------------------------------------------|-----------------|---------------------|------------|---------------------------|---------------------|------------|
| Supplementals                             | Agency Estimate |                     |            | Governor's Recommendation |                     |            |
|                                           | SGF             | All Funds           | FTE        | SGF                       | All Funds           | FTE        |
| Education program upgrades                | \$ 0            | \$ 100,000          | 0.0        | \$ 0                      | \$ 100,000          | 0.0        |
| Law enforcement records management system | 0               | 790,000             | 0.0        | 0                         | 790,000             | 0.0        |
| Park trail maintenance and staffing       | 0               | 204,329             | 0.0        | 0                         | 204,329             | 0.0        |
| Park vehicles and equipment               | 0               | 200,000             | 0.0        | 0                         | 0                   | 0.0        |
| Wildlife Division OITS expenditures       | 0               | 300,000             | 0.0        | 0                         | 300,000             | 0.0        |
| Fisheries walleye initiative              | 0               | 282,000             | 0.0        | 0                         | 282,000             | 0.0        |
| WIHA and Hunting Access                   | 0               | 1,500,000           | 0.0        | 0                         | 1,500,000           | 0.0        |
| Fish access                               | 0               | 110,000             | 0.0        | 0                         | 110,000             | 0.0        |
| Fish stocking programs                    | 0               | 100,000             | 0.0        | 0                         | 100,000             | 0.0        |
| Fish heavy vehicles                       | 0               | 140,000             | 0.0        | 0                         | 140,000             | 0.0        |
| Clark SFL Dam repair                      | 0               | 550,000             | 0.0        | 0                         | 550,000             | 0.0        |
| Dam repair supplemental                   | 0               | 500,000             | 0.0        | 0                         | 500,000             | 0.0        |
| Fisheries CI update                       | 0               | 288,000             | 0.0        | 0                         | 288,000             | 0.0        |
| Wildlife storage building and office      | 0               | 160,000             | 0.0        | 0                         | 160,000             | 0.0        |
| Boat storage facilities                   | 0               | 235,000             | 0.0        | 0                         | 235,000             | 0.0        |
| Education Center upgrades                 | 0               | 325,000             | 0.0        | 0                         | 325,000             | 0.0        |
| <b>TOTAL</b>                              | <b>\$ 0</b>     | <b>\$ 5,784,329</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 5,584,329</b> | <b>0.0</b> |

The **agency** requests 16 supplementals totaling \$5.8 million, all from special revenue funds, for FY 2019. The supplemental requests include \$100,000 for upgrades to the agency's educational program offerings, \$790,000 to purchase a new records management system for its law enforcement personnel in multiple divisions, \$204,329 for ongoing state park trail maintenance and staffing, \$340,000 for vehicles and equipment in the Parks and Fisheries divisions, \$300,000 for OITS expenditures in the Wildlife division, \$382,000 for a walleye initiative and fish-stocking programs, \$1.5 million for the Walk-in Hunting Access program, \$1.1 million for dam repair, \$398,000 for fish access and fisheries upgrades, \$160,000 for upgrades to the Wildlife storage building, \$235,000 for upgrades to the boat storage facilities, and \$325,000 for upgrades to the Pratt, Milford, and Prairie Education Centers.

The **Governor** recommends \$5.6 million, all from special revenue funds, for supplemental requests. This is a decrease of \$200,000, or 3.5 percent, below the agency's requested amount. The decrease is due to the Governor not recommending the agency's supplemental request of \$200,000 for park vehicle and equipment replacements.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$74,445, all from special revenue funds, and FY 2019 longevity payments total \$79,524, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                           | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|------------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                       | 0.0 %                                      | 0.0 %                                    |
| Economic Development<br>Initiatives Fund | 7.1                                        | 7.1                                      |
| Wildlife Fee Fund                        | 45.4                                       | 45.6                                     |
| Parks Fee Fund                           | 14.1                                       | 13.9                                     |
| Federal Funds                            | 19.6                                       | 19.6                                     |
| All Other Funds                          | 13.9                                       | 13.9                                     |
| <b>TOTAL</b>                             | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Wildlife Fee Fund Analysis

The major sources of receipts to the Wildlife Fee Fund are from the sale of hunting, fishing, and trapping licenses. The fees to be collected from the issuance of such licenses are established by the Kansas Wildlife, Parks and Tourism Commission through the approval of rules and regulations submitted by the Secretary of Wildlife, Parks and Tourism.

| Resource Estimate                            | Actual<br>FY 2017     | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018   | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019   |
|----------------------------------------------|-----------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| Beginning Balance                            | \$ 9,952,028          | \$ 13,433,715                 | \$ 13,433,715          | \$ 7,530,197                  | \$ 7,530,197           |
| Revenue                                      | 30,484,326            | 31,441,000                    | 31,441,000             | 31,441,000                    | 31,441,000             |
| Transfers in                                 | 34,039                | 35,000                        | 35,000                 | 35,000                        | 35,000                 |
| <b>Funds Available</b>                       | <b>\$ 40,470,393</b>  | <b>\$ 44,909,715</b>          | <b>\$ 44,909,715</b>   | <b>\$ 39,006,197</b>          | <b>\$ 39,006,197</b>   |
| Less:                                        |                       |                               |                        |                               |                        |
| Expenditures                                 | 27,036,678            | 37,379,518                    | 37,379,518             | 35,832,917                    | 35,832,917             |
| Transfers Out                                | 0                     | 0                             | 0                      | 0                             | 0                      |
| Off Budget Expenditures                      | 0                     | 0                             | 0                      | 0                             | 0                      |
| <b>Ending Balance</b>                        | <b>\$ 13,433,715</b>  | <b>\$ 7,530,197</b>           | <b>\$ 7,530,197</b>    | <b>\$ 3,173,280</b>           | <b>\$ 3,173,280</b>    |
| Ending Balance as Percent of<br>Expenditures | 49.7%                 | 20.1%                         | 20.1%                  | 8.9%                          | 8.9%                   |
| Month Highest Ending<br>Balance              | May<br>\$ 18,645,876  | May<br>\$ 20,000,000          | May<br>\$ 20,000,000   | May<br>\$ 20,000,000          | May<br>\$ 20,000,000   |
| Month Lowest Ending<br>Balance               | March<br>\$ 8,377,959 | March<br>\$ 13,000,000        | March<br>\$ 13,000,000 | March<br>\$ 13,000,000        | March<br>\$ 13,000,000 |

## Parks Fee Fund Analysis

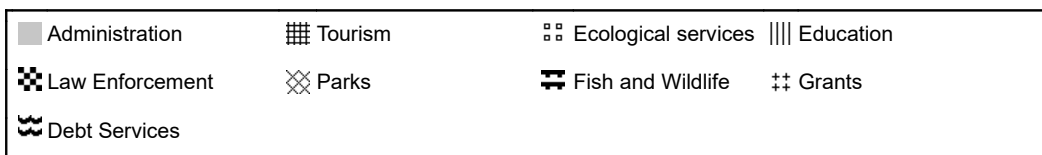
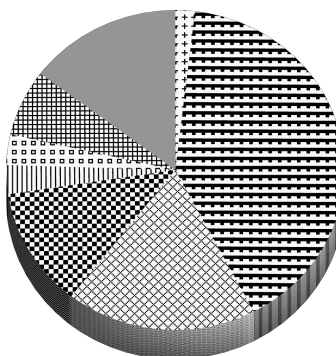
The Parks Fee Fund is the depository for moneys received from state park permit fees, tolls, rentals, and charges derived from the use, lease, or operation of state parks. The Department establishes fees for the use of state parks by rules and regulations and upon review by the Kansas Wildlife, Parks and Tourism Commission.

| Resource Estimate                            | Actual<br>FY 2017              | Agency<br>Estimate<br>FY 2018    | Gov. Rec.<br>FY 2018             | Agency<br>Estimate<br>FY 2019    | Gov. Rec.<br>FY 2019             |
|----------------------------------------------|--------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Beginning Balance                            | \$ 3,678,628                   | \$ 2,536,018                     | \$ 2,536,018                     | \$ 2,786,078                     | \$ 2,786,078                     |
| Revenue                                      | 8,335,133                      | 11,437,000                       | 11,437,000                       | 11,437,000                       | 11,437,000                       |
| Transfers in                                 | 0                              | 0                                | 0                                | 0                                | 0                                |
| <i>Funds Available</i>                       | <u>\$ 12,013,761</u>           | <u>\$ 13,973,018</u>             | <u>\$ 13,973,018</u>             | <u>\$ 14,223,078</u>             | <u>\$ 14,223,078</u>             |
| Less:                                        |                                |                                  |                                  |                                  |                                  |
| Expenditures                                 | 9,461,276                      | 11,186,940                       | 13,973,018                       | 11,198,945                       | 10,998,945                       |
| Transfers Out                                | 16,402                         | 0                                | 0                                | 0                                | 0                                |
| Off Budget Expenditures                      | 65                             | 0                                | 0                                | 0                                | 0                                |
| <b>Ending Balance</b>                        | <u><b>\$ 2,536,018</b></u>     | <u><b>\$ 2,786,078</b></u>       | <u><b>\$ 2,786,078</b></u>       | <u><b>\$ 3,024,133</b></u>       | <u><b>\$ 3,224,133</b></u>       |
| Ending Balance as Percent of<br>Expenditures | 26.8%                          | 24.9%                            | 19.9%                            | 27.0%                            | 29.3%                            |
| Month Highest Ending<br>Balance              | October<br><u>\$ 5,566,217</u> | September<br><u>\$ 5,337,192</u> | September<br><u>\$ 5,337,192</u> | September<br><u>\$ 5,337,192</u> | September<br><u>\$ 5,337,192</u> |
| Month Lowest Ending<br>Balance               | April<br><u>\$ 3,858,176</u>   | February<br><u>\$ 4,500,000</u>  | February<br><u>\$ 4,500,000</u>  | February<br><u>\$ 4,500,000</u>  | February<br><u>\$ 4,500,000</u>  |

## Expenditures by Program

### Governor's FY 2019 Recommendation

All Funds



| Program             | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|---------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration      | \$ 10,336,886                     | 14.7 %              | \$ 0                        | -- %                |
| Tourism             | 4,715,938                         | 6.7                 | 0                           | --                  |
| Ecological Services | 2,176,313                         | 3.1                 | 0                           | --                  |
| Education           | 2,061,519                         | 2.9                 | 0                           | --                  |
| Law Enforcement     | 8,455,686                         | 12.0                | 0                           | --                  |
| Parks               | 12,809,076                        | 18.2                | 0                           | --                  |
| Fish and Wildlife   | 28,430,230                        | 40.4                | 0                           | --                  |
| Grants              | 1,195,000                         | 1.7                 | 0                           | --                  |
| Debt Service        | 117,591                           | 0.2                 | 0                           | --                  |
| <b>TOTAL</b>        | <b>\$ 70,298,239</b>              | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b> |                   |                        |                      |                        |                      |
|---------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Program                                           | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Administration                                    | 69.0              | 69.0                   | 69.0                 | 69.0                   | 69.0                 |
| Tourism                                           | 12.0              | 12.0                   | 12.0                 | 12.0                   | 12.0                 |
| Ecological Services                               | 12.0              | 12.0                   | 12.0                 | 12.0                   | 12.0                 |
| Education                                         | 13.0              | 13.0                   | 13.0                 | 13.0                   | 13.0                 |
| Law Enforcement                                   | 83.0              | 83.0                   | 83.0                 | 83.0                   | 83.0                 |
| Parks                                             | 112.0             | 112.0                  | 112.0                | 112.0                  | 112.0                |
| Fish & Wildlife                                   | 144.0             | 144.0                  | 144.0                | 144.0                  | 144.0                |
| Grants                                            | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Capital Improvements                              | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>                                      | <b>445.0</b>      | <b>445.0</b>           | <b>445.0</b>         | <b>445.0</b>           | <b>445.0</b>         |

*Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.*

## **A. Administration**

The Administration program includes the Office of the Secretary and is divided between Topeka and Pratt, with each location supervised by an assistant secretary. The Topeka office includes planning, legal, budget, and engineering sections. The Pratt office includes operations, environmental services, human resources, information technology, and education sections. The program also includes the Wildlife, Parks and Tourism Commission. The Pratt office also includes support services of aircraft operations, accounting, business management, licensing and permitting, purchasing, and facility maintenance operations.

| <b>ADMINISTRATION<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|---------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                |                     |                        |                      |                        |                      |
| Salaries and Wages                                                  | \$ 4,884,610        | \$ 5,330,448           | \$ 5,330,448         | \$ 5,338,619           | \$ 5,338,619         |
| Contractual Services                                                | 2,811,935           | 3,509,696              | 3,509,696            | 3,452,625              | 3,452,625            |
| Commodities                                                         | 222,314             | 357,823                | 357,823              | 355,017                | 355,017              |
| Capital Outlay                                                      | 984,744             | 1,366,175              | 1,366,175            | 1,190,625              | 1,190,625            |
| Debt Service                                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                        | <i>\$ 8,903,603</i> | <i>\$ 10,564,142</i>   | <i>\$ 10,564,142</i> | <i>\$ 10,336,886</i>   | <i>\$ 10,336,886</i> |
| Aid to Local Units                                                  | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                    | 20,091              | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                        | <b>\$ 8,923,694</b> | <b>\$ 10,564,142</b>   | <b>\$ 10,564,142</b> | <b>\$ 10,336,886</b>   | <b>\$ 10,336,886</b> |
| <b>Financing:</b>                                                   |                     |                        |                      |                        |                      |
| State General Fund                                                  | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                     | 8,923,694           | 10,564,142             | 10,564,142           | 10,336,886             | 10,336,886           |
| <b>TOTAL</b>                                                        | <b>\$ 8,923,694</b> | <b>\$ 10,564,142</b>   | <b>\$ 10,564,142</b> | <b>\$ 10,336,886</b>   | <b>\$ 10,336,886</b> |
| FTE Positions                                                       | 69.0                | 69.0                   | 69.0                 | 69.0                   | 69.0                 |

The **agency** requests \$10.6 million, all from special revenue funds, for the Administration program in FY 2018. This is an increase of \$75,162, or 0.7 percent, above the approved amount. The change is primarily due to increased expenditures in salaries and wages, which is detailed below:

- **Salaries and Wages.** The agency estimates \$5.3 million, all from special revenue funds, in salaries and wages expenditures for the Administration program in FY 2018. This is an increase of \$134,512, or 2.6 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Administration program in FY 2018.

The **agency** requests \$10.3 million, all from special revenue funds, for the Administration program for FY 2019. This is an increase of \$162,000, or 1.6 percent, above the approved amount. The increase is primarily due to increased expenditures on salaries and wages, which is detailed below:

- **Salaries and Wages.** The agency estimates \$5.3 million, all from special revenue funds, in salaries and wages expenditures for the Administration program for FY 2019. This is an increase of \$135,199, or 2.6 percent, above the approved amount. The agency reports this increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Administration program for FY 2019.

## ***B. Tourism***

The Tourism Division promotes Kansas to travel media, groups, tour market, leisure travelers, and the international travel community. The Division uses marketing initiatives, creates opportunities for leveraging limited marketing dollars, and supports numerous state and local tourism promotion efforts. This is all done in an effort to increase Kansas tourism and travel. The Division administers the Belle Plaine and Goodland Travel Information Centers. This division operates the Attraction Development Grant program and Marketing Grant program. The Division also has worked extensively with group and international tour operators to attract tours to Kansas and has created the Flint Hills Development Initiative to help realize the tourism potential of the Flint Hills. The Division maintains the official State of Kansas tourism website, and produces the Kansas Visitor's Guide, Calendar of Events, and *KANSAS! Magazine*.



| <p style="text-align: center;"><b>TOURISM</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                            |                            |                            |                            |                            |
|---------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                                                    | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                                                    |                            |                            |                            |                            |                            |
| Salaries and Wages                                                                                      | \$ 589,512                 | \$ 841,546                 | \$ 841,546                 | \$ 842,961                 | \$ 842,961                 |
| Contractual Services                                                                                    | 3,485,710                  | 3,686,858                  | 3,686,858                  | 3,685,155                  | 3,685,155                  |
| Commodities                                                                                             | 11,735                     | 39,822                     | 39,822                     | 39,822                     | 39,822                     |
| Capital Outlay                                                                                          | 3,997                      | 5,000                      | 5,000                      | 5,000                      | 5,000                      |
| Debt Service                                                                                            | 6,662                      | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                                                            | <i>\$ 4,097,616</i>        | <i>\$ 4,573,226</i>        | <i>\$ 4,573,226</i>        | <i>\$ 4,572,938</i>        | <i>\$ 4,572,938</i>        |
| Aid to Local Units                                                                                      | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                                                        | 5,000                      | 143,000                    | 143,000                    | 143,000                    | 143,000                    |
| <b>TOTAL</b>                                                                                            | <b><u>\$ 4,102,616</u></b> | <b><u>\$ 4,716,226</u></b> | <b><u>\$ 4,716,226</u></b> | <b><u>\$ 4,715,938</u></b> | <b><u>\$ 4,715,938</u></b> |
| <b>Financing:</b>                                                                                       |                            |                            |                            |                            |                            |
| State General Fund                                                                                      | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                                                         | 4,102,616                  | 4,716,226                  | 4,716,226                  | 4,715,938                  | 4,715,938                  |
| <b>TOTAL</b>                                                                                            | <b><u>\$ 4,102,616</u></b> | <b><u>\$ 4,716,226</u></b> | <b><u>\$ 4,716,226</u></b> | <b><u>\$ 4,715,938</u></b> | <b><u>\$ 4,715,938</u></b> |
| FTE Positions                                                                                           | 12.0                       | 12.0                       | 12.0                       | 12.0                       | 12.0                       |

The **agency** requests \$4.7 million, all from special revenue funds, for the Tourism program in FY 2018. This is a decrease of \$13,378, or 0.3 percent, below the approved amount. A 0.9 percent decrease in contractual services is partially offset by a 2.4 percent increase in salaries and wages. These changes are detailed below:

- **Salaries and Wages.** The agency estimates \$841,546, all from special revenue funds, in salaries and wages expenditures for the Tourism program in FY 2018. This is an increase of \$19,464, or 2.4 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature; and
- **Contractual Services.** The agency estimates \$3.7 million, all from special revenue funds, in contractual services for the Tourism program in FY 2018. This is a decrease of \$32,842, or 0.9 percent, below the approved amount. The agency reports the decrease is due to a lower revised estimate of the revenue available from the Publications Fee Fund to support advertising and marketing expenditures.

The **Governor** concurs with the agency's revised estimate for the Tourism program in FY 2018.

The **agency** requests \$4.7 million, all from special revenue funds, for the Tourism program for FY 2019. This is a decrease of \$14,913, or 0.3 percent, below the approved amount. A 0.9 percent decrease in contractual services is partially offset by a 2.4 percent increase in salaries and wages. These changes are detailed below:

- **Salaries and Wages.** The agency estimates \$842,961, all from special revenue funds, in salaries and wages expenditures for the Tourism program for FY 2019.

This is an increase of \$19,632, or 2.4 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature; and

- **Contractual Services.** The agency estimates \$3.7 million, all from special revenue funds, in contractual services for the Tourism program for FY 2019. This is a decrease of \$34,545, or 0.9 percent, below the approved amount. The agency reports the decrease is due to a lower revised estimate of the revenue available from the Publications Fee Fund to support advertising and marketing expenditures.

The **Governor** concurs with the agency's revised estimate for the Tourism program for FY 2019.

### **C. Ecological Services**

The Ecological Services program is responsible for the protection, research, management, and recovery of all non-game species in the state, representing approximately 98.0 percent of aquatic and terrestrial fauna in Kansas.

Prior to FY 2017, the Ecological Services program was budgeted within the Fish and Wildlife program.

| <b>ECOLOGICAL SERVICES<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|--------------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                     | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                     |                     |                        |                      |                        |                      |
| Salaries and Wages                                                       | \$ 900,169          | \$ 964,543             | \$ 964,543           | \$ 967,071             | \$ 967,071           |
| Contractual Services                                                     | 646,441             | 1,146,979              | 1,146,979            | 1,146,979              | 1,146,979            |
| Commodities                                                              | 55,658              | 48,563                 | 48,563               | 48,563                 | 48,563               |
| Capital Outlay                                                           | 71,797              | 13,700                 | 13,700               | 13,700                 | 13,700               |
| Debt Service                                                             | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                             | <i>\$ 1,674,065</i> | <i>\$ 2,173,785</i>    | <i>\$ 2,173,785</i>  | <i>\$ 2,176,313</i>    | <i>\$ 2,176,313</i>  |
| Aid to Local Units                                                       | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                         | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                             | <b>\$ 1,674,065</b> | <b>\$ 2,173,785</b>    | <b>\$ 2,173,785</b>  | <b>\$ 2,176,313</b>    | <b>\$ 2,176,313</b>  |
| <b>Financing:</b>                                                        |                     |                        |                      |                        |                      |
| State General Fund                                                       | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                          | 1,674,065           | 2,173,785              | 2,173,785            | 2,176,313              | 2,176,313            |
| <b>TOTAL</b>                                                             | <b>\$ 1,674,065</b> | <b>\$ 2,173,785</b>    | <b>\$ 2,173,785</b>  | <b>\$ 2,176,313</b>    | <b>\$ 2,176,313</b>  |
| FTE Positions                                                            | 12.0                | 12.0                   | 12.0                 | 12.0                   | 12.0                 |

The **agency** requests \$2.2 million, all from special revenue funds, for the Ecological Services program in FY 2018. This is an increase of \$23,675, or 1.1 percent, above the approved amount. The increase is due to increased salaries and wages expenditures, which is detailed below:

- **Salaries and Wages.** The agency estimates \$964,543, all from special revenue funds, in salaries and wages expenditures for the Ecological Services program in FY 2018. This is an increase of \$23,675, or 2.5 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Ecological Services program in FY 2018.

The **agency** requests \$2.2 million, all from special revenue funds, for the Ecological Services program for FY 2019. This is an increase of \$24,845, or 1.2 percent, above the approved amount. The increase is due to increased salaries and wages expenditures, which is detailed below:

- **Salaries and Wages.** The agency estimates \$967,071, all from special revenue funds, in salaries and wages expenditures for the Ecological Services program for FY 2019. This is an increase of \$24,845, or 2.6 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Ecological Services program for FY 2019.

#### ***D. Education***

The Education program is responsible for outdoors-related educational programs that help citizens learn about, use, and enjoy the Kansas outdoors and Kansas fish and wildlife resources. The program offers outdoor skills workshops, training, and activities. In addition, the program operates five nature centers and offers environmental education programs and outreach designed to enhance knowledge, understanding, and appreciation of Kansas natural resources.

The program is divided into three components: Wildlife Education, Hunter Education, and Boating Education.

Prior to FY 2017, the Education program was budgeted within the Fish and Wildlife program.

| <p style="text-align: center;"><b>EDUCATION</b><br/><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                            |                            |                            |                            |                            |
|----------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                                                     | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                                                     |                            |                            |                            |                            |                            |
| Salaries and Wages                                                                                       | \$ 1,001,400               | \$ 936,738                 | \$ 936,738                 | \$ 938,446                 | \$ 938,446                 |
| Contractual Services                                                                                     | 533,227                    | 606,799                    | 606,799                    | 610,309                    | 610,309                    |
| Commodities                                                                                              | 254,517                    | 338,219                    | 338,219                    | 339,709                    | 339,709                    |
| Capital Outlay                                                                                           | 29,449                     | 58,655                     | 58,655                     | 53,655                     | 53,655                     |
| Debt Service                                                                                             | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                                                             | <i>\$ 1,818,593</i>        | <i>\$ 1,940,411</i>        | <i>\$ 1,940,411</i>        | <i>\$ 1,942,119</i>        | <i>\$ 1,942,119</i>        |
| Aid to Local Units                                                                                       | 0                          | 19,400                     | 19,400                     | 119,400                    | 119,400                    |
| Other Assistance                                                                                         | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                                                                                             | <b><u>\$ 1,818,593</u></b> | <b><u>\$ 1,959,811</u></b> | <b><u>\$ 1,959,811</u></b> | <b><u>\$ 2,061,519</u></b> | <b><u>\$ 2,061,519</u></b> |
| <b>Financing:</b>                                                                                        |                            |                            |                            |                            |                            |
| State General Fund                                                                                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                       |
| All Other Funds                                                                                          | 1,818,593                  | 1,959,811                  | 1,959,811                  | 2,061,519                  | 2,061,519                  |
| <b>TOTAL</b>                                                                                             | <b><u>\$ 1,818,593</u></b> | <b><u>\$ 1,959,811</u></b> | <b><u>\$ 1,959,811</u></b> | <b><u>\$ 2,061,519</u></b> | <b><u>\$ 2,061,519</u></b> |
| FTE Positions                                                                                            | 13.0                       | 13.0                       | 13.0                       | 13.0                       | 13.0                       |

The **agency** requests \$2.0 million, all from special revenue funds, for the Education program in FY 2018. This is an increase of \$29,779, or 1.5 percent, above the approved amount. The increase is due to increased expenditures on salaries and wages, which is detailed below:

- **Salaries and Wages.** The agency estimates \$936,738, all from special revenue funds, in salaries and wages expenditures for the Education program in FY 2018. This is an increase of \$29,779, or 3.3 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Education program in FY 2018.

The **agency** requests \$2.1 million, all from special revenue funds, for the Education program for FY 2019. This is an increase of \$130,105, or 6.7 percent, above the approved amount. The increase is due to increased expenditures on salaries and wages, as well as aid to local units of government, both of which are detailed below:

- **Salaries and Wages.** The agency estimates \$938,446, all from special revenue funds, in salaries and wages for the Education program for FY 2019. This is an increase of \$30,105, or 3.3 percent, above the approved amount. The agency reports that the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature; and
- **Aid to Local Units of Government.** The agency requests \$119,400, all from special revenue funds, in aid to local units of government for FY 2019. This is an increase of \$100,000, or 515.5 percent, above the approved amount. The

increase is due to increased expenditures on grants to schools to help fund the development of Outdoor Wildlife Learning Sites.

The **Governor** concurs with the agency's revised estimate for the Education program for FY 2019.

### **E. Law Enforcement**

The Law Enforcement program is responsible for statewide enforcement of both state and federal fish and wildlife laws, boating laws, and regulation of public lands. The program is comprised of Natural Resource Officers who are sworn law enforcement personnel with jurisdiction on public and private lands. These officers also provide assistance to other federal, state, and local law enforcement agencies when requested.

| <b>LAW ENFORCEMENT<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                     |                        |                      |                        |                      |
|----------------------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                 | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                 |                     |                        |                      |                        |                      |
| Salaries and Wages                                                   | \$ 5,227,795        | \$ 5,781,122           | \$ 5,781,122         | \$ 5,790,825           | \$ 5,790,825         |
| Contractual Services                                                 | 524,350             | 705,361                | 705,361              | 711,361                | 711,361              |
| Commodities                                                          | 626,094             | 736,000                | 736,000              | 747,500                | 747,500              |
| Capital Outlay                                                       | 417,458             | 423,500                | 423,500              | 1,206,000              | 1,206,000            |
| Debt Service                                                         |                     | 0                      | 0                    |                        | 0                    |
| <b>Subtotal - Operations</b>                                         | <b>\$ 6,795,697</b> | <b>\$ 7,645,983</b>    | <b>\$ 7,645,983</b>  | <b>\$ 8,455,686</b>    | <b>\$ 8,455,686</b>  |
| Aid to Local Units                                                   | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                     | 2,353               | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                         | <b>\$ 6,798,050</b> | <b>\$ 7,645,983</b>    | <b>\$ 7,645,983</b>  | <b>\$ 8,455,686</b>    | <b>\$ 8,455,686</b>  |
| <b>Financing:</b>                                                    |                     |                        |                      |                        |                      |
| State General Fund                                                   | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                      | 6,798,050           | 7,645,983              | 7,645,983            | 8,455,686              | 8,455,686            |
| <b>TOTAL</b>                                                         | <b>\$ 6,798,050</b> | <b>\$ 7,645,983</b>    | <b>\$ 7,645,983</b>  | <b>\$ 8,455,686</b>    | <b>\$ 8,455,686</b>  |
| FTE Positions                                                        | 83.0                | 83.0                   | 83.0                 | 83.0                   | 83.0                 |

The **agency** requests \$7.6 million, all from special revenue funds, for the Law Enforcement program in FY 2018. This is an increase of \$121,344, or 1.6 percent, above the approved amount. The increase is due to increased salaries and wages expenditures, which is detailed below:

- **Salaries and Wages.** The agency estimates \$5.8 million, all from special revenue funds, in salaries and wages expenditures for the Law Enforcement program in FY 2018. This is an increase of \$121,344, or 2.1 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Law Enforcement program in FY 2018.

The **agency** requests \$8.5 million, all from special revenue funds, for the Law Enforcement program for FY 2019. This is an increase of \$911,772, or 12.1 percent, above the approved amount. The increase is due to increased capital outlay and salaries and wages expenditures, which are detailed below:

- **Salaries and Wages.** The agency estimates \$5.8 million, all from special revenue funds, in salaries and wages expenditures for the Law Enforcement program for FY 2019. This is an increase of \$121,772, or 2.1 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature; and
- **Capital Outlay.** The agency estimates \$1.2 million, all from special revenue funds, in capital outlay for the Law Enforcement program for FY 2019. This is an increase of \$790,000, or 42.1 percent, above the approved amount. The increase is due to increased expenditures related to the agency's supplemental request to acquire a new records management system for law enforcement personnel.

The **Governor** concurs with the agency's revised estimate for the Law Enforcement program for FY 2019.

## ***F. Parks***

The State Parks program manages the 25 state parks and the Prairie Spirit Rail Trail. The following 25 parks have been designated as part of the state park system: Cedar Bluff State Park (Trego Co.); Cheney State Park (Kingman Co. and Reno Co.); Clinton State Park (Douglas Co.); Cross Timbers State Park at Toronto Lake (Woodson Co.); Eisenhower State Park (Osage Co.); El Dorado State Park (Butler Co.); Elk City State Park (Montgomery Co.); Fall River State Park (Greenwood Co.); Glen Elder State Park (Mitchell Co.); Hillsdale State Park (Miami Co.); Kanopolis State Park (Ellsworth Co.); Kaw River State Park (Shawnee Co.); Lake Crawford State Park (Crawford Co.); Lake Meade State Park (Meade Co.); Lake Scott State Park (Scott Co.); Lovewell State Park (Jewell Co.); Milford State Park (Geary Co.); Mushroom Rock State Park (Ellsworth Co.); Perry State Park (Jefferson Co.); Pomona State Park (Osage Co.); Prairie Dog State Park (Norton Co.); Sand Hills State Park (Reno Co.); Tuttle Creek State Park (Pottawatomie Co. and Riley Co.); Webster State Park (Rooks Co.); and Wilson State Park (Russell Co.).

| <p style="text-align: center;"><b>PARKS</b><br/> <b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b></p> |                      |                        |                      |                        |                      |
|-------------------------------------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                                  | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                                  |                      |                        |                      |                        |                      |
| Salaries and Wages                                                                                    | \$ 7,102,703         | \$ 7,494,932           | \$ 7,494,932         | \$ 7,505,172           | \$ 7,505,172         |
| Contractual Services                                                                                  | 3,328,096            | 3,726,304              | 3,726,304            | 3,827,579              | 3,827,579            |
| Commodities                                                                                           | 1,453,938            | 1,325,325              | 1,325,325            | 1,326,325              | 1,326,325            |
| Capital Outlay                                                                                        | 454,790              | 650,000                | 650,000              | 350,000                | 150,000              |
| Debt Service                                                                                          | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                                          | <i>\$ 12,339,527</i> | <i>\$ 13,196,561</i>   | <i>\$ 13,196,561</i> | <i>\$ 13,009,076</i>   | <i>\$ 12,809,076</i> |
| Aid to Local Units                                                                                    | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                                      | 5,288                | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                                          | <b>\$ 12,344,815</b> | <b>\$ 13,196,561</b>   | <b>\$ 13,196,561</b> | <b>\$ 13,009,076</b>   | <b>\$ 12,809,076</b> |
| <b>Financing:</b>                                                                                     |                      |                        |                      |                        |                      |
| State General Fund                                                                                    | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                                       | 12,344,815           | 13,196,561             | 13,196,561           | 13,009,076             | 12,809,076           |
| <b>TOTAL</b>                                                                                          | <b>\$ 12,344,815</b> | <b>\$ 13,196,561</b>   | <b>\$ 13,196,561</b> | <b>\$ 13,009,076</b>   | <b>\$ 12,809,076</b> |
| FTE Positions                                                                                         | 112.0                | 112.0                  | 112.0                | 112.0                  | 112.0                |

The **agency** requests \$13.2 million, all from special revenue funds, for the Parks program in FY 2018. This is an increase of \$512,382, or 4.0 percent, above the approved amount. The increase is due to increased capital outlay and contractual services expenditures, partially offset by decreased salaries and wages expenditures, all of which are detailed below:

- **Salaries and Wages.** The agency estimates \$7.5 million, all from special revenue funds, in salaries and wages expenditures for the Parks program in FY 2018. This is a decrease of \$186,518, or 2.4 percent, below the approved amount. The decrease is due to decreased expenditures on classified regular employees, partially offset by increased expenditures on unclassified regular employees;
- **Contractual Services.** The agency estimates \$3.7 million, all from special revenue funds, in contractual services expenditures for the Parks program. This is an increase of \$198,900, or 5.6 percent, above the approved amount. The increase is due to increased utility expenditures at campgrounds; and
- **Capital Outlay.** The agency estimates \$650,000, all from special revenue funds, in capital outlay expenditures for the Parks program in FY 2018. This is an increase of \$500,000, or 333.3 percent, above the approved amount. The increase is due to increased expenditures on replacement vehicles and equipment, including mowers and park utility vehicles.

The **Governor** concurs with the agency's revised estimate for the Parks program in FY 2018.

The **agency** requests \$13.0 million, all from special revenue funds, for the Parks program for FY 2019. This is an increase of \$214,086, or 1.7 percent, above the approved amount. The increase is due to increased capital outlay and contractual services expenditures, partially offset by decreased salaries and wages expenditures, all of which are detailed below:

- **Salaries and Wages.** The agency estimates \$7.5 million, all from special revenue funds, in salaries and wages expenditures for the Parks program for FY 2019. This is a decrease of \$187,089, or 2.4 percent, below the approved amount. The agency reports the decrease is due to decreased expenditures on classified temporary employees as the agency transitions some of the expenditures associated with employees to more accurately reflect the parts of the agency in which these employees are working;
- **Contractual Services.** The agency estimates \$3.8 million, all from special revenue funds, in contractual services expenditures for the Parks program for FY 2019. This is an increase of \$201,175, or 5.5 percent, above the approved amount. The increase is due to increased expenditures on utilities at campgrounds; and
- **Capital Outlay.** The agency estimates \$350,000, all from special revenue funds, in capital outlay expenditures for the Parks program for FY 2019. This is an increase of \$200,000, or 133.3 percent, above the approved amount. The increase is due to increased expenditures on vehicle replacements.

The **Governor** recommends \$12.8 million, all from special revenue funds, for the Parks program for FY 2019. This is a decrease of \$200,000, or 1.5 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request of \$200,000 for replacement vehicles and equipment for the Parks program.

## ***G. Fish and Wildlife***

The Fish and Wildlife program is divided into three sections: Fisheries, Wildlife, and Public Lands. The Fisheries section is responsible for three activities: fish culture, fisheries management, and fisheries research and surveys. The Wildlife section conducts research, surveys, and wildlife management. The Public Lands section is responsible for the habitat management of 373,000 acres of public land and water.



| <b>FISH &amp; WILDLIFE</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                      |                        |                      |                        |                      |
|--------------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                           | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                           |                      |                        |                      |                        |                      |
| Salaries and Wages                                                             | \$ 10,425,098        | \$ 10,942,872          | \$ 10,942,872        | \$ 11,267,885          | \$ 11,267,885        |
| Contractual Services                                                           | 10,496,536           | 8,954,420              | 8,954,420            | 10,695,420             | 10,695,420           |
| Commodities                                                                    | 3,486,832            | 5,096,109              | 5,096,109            | 5,196,109              | 5,196,109            |
| Capital Outlay                                                                 | 1,719,394            | 900,816                | 900,816              | 1,005,816              | 1,005,816            |
| Debt Service                                                                   | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                   | <i>\$ 26,127,860</i> | <i>\$ 25,894,217</i>   | <i>\$ 25,894,217</i> | <i>\$ 28,165,230</i>   | <i>\$ 28,165,230</i> |
| Aid to Local Units                                                             | 0                    | 265,000                | 265,000              | 265,000                | 265,000              |
| Other Assistance                                                               | 3,136                | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                                                   | <b>\$ 26,130,996</b> | <b>\$ 26,159,217</b>   | <b>\$ 26,159,217</b> | <b>\$ 28,430,230</b>   | <b>\$ 28,430,230</b> |
| <b>Financing:</b>                                                              |                      |                        |                      |                        |                      |
| State General Fund                                                             | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                | 26,130,996           | 26,159,217             | 26,159,217           | 28,430,230             | 28,430,230           |
| <b>TOTAL</b>                                                                   | <b>\$ 26,130,996</b> | <b>\$ 26,159,217</b>   | <b>\$ 26,159,217</b> | <b>\$ 28,430,230</b>   | <b>\$ 28,430,230</b> |
| FTE Positions                                                                  | 144.0                | 144.0                  | 144.0                | 144.0                  | 144.0                |

The **agency** requests \$26.2 million, all from special revenue funds, for the Fish and Wildlife program in FY 2018. This is an increase of \$437,514, or 1.7 percent, above the approved amount. The increase is due to increased expenditures on salaries and wages and contractual services, both of which are detailed below:

- **Salaries and Wages.** The agency estimates \$10.9 million, all from special revenue funds, in salaries and wages expenditures for the Fish and Wildlife program in FY 2018. This is an increase of \$137,514, or 1.3 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature; and
- **Contractual Services.** The agency estimates \$9.0 million, all from special revenue funds, in contractual services expenditures for the Fish and Wildlife program in FY 2018. This is an increase of \$300,000, or 2.0 percent, above the approved amount. The increase is due to increased OITS expenditures.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests \$28.4 million, all from special revenue funds, for the Fish and Wildlife program for FY 2019. This is an increase of \$2.6 million, or 9.9 percent, above the approved amount. The increase is due to increased expenditures on salaries and wages, contractual services, commodities, and capital outlay, all of which are detailed below:

- **Salaries and Wages.** The agency estimates \$11.3 million, all from special revenue funds, in salaries and wages expenditures for the Fish and Wildlife program for FY 2019. This is an increase of \$246,743, or 2.2 percent, above the approved amount. The agency reports the increase is due to proposed salary increases for employees who did not receive the 2.5 percent increase established by the 2017 Legislature;

- **Contractual Services.** The agency estimates \$10.7 million, all from special revenue funds, in contractual services for the Fish and Wildlife program for FY 2019. This is an increase of \$2.0 million, or 23.6 percent, above the approved amount. The increase is due to increased expenditures on the Walk-In Hunting Access program and dam repairs;
- **Commodities.** The agency estimates \$5.2 million, all from special revenue funds, in commodities for the Fish and Wildlife program for FY 2019. This is an increase of \$100,000, or 2.0 percent, above the approved amount. The increase is due to increased expenditures on fuel and the fish stocking program; and
- **Capital Outlay.** The agency estimates \$1.0 million, all from special revenue funds, in capital outlay for the Fish and Wildlife program for FY 2019. This is an increase of \$175,000, or 21.1 percent, above the approved amount. The increase is due to increased expenditures on new and replacement vehicles.

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

## H. Grants

The Grants program administers a number of local aid and assistance programs to encourage local units of government to improve outdoor recreation opportunities. There are two federal grant programs: the National Rails to Trails Grant program and the Land and Water Conservation Fund Grant program. The Grants program also administers four state grant programs: Community Lake Assistance, Outdoor Wildlife Learning Sites, Shooting Ranges, and Boating Access. The Grants program includes funding for projects and programs for local units of government and for organizations. The agency serves as the entity administering the distribution of state and federal funds related to wildlife, parks, and recreation.

| GRANTS<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|-----------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                |                     |                        |                      |                        |                      |
| Salaries and Wages                                  | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Contractual Services                                | 0                   | 0                      | 0                    | 0                      | 0                    |
| Commodities                                         | 0                   | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                                      | 0                   | 0                      | 0                    | 0                      | 0                    |
| Debt Service                                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                        | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| Aid to Local Units                                  | 1,531,721           | 1,125,000              | 1,125,000            | 1,125,000              | 1,125,000            |
| Other Assistance                                    | 101,142             | 70,000                 | 70,000               | 70,000                 | 70,000               |
| <b>TOTAL</b>                                        | <b>\$ 1,632,863</b> | <b>\$ 1,195,000</b>    | <b>\$ 1,195,000</b>  | <b>\$ 1,195,000</b>    | <b>\$ 1,195,000</b>  |
| <b>Financing:</b>                                   |                     |                        |                      |                        |                      |
| State General Fund                                  | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                     | 1,632,863           | 1,195,000              | 1,195,000            | 1,195,000              | 1,195,000            |
| <b>TOTAL</b>                                        | <b>\$ 1,632,863</b> | <b>\$ 1,195,000</b>    | <b>\$ 1,195,000</b>  | <b>\$ 1,195,000</b>    | <b>\$ 1,195,000</b>  |
| FTE Positions                                       | 0.0                 | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests \$1.2 million, all from special revenue funds, for the Grants program in FY 2018. This is no change from the approved amount.

The **Governor** concurs with the agency's revised estimate for the Grants program in FY 2018.

The **agency** requests \$1.2 million, all from special revenue funds, for the Grants program for FY 2019. This is no change from the approved amount.

The **Governor** concurs with the agency's revised estimate for the Grants program for FY 2019.

## CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS                  |                        |                      |                        |                      |
|---------------------------------------|------------------------|----------------------|------------------------|----------------------|
| Project                               | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Rehabilitation & Repair               | \$ 13,501,250          | \$ 13,501,250        | \$ 9,717,000           | \$ 9,717,000         |
| Land acquisition                      | 400,000                | 400,000              | 400,000                | 400,000              |
| Cabin site preparation                | 300,000                | 300,000              | 300,000                | 300,000              |
| Trail development                     | 1,922,000              | 1,922,000            | 1,922,000              | 1,922,000            |
| Shooting range development            | 300,000                | 300,000              | 300,000                | 300,000              |
| River access                          | 25,000                 | 25,000               | 25,000                 | 25,000               |
| Wetlands acquisition &<br>development | 650,000                | 650,000              | 650,000                | 650,000              |
| Boating access & safety               | 1,253,750              | 1,253,750            | 1,735,000              | 1,735,000            |
| Coast Guard                           | 50,000                 | 50,000               | 130,000                | 130,000              |
| Fishing lakes projects                | 0                      | 0                    | 125,000                | 125,000              |
| Debt Service                          | 115,000                | 115,000              | 125,000                | 125,000              |
| <b>TOTAL</b>                          | <b>\$ 18,517,000</b>   | <b>\$ 18,517,000</b> | <b>\$ 15,429,000</b>   | <b>\$ 15,429,000</b> |
| <b>Financing:</b>                     |                        |                      |                        |                      |
| State General Fund                    | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                       | 18,517,000             | 18,517,000           | 15,429,000             | 15,429,000           |
| <b>TOTAL</b>                          | <b>\$ 18,517,000</b>   | <b>\$ 18,517,000</b> | <b>\$ 15,429,000</b>   | <b>\$ 15,429,000</b> |

**FY 2018 – Current Year.** The agency requests a revised estimate of \$18.5 million, all from special revenue funds, for capital improvements in FY 2018. This is an increase of \$4.7 million, or 33.8 percent, above the approved amount. The increase is attributable to the trail development and boating access update projects. This request includes the following projects:

- **Rehabilitation and Repair.** The agency estimates \$13.5 million for rehabilitation and repair. This request includes repairs to the Clark State Fishing Lake dam and the Woodson County dam;
- **Land Acquisition.** The agency estimates \$400,000 for land acquisition in FY 2018;
- **Cabin Site Preparation.** The agency estimates \$300,000 for cabin site preparation in FY 2018;
- **Trail Development.** The agency estimates \$1.9 million for increasing and improving trails;
- **Shooting Range Development.** The agency estimates \$300,000 for the development of shooting ranges in FY 2018;
- **River Access.** The agency estimates \$25,000 for increasing access to rivers;

- **Wetlands Acquisition and Development.** The agency estimates \$650,000 for the acquisition and development of wetland acreage;
- **Boating Access and Safety.** The agency estimates \$1.3 million for federally mandated boating access and boating safety; and
- **Coast Guard.** The agency estimates \$50,000 for construction of boat storage related to law enforcement on the water.

The **Governor** concurs with the agency's revised estimate in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests \$15.4 million, all from special revenue funds, for capital improvements for FY 2019. This is an increase of \$4.5 million, or 41.6 percent, above the approved amount. The increase is due to increased expenditures on trail development, buildings, and boating access. This request includes the following projects:

- **Rehabilitation and Repair.** The agency estimates \$9.7 million for rehabilitation and repair;
- **Land Acquisition.** The agency estimates \$400,000 for land acquisition;
- **Cabin Site Development.** The agency estimates \$300,000 for cabin site preparation;
- **Trail Development.** The agency estimates \$1.9 million for increasing and improving trails;
- **Shooting Range Development.** The agency estimates \$300,000 for the development of shooting ranges;
- **River Access.** The agency estimates \$25,000 for increasing access to rivers;
- **Wetlands Acquisition and Development.** The agency estimates \$650,000 for the acquisition and development of wetland acreage;
- **Boating Access and Safety.** The agency estimates \$1.7 million for federally mandated boating access, as well as boating safety;
- **Coast Guard.** The agency estimates \$50,000 for construction of boat storage related to law enforcement on the water; and
- **Fishing lakes projects.** The agency estimates \$125,000 for projects at the state fishing lakes.

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

| PERFORMANCE MEASURES                                                                            |                          |                   |                      |                      |
|-------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                         | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Percentage of Federal Aid funds claimed                                                         | N/A                      | 94.0%             | 94.0%                | 94.0%                |
| Number of permits and licenses issued:                                                          |                          |                   |                      |                      |
| Deer permits                                                                                    | 210,000                  | 190,144           | 210,000              | 210,000              |
| Fishing Licenses (resident and non-resident)                                                    | 270,000                  | 252,809           | 270,000              | 270,000              |
| Hunting licenses (resident and non-resident)                                                    | 130,000                  | 142,992           | 130,000              | 130,000              |
| Annual park use permits                                                                         | 125,000                  | 140,125           | 125,000              | 125,000              |
| KANSAS! Magazine subscriptions                                                                  | 29,732                   | 22,000            | 25,000               | 27,000               |
| Number of grants awarded                                                                        | 5                        | 5                 | 5                    | 5                    |
| Travel Information Center visitation                                                            | 240,000                  | 211,156           | 240,000              | 250,000              |
| Magazine revenue                                                                                | \$554,178                | \$452,840         | \$475,000            | \$495,000            |
| Number of contacts with sportsmen                                                               | 40,200                   | 40,200            | 42,000               | 42,000               |
| Number of wildlife license, boating safety, and<br>registration checks per conservation officer | 700                      | 700               | 700                  | 700                  |
| Compliance rate with laws and regulations for Boating                                           | 65.0%                    | 65.0%             | 70.0%                | 75.0%                |
| Compliance rate with laws and regulations for Wildlife                                          | 95.0%                    | 95.0%             | 95.0%                | 95.0%                |
| Percentage of campers satisfied with overall camping<br>experience                              | 82.0%                    | 82.0%             | 82.0%                | 84.0%                |
| Percent of campers satisfied with overall day use<br>experience                                 | 82.0%                    | 82.0%             | 84.0%                | 84.0%                |
| Percent of campsites utilized                                                                   | 82.0%                    | 80.0%             | 82.0%                | 84.0%                |
| Number of days parks are open                                                                   | 300                      | 350               | 350                  | 350                  |
| Number of volunteer hours                                                                       | 55,000                   | 54,000            | 55,000               | 58,000               |
| Number of wildlife population surveys conducted                                                 | 30                       | 30                | 30                   | 30                   |
| Number of hunter surveys conducted                                                              | 10                       | 10                | 10                   | 10                   |
| Number of landowner surveys conducted                                                           | 5                        | 5                 | 5                    | 5                    |
| Percent of deer hunters satisfied with associated<br>management program                         | 80.0%                    | 80.0%             | 80.0%                | 80.0%                |
| Percent of landowners satisfied with deer management<br>program                                 | 60.0%                    | 60.0%             | 70.0%                | 70.0%                |
| Percent of turkey hunters satisfied with associated<br>management program                       | 85.0%                    | 85.0%             | 85.0%                | 85.0%                |
| Percent of landowners satisfied with the turkey<br>management program                           | 70.0%                    | 70.0%             | 70.0%                | 70.0%                |
| Number of acres affected by Upland Gamebird Habitat<br>Program                                  | 115,000                  | 115,000           | 135,000              | 145,000              |
| Number of acres in Walk-in Hunting Program                                                      | 1,100,000                | 1,100,000         | 1,150,000            | 1,250,000            |

# KANSAS WATER OFFICE

| Expenditure             | Actual<br>FY 2017           | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019      | Gov. Rec.<br>FY 2019       |
|-------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|
| Operating Expenditures: |                             |                            |                            |                             |                            |
| State General Fund      | \$ 904,576                  | \$ 874,577                 | \$ 874,577                 | \$ 1,138,780                | \$ 881,530                 |
| Other Funds             | 11,220,071                  | 7,720,511                  | 7,120,511                  | 14,481,815                  | 6,481,815                  |
| <i>Subtotal</i>         | <i>\$ 12,124,647</i>        | <i>\$ 8,595,088</i>        | <i>\$ 7,995,088</i>        | <i>\$ 15,620,595</i>        | <i>\$ 7,363,345</i>        |
| Capital Improvements:   |                             |                            |                            |                             |                            |
| State General Fund      | \$ 0                        | \$ 0                       | \$ 0                       | \$ 0                        | \$ 0                       |
| Other Funds             | 0                           | 0                          | 0                          | 0                           | 0                          |
| <i>Subtotal</i>         | <i>\$ 0</i>                 | <i>\$ 0</i>                | <i>\$ 0</i>                | <i>\$ 0</i>                 | <i>\$ 0</i>                |
| <b>TOTAL</b>            | <b><u>\$ 12,124,647</u></b> | <b><u>\$ 8,595,088</u></b> | <b><u>\$ 7,995,088</u></b> | <b><u>\$ 15,620,595</u></b> | <b><u>\$ 7,363,345</u></b> |

## Percentage Change:

### Operating Expenditures

|                    |          |         |         |        |       |
|--------------------|----------|---------|---------|--------|-------|
| State General Fund | (19.3) % | (3.3) % | (3.3) % | 30.2 % | 0.8 % |
| All Funds          | 16.7     | (29.1)  | (34.1)  | 81.7   | (7.9) |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| FTE Positions | 16.0 | 21.0 | 21.0 | 21.0 | 21.0 |
|---------------|------|------|------|------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Water Office is the water planning, policy, and coordination agency for the State. The agency, in conjunction with the Kansas Water Authority, develops water policies through an open planning process; facilitates the coordination of agencies' activities regarding water; and operates a raw water marketing program to ensure an adequate supply for the citizens, municipalities, environment, and industries in the state.

Through the agency's operations and the guidance of the Kansas Water Authority, the Kansas Water Office focuses on water policy planning, including developing the State Water Plan, which details the management, conservation, and development of water resources for the state. Working with the 12 major river basins, the agency develops basin planning sections for the State Water Plan, which documents objectives and critical issues occurring in each of the basins. Additionally, the agency provides the coordination function in focusing action on priority issues as identified in the basin sections of the Kansas Water Plan.

In addition, the agency administers the following programs and acts: Assessment and Evaluation program, Water Marketing program, Water Assurance program, Water Conservation program, the public water supply component of the Multipurpose Small Lakes program, the Kansas Water Planning Act, State Water Plan Storage Act, Kansas Weather Modification Act,

portions of the Water Appropriations Act, and the Water Transfer Act. The agency also negotiates with the federal government for water supply storage in federal lakes.

The Kansas Water Authority provides water policy advice to the Governor, Legislature, and the Director of the Kansas Water Office. The 24-member board is responsible for approving water storage sales, the State Water Plan, federal contracts, and regulations and legislation proposed by the Kansas Water Office.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **2007 Legislature** added \$500,000 from the State Water Plan Fund to address Neosho River Basin issues, such as sedimentation and water quality problems that have emerged within the Neosho Basin Watershed in recent years. The funding will be utilized as follows: \$300,000 for John Redmond reservoir pool raise mitigation required by the U.S. Corps of Engineers for a two-foot permanent pool raise; \$150,000 for the Marion reservoir for a feasibility study related to addressing sedimentation and algae bloom issues; and \$50,000 for a riparian area inventory of areas below Marion and Council Grove reservoirs to the upper reaches of John Redmond reservoir. In addition, the Legislature added additional funding for weather modification, weather stations, technical assistance to water users, and for memorandum of understanding (MOU)—Storage Operations and Maintenance.

The **2008 Legislature** transferred the balance of the Water Conservation Projects Fund (\$9,134,446) and \$739,964 from the State Water Plan Fund in FY 2008 to a new fund called the Western Water Conservation Projects Fund, with guidelines directing the funding to Groundwater Management District No. 3 for oversight of funding projects, and creation of an advisory committee consisting of six ditch companies, and requiring a report by the Groundwater Management District No. 3 every three months on the status of new projects. In addition, the Legislature approved an increased transfer from the Economic Development Initiatives Fund of \$1,043,985 to avert a negative ending balance in the State Water Plan Fund. The Legislature also approved \$534,000, all from the State General Fund, in FY 2009 for a new fund called the Reservoir Storage Beneficial Use Fund.

The **2009 Legislature** approved the transfer of \$2.0 million from the State General Fund to the State Water Plan Fund for FY 2009 and suspended the \$6.0 million statutory transfer from the State General Fund to the State Water Plan Fund for both FY 2009 and FY 2010. For FY 2010, the Legislature approved the transfer of \$3.3 million from the State General Fund to the State Water Plan Fund. The agency's FY 2010 State Water Plan Fund expenditures were increased by \$825,487. The Governor's July 2009 allotments eliminated the FY 2010 transfer approved by the Legislature and expenditures based on the increased transfer were reduced accordingly.

The **2010 Legislature** approved the transfer of \$1.3 million from the State General Fund to the State Water Plan Fund for FY 2011 and that it be appropriated for four specific programs: Contamination Remediation (\$226,161); Treece Superfund Buyout (\$350,000); Interstate Water Issues (\$137,945); and Aid to Conservation Districts (\$634,138). The 2010 Legislature also changed the expenditure limitation for the State Conservation Storage Water Supply Fund from \$0 to no limit for FY 2011.

The **2011 Legislature** suspended the \$6.0 million demand transfer to the State Water Plan Fund. The Legislature added funding for the Wichita Aquifer Storage and Recovery Project (\$11,390) and the MOU with the Army Corps of Engineers (\$80,702). Those additions were offset by reductions for technical assistance for water users (\$25,000), assessment evaluation (\$16,702), and several universal reductions (\$72,274).



The **2012 Legislature** added \$500,000, all from the Expanded Lottery Act Revenues Fund, for FY 2013 for the Wichita Aquifer Storage and Recovery project and \$40,000, all from the State Water Plan Fund, for Water Resource Education. The funding was vetoed subsequently by the Governor. The Legislature also added \$200,000, all from the State Water Plan Fund, for FY 2013 for the weather modification program contingent upon ten counties participating in the project. The 2012 Legislature suspended the \$6.0 million transfer from the State Water Plan Fund.

The **2013 Legislature** added \$100,000, all from the State Water Plan Fund, for the Weather Modification program in FY 2014.

In **2013**, the **Governor** charged the agency with leading the development of a 50-year vision for water in Kansas. The vision will be incorporated into the Kansas Water Plan. The agency will conduct multiple meetings with stakeholders through March of 2014 and produce a first draft of the 50-year vision in the summer of that year. The agency intends for the vision to be completed by November 2014.

The **2014 Legislature** deleted \$419,000, all from the Water Marketing Fund, to reduce FY 2015 bond payments for the John Redmond Reservoir dredging project from \$2,109,400 to \$1,690,400.

The **2015 Legislature** added \$400,000 for both FY 2016 and FY 2017, all from the State Water Plan Fund, for streambank stabilization.

The **Governor's May 2016 allotment** deleted \$250,000, all from the State General Fund, and added \$250,000, all from the Water Marketing Fund, for FY 2017.

The **2016 Legislature** deleted \$8,262, including \$5,731 from the State General Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017.

The **2017 Legislature** transferred \$1.2 million, all from the State General Fund, to the State Water Plan Fund for FY 2018. The Legislature also added \$1.0 million, all from the State Water Plan Fund, for streambank stabilization for FY 2018. It also added \$100,000, all from the State Water Plan Fund, for a Kansas River Alluvial aquifer observation well network and \$100,000, all from the State Water Plan Fund, for reservoir bathymetric surveys and biological research, for FY 2018.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$8.6 million, including \$874,577 from the State General Fund, in FY 2018. This is an increase of \$792,477, or 10.2 percent, above the approved amount. There is no change to the State General Fund estimate. This increase is largely due to two supplemental requests totaling \$600,000, all from the State Water Plan Fund, for water conservation projects, pay increases for employees who were not eligible for the increases that the 2017 Legislature approved, and \$190,498 in reappropriation to the State Water Plan Fund of unspent money from FY 2017.

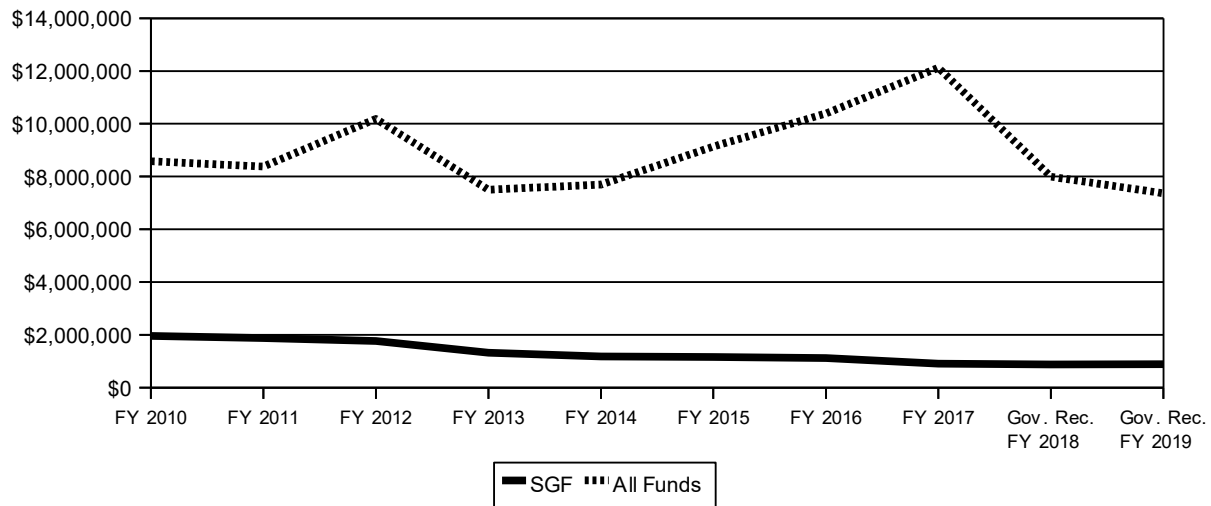
The **Governor** recommends FY 2018 expenditures of \$8.0 million, including \$874,577 from the State General Fund. There is no change to the State General Fund amount. This is an all funds decrease of \$600,000, or 8.6 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending the agency's supplemental requests in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$15.6 million, including \$1.1 million from the State General Fund, for FY 2019. This is an overall increase of \$9.0 million, or 136.6 percent, and a State General Fund increase of \$257,250, or 29.2 percent, above the approved amount. The overall increase is due to supplemental requests totaling \$8.0 million for projects relating to the implementation of the Governor’s Water Vision strategic plan. The increase in the State General Fund request is due to a supplemental request for expenditures related to filling three vacant positions.

The **Governor** recommends FY 2019 expenditures of \$7.4 million, including \$881,530 from the State General Fund. The Governor does not recommend the State General Fund supplemental amount of \$257,250. This is an all funds decrease of \$8.3 million, or 52.9 percent, below the agency’s revised estimate. The decrease is due to the Governor not recommending the agency’s supplemental requests for FY 2019.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF            | % Change | All Funds      | % Change | FTE   |
|---------------------------------|----------------|----------|----------------|----------|-------|
| 2010                            | \$ 1,962,416   | (11.9)%  | \$ 8,578,248   | (52.9)%  | 24.5  |
| 2011                            | 1,879,209      | (4.2)    | 8,377,752      | (2.3)    | 22.0  |
| 2012                            | 1,762,575      | (6.2)    | 10,182,947     | 21.5     | 22.0  |
| 2013                            | 1,319,859      | (25.1)   | 7,500,801      | (26.3)   | 19.0  |
| 2014                            | 1,182,230      | (10.4)   | 7,694,691      | 2.6      | 21.0  |
| 2015                            | 1,158,682      | (2.0)    | 9,136,814      | 18.7     | 18.0  |
| 2016                            | 1,120,859      | (3.3)    | 10,389,076     | 13.7     | 20.5  |
| 2017                            | 904,576        | (19.3)   | 12,124,647     | 16.7     | 16.0  |
| 2018 Gov. Rec.                  | 874,577        | (3.3)    | 7,995,088      | (34.1)   | 21.0  |
| 2019 Gov. Rec.                  | 881,530        | 0.8      | 7,363,345      | (7.9)    | 21.0  |
| Ten-Year Change Dollars/Percent | \$ (1,080,886) | (55.1)%  | \$ (1,214,903) | (14.2)%  | (3.5) |

## Summary of Operating Budget FY 2017 - FY 2019

|                                 |               | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                 |                                |                                 |
|---------------------------------|---------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-----------------|--------------------------------|---------------------------------|
|                                 |               | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| By Program:                     |               |                     |                     |                                |                                 |                           |                 |                                |                                 |
| Administration                  | \$ 3,722,819  | \$ 1,168,693        | \$ 1,999,566        | \$ 830,873                     | 71.1 %                          | \$ 1,168,693              | \$ 1,742,316    | \$ 573,623                     | 49.1 %                          |
| KS Water Authority              | 31,223        | 3,607,895           | 9,584,986           | 5,977,091                      | 165.7                           | 3,007,895                 | 1,584,986       | (1,422,909)                    | (47.3)                          |
| Water Supply Contracts          | 8,370,605     | 3,818,500           | 4,036,043           | 217,543                        | 5.7                             | 3,818,500                 | 4,036,043       | 217,543                        | 5.7                             |
| TOTAL                           | \$ 12,124,647 | \$ 8,595,088        | \$ 15,620,595       | \$ 7,025,507                   | 81.7 %                          | \$ 7,995,088              | \$ 7,363,345    | \$ (631,743)                   | (7.9)%                          |
| By Major Object of Expenditure: |               |                     |                     |                                |                                 |                           |                 |                                |                                 |
| Salaries and Wages              | \$ 1,470,077  | \$ 1,505,051        | \$ 1,768,812        | \$ 263,761                     | 17.5 %                          | \$ 1,505,051              | \$ 1,534,812    | \$ 29,761                      | 2.0 %                           |
| Contractual Services            | 10,262,573    | 6,980,165           | 13,722,815          | 6,742,650                      | 96.6                            | 6,380,165                 | 5,713,465       | (666,700)                      | (10.4)                          |
| Commodities                     | 82,479        | 77,651              | 78,400              | 749                            | 1.0                             | 77,651                    | 77,800          | 149                            | 0.2                             |
| Capital Outlay                  | 20,920        | 32,221              | 50,568              | 18,347                         | 56.9                            | 32,221                    | 37,268          | 5,047                          | 15.7                            |
| Debt Service                    | 0             | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Subtotal-Operations             | \$ 11,836,049 | \$ 8,595,088        | \$ 15,620,595       | \$ 7,025,507                   | 81.7 %                          | \$ 7,995,088              | \$ 7,363,345    | \$ (631,743)                   | (7.9) %                         |
| Aid to Local Units              | 52,646        | 0                   | 0                   | 0                              | --                              | 0                         | 0               | 0                              | --                              |
| Other Assistance                | 235,952       | 0                   | 0                   | 0                              | 0.0                             | 0                         | 0               | 0                              | --                              |
| TOTAL                           | \$ 12,124,647 | \$ 8,595,088        | \$ 15,620,595       | \$ 7,025,507                   | 81.7 %                          | \$ 7,995,088              | \$ 7,363,345    | \$ (631,743)                   | (7.9)%                          |
| Financing:                      |               |                     |                     |                                |                                 |                           |                 |                                |                                 |
| State General Fund              | \$ 904,576    | \$ 874,577          | \$ 1,138,780        | \$ 264,203                     | 30.2 %                          | \$ 874,577                | \$ 881,530      | \$ 6,953                       | 0.8 %                           |
| State Water Plan Fund           | 2,169,036     | 3,579,197           | 9,556,282           | 5,977,085                      | 167.0                           | 2,979,197                 | 1,556,282       | (1,422,915)                    | (47.8)                          |
| Water Marketing Fund            | 4,784,604     | 3,489,059           | 3,710,772           | 221,713                        | 6.4                             | 3,489,059                 | 3,710,772       | 221,713                        | 6.4                             |
| Federal Funds                   | 540,643       | 31,995              | 0                   | (31,995)                       | (100.0)                         | 31,995                    | 0               | (31,995)                       | (100.0)                         |
| All Other Funds                 | 3,725,788     | 620,260             | 1,214,761           | 594,501                        | 95.8                            | 620,260                   | 1,214,761       | 594,501                        | 95.8                            |
| TOTAL                           | \$ 12,124,647 | \$ 8,595,088        | \$ 15,620,595       | \$ 7,025,507                   | 81.7 %                          | \$ 7,995,088              | \$ 7,363,345    | \$ (631,743)                   | (7.9)%                          |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$874,577 in FY 2018. No adjustments have subsequently been made to that amount.

|                    | CHANGE FROM APPROVED BUDGET        |                               |                                   |                             |                                     |
|--------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                    | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund | \$ 874,577                         | \$ 874,577                    | \$ 0                              | \$ 874,577                  | \$ 0                                |
| All Other Funds    | 6,928,034                          | 7,720,511                     | 792,477                           | 7,120,511                   | 192,477                             |
| <b>TOTAL</b>       | <b>\$ 7,802,611</b>                | <b>\$ 8,595,088</b>           | <b>\$ 792,477</b>                 | <b>\$ 7,995,088</b>         | <b>\$ 192,477</b>                   |
| FTE Positions      | 21.0                               | 21.0                          | 0.0                               | 21.0                        | 0.0                                 |

The **agency** requests \$8.6 million, including \$874,577 from the State General Fund, in FY 2018. This is an increase of \$792,477, or 10.2 percent, above the approved amount. There is no change to the State General Fund estimate from the approved amount. The increase is largely due to \$600,000 in supplemental requests for expenditures on water conservation projects, pay increases for those employees who did not receive the pay increase approved by the 2017 Legislature, and \$190,498 in reappropriation to the State Water Plan Fund. Major changes are detailed below:

- **Salaries and Wages.** The agency's revised FY 2018 estimate includes salary and wage expenditures of \$1.5 million. This is an increase of \$6,076, or 0.4 percent, above the approved amount. The increase is attributable to a slight increase in employer contributions to KPERS; and
- **Contractual Services.** The agency's revised FY 2018 estimate includes contractual services expenditures of \$7.0 million. This is an increase of \$786,396, or 12.7 percent, above the approved amount. The increase is attributable to \$600,000 in supplemental requests for water conservation projects, \$190,498 in SWPF reappropriations for assessment and evaluation and technical assistance, \$100,000 for Republican River Water Conservation Projects, \$54,400 for local water project match funds, and \$31,995 in federal funds for risk management. These increases were partially offset by a reduction of \$190,497 in the Water Marketing Fund due to shifting agency priorities.

The **Governor** recommends FY 2018 expenditures of \$8.0 million, including \$874,577 from the State General Fund. The Governor recommends no change to the State General Fund amount. This is an all funds decrease of \$600,000, or 7.0 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending approval of the agency's FY 2018 supplemental requests.

## Supplemental Detail

| FY 2018 SUPPLEMENTALS               |                 |                   |            |                           |             |            |
|-------------------------------------|-----------------|-------------------|------------|---------------------------|-------------|------------|
| Supplementals                       | Agency Estimate |                   |            | Governor's Recommendation |             |            |
|                                     | SGF             | All Funds         | FTE        | SGF                       | All Funds   | FTE        |
| Milford Lake Watershed RCPP Project | \$ 0            | \$ 200,000        | 0.0        | \$ 0                      | \$ 0        | 0.0        |
| Harmful Algae Bloom Pilot           | 0               | 400,000           | 0.0        | 0                         | 0           | 0.0        |
| <b>TOTAL</b>                        | <b>\$ 0</b>     | <b>\$ 600,000</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 0</b> | <b>0.0</b> |

The **agency** requests \$600,000, all from special revenue funds, for two water conservation projects in FY 2018. It requests \$200,000, all from the State Water Plan Fund, for the Milford Lake Watershed Regional Conservation Partnership Program (RCPP) project and \$400,000 for the Harmful Algae Bloom Pilot project.

In order to implement the Milford Lake Watershed RCPP project and the Harmful Algae Bloom pilot, the agency requests the reinstatement of \$600,000 of the statutorily required \$8.0 million demand transfer into the State Water Plan Fund from the State General Fund and the Economic Development Initiatives Fund in FY 2018.

The **Governor** does not recommend the agency's supplemental requests.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$881,530 for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 881,530                         | \$ 1,138,780                  | \$ 257,250                        | \$ 881,530                  | \$ 0                                |
| All Other Funds             | 5,719,538                          | 14,481,815                    | 8,762,277                         | 6,481,815                   | 762,277                             |
| <b>TOTAL</b>                | <b>\$ 6,601,068</b>                | <b>\$ 15,620,595</b>          | <b>\$ 9,019,527</b>               | <b>\$ 7,363,345</b>         | <b>\$ 762,277</b>                   |
| FTE Positions               | 21.0                               | 21.0                          | 0.0                               | 21.0                        | 0.0                                 |

The **agency** requests a revised estimate of \$15.6 million, including \$1.1 million from the State General Fund, for FY 2019. This is an all funds increase of \$9.0 million, or 136.6 percent, and a State General Fund increase of \$257,250, or 29.2 percent, above the approved amount. The increase is largely due to \$8.0 million in supplemental requests for projects related to the Governor's Water vision strategic plan and \$257,250 from the State General Fund for expenditures to fill three vacant positions.

Major changes are detailed below:

- **Salaries and Wages.** The agency's revised FY 2019 estimate includes salary and wage expenditures of \$1.8 million. This is an all funds increase of \$240,076, or 15.7 percent, including \$233,991 from the State General Fund, or 28.8 percent, above the approved amount. This increase is attributable to increased expenditures to fill three vacant positions;
- **Contractual Services.** The agency's revised FY 2019 estimate includes contractual services expenditures of \$13.7 million. This is an all funds increase of \$8.8 million, or 176.8 percent, including \$9,352, or 13.9 percent, from the State General Fund, above the approved amount. The increase is largely attributable to expenditures related to projects to implement the Governor's Water Vision strategic plan, as well as travel and OITS expenses for three new hires; and
- **Capital Outlay.** The agency's revised FY 2019 estimate includes capital outlay expenditures of \$50,568. This is an increase of \$13,308, all from the State General Fund, or 35.7 percent, above the approved amount. The increase is attributable to expenditures on computers, software, and office space for three new hires.

The **Governor** recommends FY 2019 expenditures of \$7.4 million, including \$881,530 from the State General Fund. The Governor recommends no change to the approved amount from the State General Fund. This is an all funds decrease of \$8.3 million, or 52.9 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending the agency's FY 2019 supplemental requests.

## Supplemental Detail

| FY 2019 SUPPLEMENTALS                       |                   |                     |            |                           |             |            |
|---------------------------------------------|-------------------|---------------------|------------|---------------------------|-------------|------------|
| Supplementals                               | Agency Estimate   |                     |            | Governor's Recommendation |             |            |
|                                             | SGF               | All Funds           | FTE        | SGF                       | All Funds   | FTE        |
| Salaries and Wages to Fill 3 Positions      | \$ 234,000        | \$ 234,000          | 0.0        | \$ 0                      | \$ 0        | 0.0        |
| Travel & OITS                               | 9,350             | 9,350               |            |                           |             |            |
| Office Supplies                             | 600               | 600                 | 0.0        | 0                         | 0           | 0.0        |
| Computers and Office Equipment              | 13,300            | 13,300              | 0.0        | 0                         | 0           | 0.0        |
| Milford Lake Watershed Project              | 0                 | 200,000             | 0.0        | 0                         | 0           | 0.0        |
| Harmful Algae Bloom Project                 | 0                 | 500,000             | 0.0        | 0                         | 0           | 0.0        |
| Vision Strategic Education Plan             | 0                 | 500,000             | 0.0        | 0                         | 0           | 0.0        |
| Watershed Conservation Practice             | 0                 | 1,800,000           | 0.0        | 0                         | 0           | 0.0        |
| Streambank Stabilization                    | 0                 | 1,000,000           | 0.0        | 0                         | 0           | 0.0        |
| Equus Beds Chloride Plume Project           | 0                 | 500,000             | 0.0        | 0                         | 0           | 0.0        |
| Contamination Remediation                   | 0                 | 400,000             | 0.0        | 0                         | 0           | 0.0        |
| Interstate Water Compact Compliance         | 0                 | 100,000             | 0.0        | 0                         | 0           | 0.0        |
| Water Structures Inspections                | 0                 | 200,000             | 0.0        | 0                         | 0           | 0.0        |
| Irrigation Technology                       | 0                 | 1,000,000           | 0.0        | 0                         | 0           | 0.0        |
| Water Technology farms                      | 0                 | 250,000             | 0.0        | 0                         | 0           | 0.0        |
| Vision Implementation Research Coordination | 0                 | 500,000             | 0.0        | 0                         | 0           | 0.0        |
| Telemetry                                   | 0                 | 850,000             | 0.0        | 0                         | 0           | 0.0        |
| Water Leaving the State Evaluation          | 0                 | 200,000             | 0.0        | 0                         | 0           | 0.0        |
| <b>TOTAL</b>                                | <b>\$ 257,250</b> | <b>\$ 8,257,250</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 0</b> | <b>0.0</b> |

The **agency** requests \$8.3 million, including \$257,250 from the State General Fund, in supplemental funding for FY 2019. This supplemental request includes \$257,250, all from the State General Fund, for expenditures related to filling three vacant Water Planner positions. It also includes \$8.0 million in requests for several projects relating to the implementation of the Governor's Water Vision strategic plan.

In order to implement the Water Vision strategic plan, the agency requests reinstatement of the full \$8.0 million demand transfer into the State Water Plan Fund from the State General Fund (\$6.0 million) and the Economic Development Initiatives Fund (\$2.0 million) for FY 2019.

The **Governor** does not recommend the agency's supplemental requests.



## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$640, including \$340 from the State General Fund, and FY 2019 longevity payments total \$680, including \$360 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source        | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|-----------------------|--------------------------------------------|------------------------------------------|
| State General Fund    | 7.3 %                                      | 12.0 %                                   |
| State Water Plan Fund | 61.2                                       | 21.0                                     |
| Water Marketing Fund  | 23.8                                       | 50.4                                     |
| Federal Funds         | 0.0                                        | 0.0                                      |
| All Other Funds       | 8.0                                        | 16.5                                     |
| <b>TOTAL</b>          | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## Water Marketing Fund Analysis

Under the federal Water Supply Act of 1958, federal reservoirs constructed in Kansas for the purpose of flood control were authorized to include storage space for municipal and industrial water supplies. In 1961, the Legislature provided financial assurance for inclusion of water storage in the federal reservoirs constructed in the state. In 1974, the Legislature passed the State Water Plan Storage Act, which authorizes the agency to contract with water purchasers for sale of water from any reservoir included in the Kansas Water Marketing program. The Water Marketing Fund was created by the 1991 Legislature.

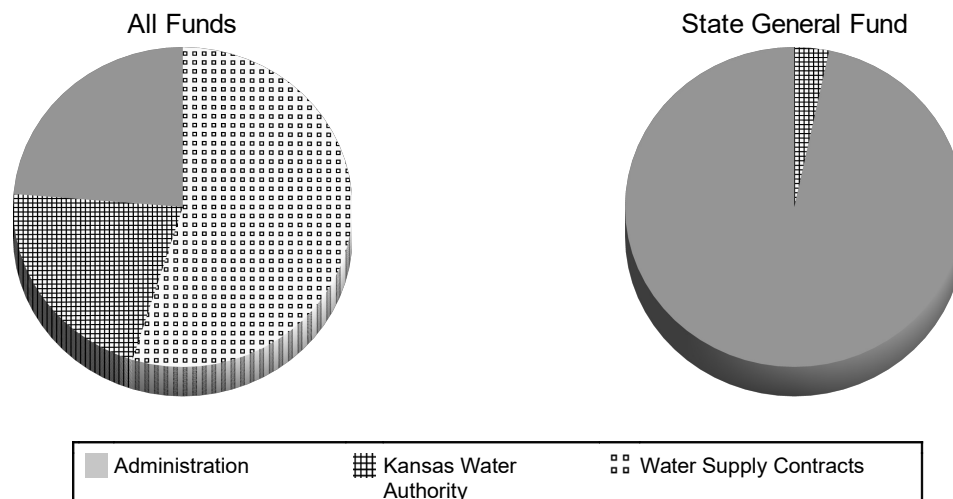
Revenue for the Water Marketing program is generated by the sale of water supplied under contracts with public water suppliers and industries from State-owned storage in federal lakes purchased from the U.S. Army Corps of Engineers. The price for water is set annually according to an established formula and is not negotiable. The Fund is then used to meet the State's contractual water storage obligations to the federal government through transfers to the State Conservation Storage Water Supply Fund and any remaining funds are then transferred to the State General Fund for program administration. The table below summarizes receipts, expenditures, and transfers for the Water Marketing Fund as requested by the agency and as recommended by the Governor.

| Resource Estimate                            | Actual<br>FY 2017               | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018          | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019         |
|----------------------------------------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| Beginning Balance                            | \$ 3,742,188                    | \$ 1,458,435                  | \$ 1,458,435                  | \$ 896,245                    | \$ 904,645                   |
| Revenue                                      | 3,169,960                       | 3,250,591                     | 3,250,591                     | 3,950,781                     | 3,950,781                    |
| Transfers in                                 | 201,918                         | 95,002                        | 95,002                        | 98,802                        | 98,802                       |
| <i>Funds Available</i>                       | <u>\$ 7,114,066</u>             | <u>\$ 4,804,028</u>           | <u>\$ 4,804,028</u>           | <u>\$ 4,945,828</u>           | <u>\$ 4,954,228</u>          |
| Less:                                        |                                 |                               |                               |                               |                              |
| Expenditures                                 | 4,784,604                       | 3,489,059                     | 3,489,059                     | 3,710,772                     | 3,710,772                    |
| Transfers Out                                | 871,027                         | 418,724                       | 410,324                       | 418,724                       | 411,074                      |
| Off Budget Expenditures                      | 0                               | 0                             | 0                             | 0                             | 0                            |
| <b>Ending Balance</b>                        | <b><u>\$ 1,458,435</u></b>      | <b><u>\$ 896,245</u></b>      | <b><u>\$ 904,645</u></b>      | <b><u>\$ 816,332</u></b>      | <b><u>\$ 832,382</u></b>     |
| Ending Balance as Percent of<br>Expenditures | 30.5%                           | 25.7%                         | 25.9%                         | 22.0%                         | 22.4%                        |
| Month Highest Ending<br>Balance              | February<br><u>\$ 3,144,297</u> | March<br><u>\$ 3,012,647</u>  | March<br><u>\$ 3,012,647</u>  | March<br><u>\$ 3,106,388</u>  | March<br><u>\$ 3,106,388</u> |
| Month Lowest Ending<br>Balance               | November<br><u>\$ 165,261</u>   | November<br><u>\$ 127,771</u> | November<br><u>\$ 127,771</u> | October<br><u>\$ 239,102</u>  | October<br><u>\$ 239,102</u> |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program                | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration         | \$ 1,742,316                      | 23.7 %              | \$ 852,826                  | 96.7 %              |
| Kansas Water Authority | 1,584,986                         | 21.5                | 28,704                      | 3.3                 |
| Water Supply Contracts | 4,036,043                         | 54.8                | 0                           | 0.0                 |
| <b>TOTAL</b>           | <b>\$ 7,363,345</b>               | <b>100.0 %</b>      | <b>\$ 881,530</b>           | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program                | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration         | 10.5              | 12.5                   | 12.5                 | 12.5                   | 12.5                 |
| KS Water Authority     | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| Water Supply Contracts | 5.5               | 8.5                    | 8.5                  | 8.5                    | 8.5                  |
| <b>TOTAL</b>           | <b>16.0</b>       | <b>21.0</b>            | <b>21.0</b>          | <b>21.0</b>            | <b>21.0</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Administration

The Kansas Water Office is the water planning, policy, and coordination agency for the State of Kansas. It prepares a state plan of water resources development, management, and conservation, reviews all water laws, and makes recommendations to the Governor and Legislature for new or amendatory legislation. The Office administers the Kansas Water Planning Act, State Water Plan Storage Act, Water Assurance Program Act, Kansas Weather Modification Act, and portions of the Water Appropriations Act and Water Transfer Act. The agency also is responsible for monitoring conditions related to drought, development of water conservation plan guidelines, and the collection and compilation of data related to water resources at state agencies.

| ADMINISTRATION                            |                     |                        |                      |                        |                      |
|-------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
| Item                                      | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                      |                     |                        |                      |                        |                      |
| Salaries and Wages                        | \$ 879,947          | \$ 794,729             | \$ 794,729           | \$ 1,040,664           | \$ 806,664           |
| Contractual Services                      | 2,473,494           | 297,292                | 297,292              | 868,202                | 858,852              |
| Commodities                               | 76,115              | 60,851                 | 60,851               | 61,600                 | 61,000               |
| Capital Outlay                            | 6,002               | 15,821                 | 15,821               | 29,100                 | 15,800               |
| Debt Service                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>              | <i>\$ 3,435,558</i> | <i>\$ 1,168,693</i>    | <i>\$ 1,168,693</i>  | <i>\$ 1,999,566</i>    | <i>\$ 1,742,316</i>  |
| Aid to Local Units                        | 52,646              | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                          | 234,615             | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                              | <b>\$ 3,722,819</b> | <b>\$ 1,168,693</b>    | <b>\$ 1,168,693</b>  | <b>\$ 1,999,566</b>    | <b>\$ 1,742,316</b>  |
| <b>Financing:</b>                         |                     |                        |                      |                        |                      |
| State General Fund                        | \$ 873,835          | \$ 845,879             | \$ 845,879           | \$ 1,110,076           | \$ 852,826           |
| All Other Funds                           | 2,848,984           | 322,814                | 322,814              | 889,490                | 889,490              |
| <b>TOTAL</b>                              | <b>\$ 3,722,819</b> | <b>\$ 1,168,693</b>    | <b>\$ 1,168,693</b>  | <b>\$ 1,999,566</b>    | <b>\$ 1,742,316</b>  |
| FTE Positions                             | 10.5                | 12.5                   | 12.5                 | 12.5                   | 12.5                 |

The **agency** requests \$1.2 million, including \$845,879 from the State General Fund, for the Administration program in FY 2018. This is a decrease of \$2.2 million, or 65.6 percent, below the approved amount. The agency also requests 12.5 FTE positions in FY 2018. This is a decrease of 0.5 FTE positions below the approved number. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$794,729 in salary and wage expenditures for the Administration program in FY 2018. This is an increase of \$7,085, or 0.9 percent, above the approved amount. This increase is due to increased employer contributions for KPERS; and
- **Contractual Services.** The agency requests \$297,292 in contractual services expenditures for the Administration program in FY 2018. This is a decrease of \$2.2 million, or 88.3 percent, below the approved amount. This decrease is due to a shift of funds from the Administration program into the Kansas Water Authority program for expenditures related to KWA projects.

The **Governor** concurs with the agency's FY 2018 revised estimate for the Administration program.

The **agency** requests \$2.0 million, including \$1.1 million from the State General Fund, in expenditures for the Administration program for FY 2019. This is a decrease of \$185,756, or 8.5 percent, including a State General Fund increase of \$264,336, or 31.3 percent, from the approved amount. The agency also requests 12.5 FTE positions for FY 2019. This is a decrease of 0.5 FTE positions below the approved number. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$1.0 million in salary and wage expenditures for the Administration program for FY 2019. This is an increase of \$241,079, all from the State General Fund, or 30.2 percent, above the approved amount. This increase is due to increased expenditures associated with filling three vacant Water Resource Planner positions, as well as increased expenditures for employer contributions to KPERS benefits;
- **Contractual Services.** The agency requests \$868,202 in contractual services expenditures for the Administration program for FY 2019. This is a decrease of \$440,743, or 33.7 percent, and a State General Fund increase of \$9,350, or 20.7 percent, from the approved amount. This decrease is largely due to a shift of \$1.2 million from the Administration program into the Kansas Water Authority program. The decrease is partially offset by increased expenditures on contractual services.

The **Governor** recommends FY 2019 expenditures of \$1.7 million, including \$852,826 from the State General Fund for the Administration program. This is an all funds decrease of \$257,250, or 12.9 percent, and a State General Fund decrease of \$257,250, or 23.2 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending approval of the agency's FY 2019 supplemental requests.

## ***B. Kansas Water Authority***

The Kansas Water Authority is statutorily within the Kansas Water Office. The Authority is responsible for advising the Governor, the Legislature, and the Director of the Kansas Water Office on water policy issues for approving the Kansas Water Plan, accounting for and making recommendations on the expenditures of State Water Plan Funds, and approving water storage sales, water marketing rate setting, federal contracts, administrative regulations, and legislation proposed by the Kansas Water Office. The Authority is comprised of 24 members that represent stakeholder groups and are informed of water-related issues representing water users, water interests, environmental interests, and the general public.

| KANSAS WATER AUTHORITY                    |                   |                        |                      |                        |                      |
|-------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
| Item                                      | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                      |                   |                        |                      |                        |                      |
| Salaries and Wages                        | \$ 2,775          | \$ 4,945               | \$ 4,945             | \$ 4,948               | \$ 4,948             |
| Contractual Services                      | 27,790            | 3,602,950              | 3,002,950            | 9,580,038              | 1,580,038            |
| Commodities                               | 658               | 0                      | 0                    | 0                      | 0                    |
| Capital Outlay                            | 0                 | 0                      | 0                    | 0                      | 0                    |
| Debt Service                              | 0                 | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations                     | \$ 31,223         | \$ 3,607,895           | \$ 3,007,895         | \$ 9,584,986           | \$ 1,584,986         |
| Aid to Local Units                        | 0                 | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                          | 0                 | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                              | <b>\$ 31,223</b>  | <b>\$ 3,607,895</b>    | <b>\$ 3,007,895</b>  | <b>\$ 9,584,986</b>    | <b>\$ 1,584,986</b>  |
| <b>Financing:</b>                         |                   |                        |                      |                        |                      |
| State General Fund                        | \$ 30,741         | \$ 28,698              | \$ 28,698            | \$ 28,704              | \$ 28,704            |
| All Other Funds                           | 482               | 3,579,197              | 2,979,197            | 9,556,282              | 1,556,282            |
| <b>TOTAL</b>                              | <b>\$ 31,223</b>  | <b>\$ 3,607,895</b>    | <b>\$ 3,007,895</b>  | <b>\$ 9,584,986</b>    | <b>\$ 1,584,986</b>  |
| FTE Positions                             | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |

The **agency** requests \$3.6 million, including \$28,698 from the State General Fund, for the Kansas Water Authority in FY 2018. This is an all funds increase of \$3.6 million, or 12,471.5 percent, and a State General Fund decrease of \$1, or less than 0.1 percent, from the approved amount. The increase is attributable to a shift of requested State Water Plan Funds out of the Administration program and into the Kansas Water Authority program. The increase is also due to \$600,000 in supplemental requests for projects relating to the Water Vision strategic plan. Major changes are detailed below:

- **Contractual Services.** The agency requests \$3.6 in contractual services expenditures for the Kansas Water Authority program in FY 2018. This is an increase of \$3.6 million, or 15,068.4 percent, above the approved amount. The increase is attributable to a shift of requested State Water Plan Funds out of the Administration program and into the Kansas Water Authority program. The increase is also due to \$600,000 in supplemental requests for projects relating to the Water Vision strategic plan.

The **Governor** recommends FY 2018 expenditures of \$3.0 million, including \$28,698 from the State General Fund, for the Kansas Water Authority program. The Governor recommends no change to the approved amount from the State General Fund. This is an all funds decrease of \$600,000, or 16.6 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending approval of the agency's FY 2018 supplemental requests.

The **agency** requests \$9.6 million, including \$28,704 from the State General Fund, for the Kansas Water Authority for FY 2019. This is an increase of \$9.6 million, or 3,329.2 percent, above the approved amount. The increase is attributable to a shift of requested State Water Plan Funds out of the Administration program and into the Kansas Water Authority program. The increase is also due to \$8.0 million in supplemental requests for projects relating to the Water Vision strategic plan.

Major changes are detailed below:

- **Contractual Services.** The agency requests \$9.6 million in contractual services expenditures for the Kansas Water Authority program in FY 2018. This is an increase of \$9.6 million, or 40,230.2 percent, above the approved amount. The increase is attributable to a \$1.2 million shift of requested State Water Plan Funds out of the Administration program and into the Kansas Water Authority program, \$8.0 million in supplemental requests for projects relating to the Water Vision Strategic Plan, and shifting reservoir operations and maintenance costs out of the Water Supply Contracts program and into the Kansas Water Authority program.

The **Governor** recommends FY 2019 expenditures of \$1.6 million, including \$28,704 from the State General Fund, for the Kansas Water Authority program. The Governor recommends no change to the approved amount from the State General Fund. This is an all funds decrease of \$8.0 million, or 83.5 percent, below the agency's revised estimate. The decrease is due to the Governor not recommending approval of the agency's FY 2019 supplemental requests.

### ***C. Water Supply Contracts***

The Water Supply Contracts program administers certain municipal and industrial public water supply programs to ensure an adequate supply of water for all Kansans. These programs include the Water Marketing, Water Assurance, and public water supply components of the Multipurpose Small Lakes (MPSL) program (KSA 82a-1601 *et seq.*). The Kansas Water Office negotiates with the federal government for water supply storage in federal lakes and coordinated reservoir operations to meet multiple uses with that storage benefiting primarily municipal and industrial customers. The Kansas Water Office evaluates proposals for Multipurpose Small Lakes to determine whether the State should build additional storage in lakes to provide water supply for the region.



| WATER SUPPLY CONTRACTS                    |                     |                        |                      |                        |                      |
|-------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
| Item                                      | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                      |                     |                        |                      |                        |                      |
| Salaries and Wages                        | \$ 587,355          | \$ 705,377             | \$ 705,377           | \$ 723,200             | \$ 723,200           |
| Contractual Services                      | 7,761,289           | 3,079,923              | 3,079,923            | 3,274,575              | 3,274,575            |
| Commodities                               | 5,706               | 16,800                 | 16,800               | 16,800                 | 16,800               |
| Capital Outlay                            | 14,918              | 16,400                 | 16,400               | 21,468                 | 21,468               |
| Debt Service                              | 0                   | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations                     | \$ 8,369,268        | \$ 3,818,500           | \$ 3,818,500         | \$ 4,036,043           | \$ 4,036,043         |
| Aid to Local Units                        | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                          | 1,337               | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                              | <b>\$ 8,370,605</b> | <b>\$ 3,818,500</b>    | <b>\$ 3,818,500</b>  | <b>\$ 4,036,043</b>    | <b>\$ 4,036,043</b>  |
| <b>Financing:</b>                         |                     |                        |                      |                        |                      |
| State General Fund                        | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                           | 8,370,605           | 3,818,500              | 3,818,500            | 4,036,043              | 4,036,043            |
| <b>TOTAL</b>                              | <b>\$ 8,370,605</b> | <b>\$ 3,818,500</b>    | <b>\$ 3,818,500</b>  | <b>\$ 4,036,043</b>    | <b>\$ 4,036,043</b>  |
| FTE Positions                             | 5.5                 | 8.5                    | 8.5                  | 8.5                    | 8.5                  |

The **agency** requests \$3.8 million, all from special revenue funds, for the Water Supply Contracts Program in FY 2018. This is a decrease of \$540,863, or 12.4 percent, below the approved amount. The decrease is due to a decrease in contractual services. The agency also requests 8.5 FTE positions for the Water Supply Contracts program, which is 0.5 FTE positions above the approved number. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$705,377 in salary and wage expenditures for the Water Supply Contracts program in FY 2018. This is an increase of \$12,192, or 1.8 percent, above the approved amount. The increase is due to increased employer contributions to KPERS; and
- **Contractual Services.** The agency requests \$3.1 million in contractual services for the Water Supply Contracts program in FY 2018. This is a decrease of \$553,055, or 15.2 percent, below the approved amount. According to the agency, the decrease is due to shifting of \$363,699 in State Water Plan Funds into the Kansas Water Authority from the Water Supply Contracts program, reducing the estimated cost of the streambank stabilization project by \$150,000, and reducing estimated expenditures in contractual services for the Water Supply Contracts program by \$39,356.

The **Governor** concurs with the agency's revised FY 2018 estimate for the Water Supply Contracts program.

The **agency** requests \$4.0 million, all from special revenue funds, for the Water Supply Contracts Program for FY 2019. This is a decrease of \$337,803, or 7.7 percent, below the approved amount. The decrease is due to decreased expenditures on contractual services. The agency also requests 8.5 FTE positions for the Water Supply Contracts program, which is 0.5 FTE positions above the approved amount.

Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$723,200 in salary and wage expenditures for the Water Supply Contracts program for FY 2019. This is an increase of \$12,195, or 1.7 percent, above the approved amount. The increase is due to increased employer contributions to KPERS; and
- **Contractual Services.** The agency requests \$3.3 million in contractual services for the Water Supply Contracts program for FY 2019. This is a decrease of \$349,998, or 9.7 percent, below the approved amount. The decrease is due to shifting of \$349,998 out of the Water Supply Contracts program and into the Kansas Water Authority program.

The **Governor** concurs with the agency's revised FY 2019 estimate for the Water Supply Contracts program.

| PERFORMANCE MEASURES                                   |                          |                   |                      |                      |
|--------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Number of water resources technical analyses completed | 23                       | 23                | 20                   | 18                   |
| Water marketing contracts administered                 | 32                       | 32                | 33                   | 34                   |
| Number of citizens served by Water Marketing Program   | 307,064                  | 307,064           | 309,907              | 312,758              |

# KANSAS STATE FAIR

| Expenditure             | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: |                     |                        |                      |                        |                      |
| State General Fund      | \$ 263,533          | \$ 390,150             | \$ 390,150           | \$ 365,750             | \$ 365,750           |
| Other Funds             | 5,210,505           | 5,106,054              | 5,106,054            | 5,193,820              | 5,193,820            |
| <i>Subtotal</i>         | <i>\$ 5,474,038</i> | <i>\$ 5,496,204</i>    | <i>\$ 5,496,204</i>  | <i>\$ 5,559,570</i>    | <i>\$ 5,559,570</i>  |
| Capital Improvements:   |                     |                        |                      |                        |                      |
| State General Fund      | \$ 585,000          | \$ 610,000             | \$ 610,000           | \$ 11,077,680          | \$ 640,000           |
| Other Funds             | 697                 | 506,997                | 506,997              | 672,640                | 672,640              |
| <i>Subtotal</i>         | <i>\$ 585,697</i>   | <i>\$ 1,116,997</i>    | <i>\$ 1,116,997</i>  | <i>\$ 11,750,320</i>   | <i>\$ 1,312,640</i>  |
| <b>TOTAL</b>            | <b>\$ 6,059,735</b> | <b>\$ 6,613,201</b>    | <b>\$ 6,613,201</b>  | <b>\$ 17,309,890</b>   | <b>\$ 6,872,210</b>  |

## Percentage Change:

### Operating Expenditures

|                    |         |        |        |         |         |
|--------------------|---------|--------|--------|---------|---------|
| State General Fund | (7.8) % | 48.0 % | 48.0 % | (6.3) % | (6.3) % |
| All Funds          | 5.8     | 0.4    | 0.4    | 1.2     | 1.2     |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| FTE Positions | 24.0 | 26.0 | 26.0 | 26.0 | 26.0 |
|---------------|------|------|------|------|------|

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The mission of the Kansas State Fair is to promote and showcase Kansas agriculture, industry, and culture; create opportunity for commercial activity; and provide an educational and entertaining experience that is the pride of all Kansans. The annual State Fair is organized and administered by the 13-member State Fair Board. The State Fairgrounds is located in Reno County within the City of Hutchinson. The fairgrounds consist of approximately 280 acres, with 75 buildings and nearly 24 covered acres. The State Fair starts on the Friday following Labor Day in September and runs for 10 days. This makes the State Fair the state's largest single event, attracting more than 350,000 people, plus an estimated 200,000 people to the nearly 400 non-Fair events held throughout the year on the fairgrounds. The agency operates with 25 full-time employees and 551 part-time and temporary employees, in addition to contract plumbers and electricians and inmate labor from the Hutchinson Correctional Facility.

## MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** added funding from the Economic Development Initiatives Fund (EDIF) for FY 2008 for marketing and promotion of the State Fair (\$50,000), an economic impact and demographic study of the State Fair and all non-Fair activities taking place on the State Fairgrounds (\$40,000), and competitive exhibit premiums (\$20,000). In addition, the

Legislature added \$25,000 from the State General Fund to add electrical sub-metering equipment in order to monitor electrical use at individual buildings on the State Fairgrounds.

The **2008 Legislature** added funding from the EDIF for FY 2009 for marketing and promotion of the State Fair (\$50,000) and competitive exhibit premiums (\$20,000). In addition, the Legislature added \$20,792, all from the State Fair Fee Fund, to increase part-time seasonal employees' wages. The Legislature also converted 1.0 non-FTE position to 1.0 FTE position.

The **2009 Legislature** did not add funding from the EDIF for FY 2010 for marketing and promotion of the State Fair or for competitive exhibit premiums. In addition, the Legislature suspended the statutory transfer from the State General Fund to the State Fair Capital Improvements Fund in FY 2010.

The **2010 Legislature** deleted the transfer of \$300,000 from the State General Fund to the State Fair Capital Improvements Fund in FY 2010 and for FY 2011. The Legislature also transferred an additional \$50,000 from the State Fair Fee Fund to the State Fair Capital Improvements Fund for FY 2011 and to make the transfer on or before March 1, 2011. The State Fair Capital Improvements Fund is used to pay the agency's debt service payments and to fund general maintenance and repair at the State Fairgrounds in Hutchinson.

The **2011 Legislature** added 1.0 FTE position and \$39,749, all from special revenue funds, for an administrative assistant position in the Competitive Exhibits department and also added \$376,950, all from special revenue funds, for roof replacement projects. The Legislature also made reductions totaling \$23,130, all from special revenue funds, for cell phone expenditures, information technology expenditures, a death and disability moratorium, and an across-the-board reduction.

The **2012 Legislature** added \$25,000, all from the Economic Development Initiatives Fund, for FY 2013 for enhanced marketing of the State Fair's Centennial celebration, which was subsequently vetoed by the Governor. The Legislature also approved adding \$11,182,256, all from the Expanded Lottery and Revenue Fund, for increasing debt service payments to call the bonds for debt service for FY 2013, which will reduce future payments for future debt service.

The **2013 Legislature** added \$250,000, all from the State General Fund, for the State's statutorily required match to the State Fair Capital Improvements Fund for FY 2014. The match was not to be made for FY 2015.

The **2014 Legislature** added \$400,000, all from the State Fair Capital Improvements Fund, for capital improvement projects.

The **2015 Legislature** transferred \$100,000 for both FY 2016 and FY 2017, all from the State General Fund, to the State Fair Capital Improvements Fund to match a portion of the agency's contribution.

The **2017 Legislature** transferred \$100,000, all from the State General Fund, to the State Fair Capital Improvements Fund for FY 2018 and FY 2019. The Legislature also added \$150,000, all from the State General Fund, for utility expenditures for FY 2018 and FY 2019.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised estimate of \$6.6 million, including \$1.0 million from the State General Fund, in total expenditures in FY 2018. This is an increase of \$146,170, or 2.3 percent, above the approved amount. The increase is due to increased expenditures for capital outlay and commodities.

The agency requests \$5.5 million, including \$390,150 from the State General Fund, in operating expenditures in FY 2018. This is an increase of \$146,170, all from special revenue funds, or 2.7 percent, above the approved amount. This increase is due to increased utility costs and increased expenditures for grounds maintenance and repair.

The agency estimates capital improvements expenditures of \$1.1 million, including \$610,000 from the State General Fund, in FY 2018, which is no change from the approved amount.

The agency estimates 26.0 FTE positions, which is an increase of 1.0 FTE position from the approved number. This increase is due to an error in correcting the errors in the previous budget submission. The agency intended to request 26.0 FTE positions instead of 25.0 FTE positions, and it is revising its request to correct this error. The request includes 1.0 administrative assistant position and 1.0 development director position, which would increase the total FTE from the FY 2017 actual number of 24.0 to the requested number of 26.0.

The agency requests the Legislature reinstate the full \$300,000 match transfer from the State General Fund to the State Fair Capital Improvements Fund, pursuant to KSA 2-223. The 2017 Legislature amended this statute with a proviso in the appropriations bill to reduce this amount to \$100,000 in FY 2018 and for FY 2019.

The **Governor** concurs with the agency's estimate in FY 2018. However, the Governor does not recommend reinstating the statutory transfer from the State General Fund to the State Fair Capital Improvement Fund at \$300,000.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate of \$17.3 million, including \$11.4 million from the State General Fund, for FY 2019. This is an increase of \$10.7 million, or 161.7 percent, above the approved amount. The increase is largely due to a request to build a new EXPO Center on the fairgrounds.

The agency requests \$5.6 million, including \$365,750 from the State General Fund, in operating expenditures for FY 2019. This is an increase of \$172,001, all from special revenue funds, or 3.4 percent, above the approved amount. This increase is largely due to increased utility costs and increased expenditures in building and grounds maintenance.

The agency requests a revised estimate of \$11.7 million, including \$11.1 million from the State General Fund, for capital improvements for FY 2019. This is an increase of \$10.6 million, or 924.4 percent, above the approved amount. This increase is largely due to increased expenditures to rebuild the EXPO Center on the fairgrounds.

The agency estimates 26.0 FTE positions, which is an increase of 1.0 FTE from the approved number. This increase is due to an error in correcting the errors in the previous budget submission. The agency intended to request 26.0 FTE positions instead of 25.0 FTE positions,

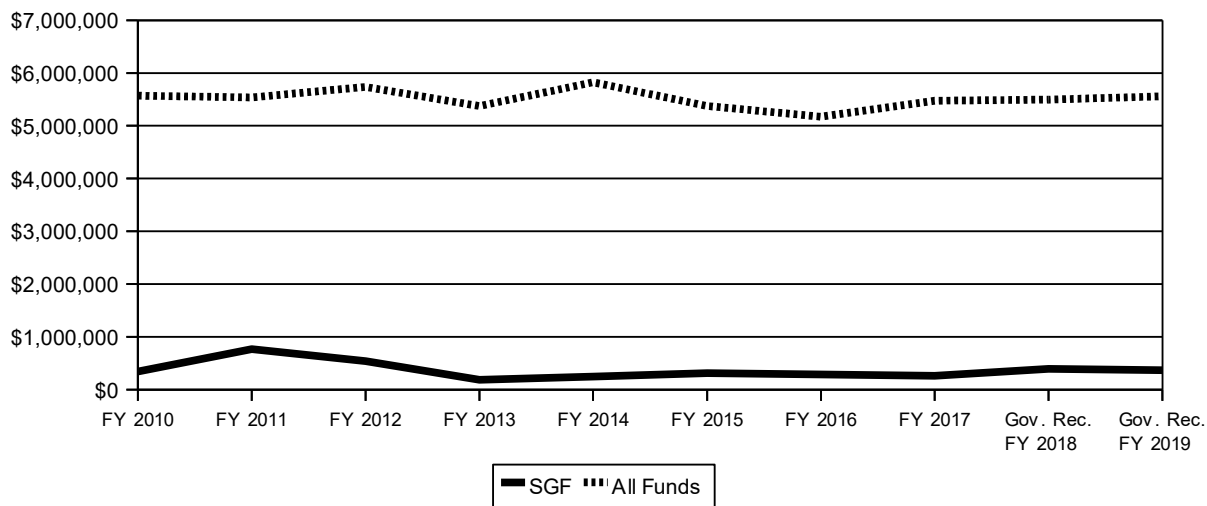
and it is revising its request to correct this error. The request includes 1.0 administrative assistant position and 1.0 development director position, which would increase the total FTE from the FY 2017 actual number of 24.0 to the requested number of 26.0.

The agency requests the Legislature reinstate the full \$300,000 match transfer from the State General Fund to the State Fair Capital Improvements Fund, pursuant to KSA 2-223. The 2017 Legislature amended this statute with a proviso in the appropriations bill to reduce this amount to \$100,000 in FY 2018 and for FY 2019.

The **Governor** recommends \$6.9 million, including \$1.0 million from the State General Fund, for FY 2019. This is a decrease of \$10.4 million, or 60.3 percent, below the requested amount. The decrease is due to the Governor recommending \$165,643 of the agency's \$10.6 million supplemental request, which excludes the Expo Center Replacement and Bison Arena Renovation. The Governor also does not recommend reinstating the statutory transfer from the State General Fund to the State Fair Capital Improvement Fund to \$300,000.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

| Fiscal Year                     | SGF        | % Change | All Funds    | % Change | FTE  |
|---------------------------------|------------|----------|--------------|----------|------|
| 2010                            | \$ 341,861 | (11.0)%  | \$ 5,570,115 | 3.1 %    | 24.0 |
| 2011                            | 764,711    | 123.7    | 5,537,889    | (0.6)    | 24.0 |
| 2012                            | 540,422    | (29.3)   | 5,736,223    | 3.6      | 25.0 |
| 2013                            | 182,165    | (66.3)   | 5,374,945    | (6.3)    | 25.0 |
| 2014                            | 247,751    | 36.0     | 5,824,490    | 8.4      | 25.0 |
| 2015                            | 309,566    | 25.0     | 5,375,425    | (7.7)    | 25.0 |
| 2016                            | 285,942    | (7.6)    | 5,171,847    | (3.8)    | 25.0 |
| 2017                            | 263,533    | (7.8)    | 5,474,038    | 5.8      | 24.0 |
| 2018 Gov. Rec.                  | 390,150    | 48.0     | 5,496,204    | 0.4      | 26.0 |
| 2019 Gov. Rec.                  | 365,750    | (6.3)    | 5,559,570    | 1.2      | 26.0 |
| Ten-Year Change Dollars/Percent | \$ 23,889  | 7.0 %    | \$ (10,545)  | (0.2)%   | 2.0  |

## Summary of Operating Budget FY 2017 - FY 2019

|                                        | Actual<br>FY 2017   | Agency Estimate     |                     |                                |                                 | Governor's Recommendation |                     |                                |                                 |
|----------------------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|---------------------|--------------------------------|---------------------------------|
|                                        |                     | Estimate<br>FY 2018 | Estimate<br>FY 2019 | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Administration                         | \$ 3,523,772        | \$ 3,558,568        | \$ 3,613,816        | \$ 55,248                      | 1.6 %                           | \$ 3,558,568              | \$ 3,613,816        | \$ 55,248                      | 1.6 %                           |
| Facilities Management                  | 1,686,733           | 1,697,486           | 1,730,004           | 32,518                         | 1.9                             | 1,697,486                 | 1,730,004           | 32,518                         | 1.9                             |
| Debt Service                           | 263,533             | 240,150             | 215,750             | (24,400)                       | (10.2)                          | 240,150                   | 215,750             | (24,400)                       | (10.2)                          |
| <b>TOTAL</b>                           | <b>\$ 5,474,038</b> | <b>\$ 5,496,204</b> | <b>\$ 5,559,570</b> | <b>\$ 63,366</b>               | <b>1.2 %</b>                    | <b>\$ 5,496,204</b>       | <b>\$ 5,559,570</b> | <b>\$ 63,366</b>               | <b>1.2 %</b>                    |
| <b>By Major Object of Expenditure:</b> |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| Salaries and Wages                     | \$ 1,840,860        | \$ 1,799,194        | \$ 1,861,460        | \$ 62,266                      | 3.5 %                           | \$ 1,799,194              | \$ 1,861,460        | \$ 62,266                      | 3.5 %                           |
| Contractual Services                   | 2,842,584           | 2,864,360           | 2,904,360           | 40,000                         | 1.4                             | 2,864,360                 | 2,904,360           | 40,000                         | 1.4                             |
| Commodities                            | 430,922             | 466,500             | 472,000             | 5,500                          | 1.2                             | 466,500                   | 472,000             | 5,500                          | 1.2                             |
| Capital Outlay                         | 96,139              | 126,000             | 106,000             | (20,000)                       | (15.9)                          | 126,000                   | 106,000             | (20,000)                       | (15.9)                          |
| Debt Service                           | 263,533             | 240,150             | 215,750             | (24,400)                       | (10.2)                          | 240,150                   | 215,750             | (24,400)                       | (10.2)                          |
| <i>Subtotal-Operations</i>             | <i>\$ 5,474,038</i> | <i>\$ 5,496,204</i> | <i>\$ 5,559,570</i> | <i>\$ 63,366</i>               | <i>1.2 %</i>                    | <i>\$ 5,496,204</i>       | <i>\$ 5,559,570</i> | <i>\$ 63,366</i>               | <i>1.2 %</i>                    |
| Aid to Local Units                     | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| Other Assistance                       | 0                   | 0                   | 0                   | 0                              | --                              | 0                         | 0                   | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 5,474,038</b> | <b>\$ 5,496,204</b> | <b>\$ 5,559,570</b> | <b>\$ 63,366</b>               | <b>1.2 %</b>                    | <b>\$ 5,496,204</b>       | <b>\$ 5,559,570</b> | <b>\$ 63,366</b>               | <b>1.2 %</b>                    |
| <b>Financing:</b>                      |                     |                     |                     |                                |                                 |                           |                     |                                |                                 |
| State General Fund                     | \$ 263,533          | \$ 390,150          | \$ 365,750          | \$ (24,400)                    | (6.3) %                         | \$ 390,150                | \$ 365,750          | \$ (24,400)                    | (6.3) %                         |
| All Other Funds                        | 5,210,505           | 5,106,054           | 5,193,820           | 87,766                         | 1.7                             | 5,106,054                 | 5,193,820           | 87,766                         | 1.7                             |
| <b>TOTAL</b>                           | <b>\$ 5,474,038</b> | <b>\$ 5,496,204</b> | <b>\$ 5,559,570</b> | <b>\$ 63,366</b>               | <b>1.2 %</b>                    | <b>\$ 5,496,204</b>       | <b>\$ 5,559,570</b> | <b>\$ 63,366</b>               | <b>1.2 %</b>                    |



# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$1.0 million in FY 2018. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 1,000,150                       | \$ 1,000,150                  | \$ 0                              | \$ 1,000,150                | \$ 0                                |
| All Other Funds             | 5,466,881                          | 5,613,051                     | 146,170                           | 5,613,051                   | 146,170                             |
| <b>TOTAL</b>                | <b>\$ 6,467,031</b>                | <b>\$ 6,613,201</b>           | <b>\$ 146,170</b>                 | <b>\$ 6,613,201</b>         | <b>\$ 146,170</b>                   |
| FTE Positions               | 25.0                               | 26.0                          | 1.0                               | 26.0                        | 1.0                                 |

The **agency** requests \$6.6 million, including \$1.0 million from the State General Fund, in FY 2018. This is an increase of \$146,170, all from special revenue funds, or 2.3 percent, above the approved amount. The increase is partially offset by decreases in salaries and wages due to the contracting out of accounting services to the Department of Agriculture. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$1.8 million in salaries and wages expenditures in FY 2018, which is a decrease of \$162,750, or 8.3 percent, below the approved amount. This decrease is largely due to contracting out fiscal services to the Department of Agriculture (2.0 FTE);
- **Contractual Services.** The agency requests \$2.9 million in contractual services in FY 2018, which is \$21,322, or 0.7 percent above the approved amount. The increase is largely due to contracting out fiscal services to the Department of Agriculture;
- **Commodities.** The agency estimates \$466,500 in commodities in FY 2018, which is an increase of \$161,598, or 53.0 percent, above the approved amount. According to the agency, this increase is due to increasing the amount of estimated expenditures to more accurately reflect actual expenditures, as well as more accurately matching expenditures to budget line items;
- **Capital Outlay.** The agency estimates \$126,000 in capital outlay, which is an increase of \$126,000, or 100.0 percent, above the approved amount. This increase is due to increased expenditures for grounds maintenance equipment, computers, and software. The agency reallocated an approved \$74,999 from the capital improvements program to the Administration program, which results in a net increase of expenditures in capital outlay of \$51,001; and

- **Capital Improvements.** The agency estimates \$1.1 million in capital improvements, including \$610,000 from the State General Fund, in FY 2018. This amount is unchanged from the approved amount. This amount includes \$610,000, all from the State General Fund, for debt service. Capital improvements projects include building a new multi-purpose trail on the fairgrounds.

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

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$1.0 million for FY 2019. No adjustments have subsequently been made to that amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 1,005,750                       | \$ 11,443,430                 | \$ 10,437,680                     | \$ 1,005,750                | \$ 0                                |
| All Other Funds             | 5,528,816                          | 5,866,460                     | 337,644                           | 5,866,460                   | 337,644                             |
| <b>TOTAL</b>                | <b>\$ 6,534,566</b>                | <b>\$ 17,309,890</b>          | <b>\$ 10,775,324</b>              | <b>\$ 6,872,210</b>         | <b>\$ 337,644</b>                   |
| FTE Positions               | 25.0                               | 26.0                          | 1.0                               | 26.0                        | 1.0                                 |

The **agency** requests a revised estimate of \$17.3 million, including \$10.4 million from the State General Fund, for FY 2019. This is an increase of \$10.8 million, or 164.9 percent, above the approved amount. This increase is largely due to expenditures to build a new Expo Center on the fairgrounds. Major changes are detailed below:

- **Salaries and Wages.** The agency estimates \$1.9 million in salaries and wages expenditures for FY 2019. This is a decrease of \$167,426, or 8.3 percent, below the approved amount. The decrease is due to contracting out fiscal services to the Department of Agriculture;
- **Contractual Services.** The agency estimates \$2.9 million in contractual services for FY 2019. This is an increase of \$66,329, or 2.3 percent, above the approved amount. This increase is due to contracting out fiscal services to the Department of Agriculture;
- **Commodities.** The agency estimates \$472,000 in commodities for FY 2019. This is an increase of \$167,098, or 54.8 percent, above the approved amount. However, the agency shifted an approved \$142,000 for commodities from the capital improvements program into the operating budget, thus resulting in a net increase of \$20,000. The increase is due to increased expenditures for maintenance of buildings and grounds;

- **Capital Outlay.** The agency estimates \$106,000 in capital outlay, which is an increase of \$106,000 above the approved amount. This increase is due to increased expenditures for grounds maintenance equipment, vehicles, computers, and software. The agency reallocated an approved \$74,999 from the capital improvements program to the Administration program, which results in a net increase of expenditures in capital outlay of \$31,001; and
- **Capital Improvements.** The agency estimates \$11.8 million, including \$11.1 million from the State General Fund, in capital improvements expenditures for FY 2019. This includes \$640,000, all from the State General Fund, for debt service. This is an increase of \$10.6 million, or 924.4 percent, above the approved amount. Capital improvements projects include building a new Expo Center, renovating the Bison Arena, and repairing several buildings.

The **Governor** recommends \$6.9 million, including \$1.0 million from the State General Fund, for FY 2019. This is a decrease of \$10.4 million, or 60.3 percent, below the requested amount. The decrease is due to the Governor recommending \$165,643 of the agency's \$10.6 million supplemental request.

### Supplemental Detail

| FY 2019 SUPPLEMENTALS   |                      |                      |            |                           |                   |            |
|-------------------------|----------------------|----------------------|------------|---------------------------|-------------------|------------|
| Supplementals           | Agency Estimate      |                      |            | Governor's Recommendation |                   |            |
|                         | SGF                  | All Funds            | FTE        | SGF                       | All Funds         | FTE        |
| Expo Center             |                      |                      |            |                           |                   |            |
| Replacement             | \$ 8,739,970         | \$ 8,739,970         | 0.0        | \$ 0                      | \$ 0              | 0.0        |
| Bison Arena Renovation  | 1,697,710            | 1,697,710            | 0.0        | 0                         | 0                 | 0.0        |
| Rehabilitation & Repair | 0                    | 70,603               | 0.0        | 0                         | 70,603            | 0.0        |
| Pride of Kansas Roof    |                      |                      |            |                           |                   |            |
| Replacement             | 0                    | 95,040               | 0.0        | 0                         | 95,040            | 0.0        |
| <b>TOTAL</b>            | <b>\$ 10,437,680</b> | <b>\$ 10,603,323</b> | <b>0.0</b> | <b>\$ 0</b>               | <b>\$ 165,643</b> | <b>0.0</b> |

The **agency** requests \$10.6 million, including \$10.4 million, in supplementals for FY 2019. This request includes funds for a new Expo Center, renovation to the Bison Arena, and repair to buildings and grounds, including replacement of the Pride of Kansas building roof.

Although the agency did not submit it as an official supplemental request, it requests a policy change for FY 2019. The agency requests the Legislature reinstate the full \$300,000 matching transfer from the State General Fund to the State Fair Capital Improvements Fund in FY 2018, pursuant to KSA 2-223. The 2017 Legislature amended this statute with a proviso in the appropriations bill to reduce this amount to \$100,000 for FY 2018 and FY 2019.

The **Governor** recommends \$165,643, all from special revenue funds, for rehabilitation and repair, including \$95,040 for replacement of the Pride of Kansas roof.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$3,960, all from special revenue funds, and FY 2019 longevity payments total \$4,160, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Funding Source                         | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------------------|--------------------------------------------|------------------------------------------|
| State General Fund                     | 66.0 %                                     | 6.6 %                                    |
| State Fair Fee Fund                    | 28.0                                       | 87.6                                     |
| State Fair Capital<br>Improvement Fund | 6.0                                        | 5.8                                      |
| <b>TOTAL</b>                           | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

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

## State Fair Fee Fund Analysis

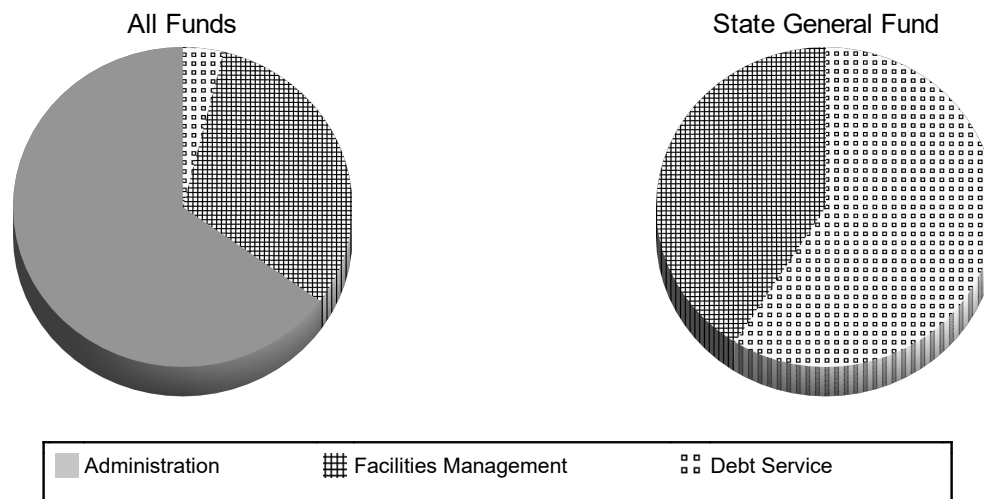
Revenues for the agency come from both State Fair and non-Fair activities on the State Fairgrounds and are deposited into the State Fair Fee Fund. Revenue sources include admission fees to the State Fair and grandstand entertainment, premium book advertising, building rentals, sales and concessions, and parking fees. The State Fair generates over 90.0 percent of the agency's total receipts. The State estimates total non-Fair use of the State Fairgrounds at nearly 400 events throughout the year.

| Resource Estimate                            | Actual<br>FY 2017         | Agency<br>Estimate<br>FY 2018 | Gov. Rec.<br>FY 2018      | Agency<br>Estimate<br>FY 2019 | Gov. Rec.<br>FY 2019      |
|----------------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| Beginning Balance                            | \$ 956,364                | \$ 889,212                    | \$ 889,212                | \$ 1,053,658                  | \$ 1,053,658              |
| Revenue                                      | 5,587,721                 | 5,485,500                     | 5,485,500                 | 5,485,500                     | 5,485,500                 |
| Transfers in                                 | 3,989,585                 | 3,989,545                     | 3,989,545                 | 0                             | 0                         |
| <b>Funds Available</b>                       | <b>\$ 10,533,670</b>      | <b>\$ 10,364,257</b>          | <b>\$ 10,364,257</b>      | <b>\$ 6,539,158</b>           | <b>\$ 6,539,158</b>       |
| Less:                                        |                           |                               |                           |                               |                           |
| Expenditures                                 | \$ 4,736,841              | \$ 4,841,054                  | \$ 4,841,054              | \$ 4,872,817                  | \$ 4,872,817              |
| Transfers Out                                | 4,289,585                 | 4,289,545                     | 4,289,545                 | 300,000                       | 300,000                   |
| Off Budget Expenditures                      | 618,032                   | 180,000                       | 180,000                   | 180,000                       | 180,000                   |
| <b>Ending Balance</b>                        | <b>\$ 889,212</b>         | <b>\$ 1,053,658</b>           | <b>\$ 1,053,658</b>       | <b>\$ 1,186,341</b>           | <b>\$ 1,186,341</b>       |
| Ending Balance as Percent of<br>Expenditures | 18.8%                     | 21.8%                         | 21.8%                     | 24.3%                         | 24.3%                     |
| Month Highest Ending<br>Balance              | September<br>\$ 1,700,000 | September<br>\$ 1,700,000     | September<br>\$ 1,700,000 | September<br>\$ 1,700,000     | September<br>\$ 1,700,000 |
| Month Lowest Ending<br>Balance               | May<br>\$ 770,000         | May<br>\$ 770,000             | May<br>\$ 770,000         | May<br>\$ 770,000             | May<br>\$ 770,000         |

# PROGRAM DETAIL

## Expenditures by Program

### Governor's FY 2019 Recommendation



| Program               | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|-----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration        | \$ 3,613,816                      | 65.0 %              | \$ 0                        | 0.0 %               |
| Facilities Management | 1,730,004                         | 31.1                | 150,000                     | 41.0                |
| Debt Service          | 215,750                           | 3.9                 | 215,750                     | 59.0                |
| <b>TOTAL</b>          | <b>\$ 5,559,570</b>               | <b>100.0 %</b>      | <b>\$ 365,750</b>           | <b>100.0 %</b>      |

### FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

| Program               | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
|-----------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration        | 12.0              | 14.0                   | 14.0                 | 14.0                   | 14.0                 |
| Facilities Management | 12.0              | 12.0                   | 12.0                 | 12.0                   | 12.0                 |
| Debt Service          | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>          | <b>24.0</b>       | <b>26.0</b>            | <b>26.0</b>          | <b>26.0</b>            | <b>26.0</b>          |

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## A. Administration

The Administration program of the Kansas State Fair provides for the administration of the agency as well as the planning, marketing, and advertising of the State Fair. The Administration program also markets non-Fair use of the State Fairgrounds in Hutchinson.

| PROGRAM<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                     |                        |                      |                        |                      |
|------------------------------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                 | Actual<br>FY 2017   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                 |                     |                        |                      |                        |                      |
| Salaries and Wages                                   | \$ 1,270,581        | \$ 1,138,208           | \$ 1,138,208         | \$ 1,172,956           | \$ 1,172,956         |
| Contractual Services                                 | 1,919,509           | 1,995,360              | 1,995,360            | 2,035,360              | 2,035,360            |
| Commodities                                          | 311,916             | 299,000                | 299,000              | 299,500                | 299,500              |
| Capital Outlay                                       | 21,766              | 126,000                | 126,000              | 106,000                | 106,000              |
| Debt Service                                         | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                         | <i>\$ 3,523,772</i> | <i>\$ 3,558,568</i>    | <i>\$ 3,558,568</i>  | <i>\$ 3,613,816</i>    | <i>\$ 3,613,816</i>  |
| Aid to Local Units                                   | 0                   | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                     | 0                   | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                                         | <b>\$ 3,523,772</b> | <b>\$ 3,558,568</b>    | <b>\$ 3,558,568</b>  | <b>\$ 3,613,816</b>    | <b>\$ 3,613,816</b>  |
| <b>Financing:</b>                                    |                     |                        |                      |                        |                      |
| State General Fund                                   | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                      | 3,523,772           | 3,558,568              | 3,558,568            | 3,613,816              | 3,613,816            |
| <b>TOTAL</b>                                         | <b>\$ 3,523,772</b> | <b>\$ 3,558,568</b>    | <b>\$ 3,558,568</b>  | <b>\$ 3,613,816</b>    | <b>\$ 3,613,816</b>  |
| FTE Positions                                        | 12.0                | 14.0                   | 14.0                 | 14.0                   | 14.0                 |

The **agency** requests \$3.6 million, all from special revenue funds, for the Administration program in FY 2018. This is an increase of \$55,219, or 1.6 percent, above the approved amount. This increase is due to increased capital outlay and commodities expenditures, offset in part by decreases in salaries and wages and contractual services. Major changes are detailed below:

- **Salaries and Wages.** The agency estimates \$1.1 million in salaries and wages for Administration in FY 2018. This is a decrease of \$80,258, or 6.6 percent, below the approved amount. The decrease is due to savings realized by contracting out fiscal services to the Department of Agriculture;
- **Contractual Services.** The agency estimates \$2.0 million in contractual services expenditures for the Administration program in FY 2018. This is a decrease of \$70,914, or 3.4 percent, below the approved amount. The agency reports this decrease is due to the shifting of funds for repairs and maintenance funded by the State Fair Capital Improvements Fund from the Administration program and into the Facilities Management program;
- **Commodities.** The agency estimates \$299,000 in commodities expenditures for the Administration program in FY 2018. This is an increase of \$80,391, or 36.8 percent, above the approved amount. This increase is due to increased expenditures on buildings and grounds materials, as well as household supplies; and

- **Capital Outlay.** The agency estimates \$126,000 in capital outlay expenditures for the Administration program in FY 2018. This is an increase of \$126,000, or 100.0 percent, above the approved amount. This increase is due to increased expenditures for the purchase of vehicles, grounds maintenance equipment, computers, and computer software.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests \$3.6 million, all from special revenue funds, for the Administration program for FY 2019. This is an increase of \$76,614, or 2.2 percent, above the approved amount. This increase is due to increases in commodities and capital outlay, partially offset by decreases in salaries and wages and contractual services. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$1.2 million in salaries and wages for the Administration program for FY 2019. This is a decrease of \$84,370, or 6.7 percent, below the approved amount. The decrease is due to savings realized by contracting out fiscal services to the Department of Agriculture;
- **Contractual Services.** The agency estimates \$2.0 million in contractual services for the Administration program for FY 2019. This is a decrease of \$25,907, or 1.3 percent, below the approved amount. This decrease is due to the shifting of some maintenance and repair expenses into the Facilities Management program from the Administration program;
- **Commodities.** The agency estimates \$299,500 in commodities expenditures for the Administration program, which is \$80,891, or 37.0 percent, above the approved amount. This increase is due to increased expenditures on buildings and grounds materials and household supplies; and
- **Capital Outlay.** The agency estimates \$106,000 in capital outlay expenditures for the Administration program, which is \$106,000, or 100.0 percent above the approved amount. This increase is due to increased expenditures on vehicles, grounds maintenance equipment, computers, and computer software.

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

## ***B. Facilities Management***

The Facilities Management program, previously named the Physical Plant and Central Services program, of the Kansas State Fair works to provide convenient, safe, and attractive buildings and grounds to patrons of the State Fair and non-Fair activities on the State Fairgrounds. The Facilities Management program is staffed by 12.0 FTE positions, along with contract plumbers and electricians and inmate labor from the Hutchinson Correctional Facility that includes painting, cleaning, mowing, carpentry projects, and other maintenance jobs.



| <b>FACILITIES MANAGEMENT<br/>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                            |                            |                            |                            |                            |
|----------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Item                                                                       | Actual<br>FY 2017          | Agency Est.<br>FY 2018     | Gov. Rec.<br>FY 2018       | Agency Est.<br>FY 2019     | Gov. Rec.<br>FY 2019       |
| <b>Expenditures:</b>                                                       |                            |                            |                            |                            |                            |
| Salaries and Wages                                                         | \$ 570,279                 | \$ 660,986                 | \$ 660,986                 | \$ 688,504                 | \$ 688,504                 |
| Contractual Services                                                       | 923,075                    | 869,000                    | 869,000                    | 869,000                    | 869,000                    |
| Commodities                                                                | 119,006                    | 167,500                    | 167,500                    | 172,500                    | 172,500                    |
| Capital Outlay                                                             | 74,373                     | 0                          | 0                          | 0                          | 0                          |
| Debt Service                                                               | 0                          | 0                          | 0                          | 0                          | 0                          |
| <i>Subtotal - Operations</i>                                               | <i>\$ 1,686,733</i>        | <i>\$ 1,697,486</i>        | <i>\$ 1,697,486</i>        | <i>\$ 1,730,004</i>        | <i>\$ 1,730,004</i>        |
| Aid to Local Units                                                         | 0                          | 0                          | 0                          | 0                          | 0                          |
| Other Assistance                                                           | 0                          | 0                          | 0                          | 0                          | 0                          |
| <b>TOTAL</b>                                                               | <b><u>\$ 1,686,733</u></b> | <b><u>\$ 1,697,486</u></b> | <b><u>\$ 1,697,486</u></b> | <b><u>\$ 1,730,004</u></b> | <b><u>\$ 1,730,004</u></b> |
| <b>Financing:</b>                                                          |                            |                            |                            |                            |                            |
| State General Fund                                                         | \$ 0                       | \$ 150,000                 | \$ 150,000                 | \$ 150,000                 | \$ 150,000                 |
| All Other Funds                                                            | 1,686,733                  | 1,547,486                  | 1,547,486                  | 1,580,004                  | 1,580,004                  |
| <b>TOTAL</b>                                                               | <b><u>\$ 1,686,733</u></b> | <b><u>\$ 1,697,486</u></b> | <b><u>\$ 1,697,486</u></b> | <b><u>\$ 1,730,004</u></b> | <b><u>\$ 1,730,004</u></b> |
| FTE Positions                                                              | 12.0                       | 12.0                       | 12.0                       | 12.0                       | 12.0                       |

The **agency** requests \$1.7 million, including \$150,000 from the State General Fund, for the Facilities Management program in FY 2018. This is an increase of \$117,117, all from special revenue funds, or 7.0 percent, above the approved amount. The increase is due to increased expenditures on repairs to the fairgrounds. Major changes are detailed below:

- **Salaries and Wages.** The agency estimates \$660,986 in salaries and wages for the Facilities Management program in FY 2018. This is a decrease of \$62,326, or 8.6 percent, below the approved amount. The decrease is due to a decrease in the number of temporary workers and the transfer of an employee from the facilities program to the Administration program;
- **Contractual Services.** The agency estimates \$869,000 in contractual services expenditures for the Facilities Management program in FY 2018. This is an increase of \$92,236, or 11.9 percent, above the approved amount. This increase is due to increased expenditures on building repair; and
- **Commodities.** The agency estimates \$167,500 in commodities expenditures for the Facilities Management program in FY 2018. This is an increase of \$81,207, or 94.1 percent, above the approved amount. This increase is due to increased expenditures on buildings and grounds materials, as well as supplies related to maintenance and repairs.

The **Governor** concurs with the agency's revised estimate in FY 2018.

The **agency** requests \$1.7 million, including \$150,000 from the State General Fund, for the Facilities Management program for FY 2019. This is an increase of \$115,553, or 7.2 percent, above the approved amount. The increase is due to increased expenditures on repairs to the fairgrounds.

Major changes are detailed below:

- **Salaries and Wages.** The agency estimates \$688,504 in salaries and wages for the Facilities Management program for FY 2019. This is a decrease of \$62,890, or 8.4 percent, below the approved amount. According to the agency, the decrease is due to a decrease in the number of temporary workers and the transfer of an employee from the Facilities program to the Administration program;
- **Contractual Services.** The agency estimates \$869,000 in contractual services expenditures for the Facilities Management program for FY 2019. This is an increase of \$92,236, or 11.9 percent, above the approved amount. This increase is due to increased expenditures on building repair and maintenance; and
- **Commodities.** The agency estimates \$172,500 in commodities expenditures for the Facilities Management program for FY 2019. This is an increase of \$86,207, or 99.9 percent, above the approved amount. This increase is due to increased expenditures on buildings and grounds materials and supplies related to maintenance and repairs.

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

## CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS      |                        |                      |                        |                      |
|---------------------------|------------------------|----------------------|------------------------|----------------------|
| Project                   | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Repair and Rehabilitation | \$ 386,997             | \$ 386,997           | \$ 328,997             | \$ 577,600           |
| Fairground Improvements   | 120,000                | 120,000              | 10,781,323             | 95,040               |
| Debt Service Principal    | 610,000                | 610,000              | 640,000                | 640,000              |
| <b>TOTAL</b>              | <b>\$ 1,116,997</b>    | <b>\$ 1,116,997</b>  | <b>\$ 11,750,320</b>   | <b>\$ 1,312,640</b>  |
| <b>Financing:</b>         |                        |                      |                        |                      |
| State General Fund        | \$ 610,000             | \$ 610,000           | \$ 11,077,680          | \$ 640,000           |
| All Other Funds           | 506,997                | 506,997              | 672,640                | 672,640              |
| <b>TOTAL</b>              | <b>\$ 1,116,997</b>    | <b>\$ 1,116,997</b>  | <b>\$ 11,750,320</b>   | <b>\$ 1,312,640</b>  |

**FY 2018 – Current Year.** The **agency** requests \$1.1 million, including \$610,000 from the State General Fund, for capital improvements in FY 2018. This includes \$610,000, all from the State General Fund, in debt service. This amount is unchanged from the approved amount. Capital improvements projects include building a new multi-purpose trail on the fairgrounds and ongoing repair and maintenance.

The **Governor** concurs with the agency's FY 2018 capital improvement requests in FY 2018.

**FY 2019 – Budget Year.** The **agency** estimates \$11.8 million, including \$11.1 million from the State General Fund, in capital improvements expenditures for FY 2019. This includes \$640,000, all from the State General Fund, for debt service. This is an increase of \$10.6 million, or 924.4 percent, above the approved amount. Capital improvements projects include building a new Expo Center, renovating the Bison Arena, and repairing several buildings.

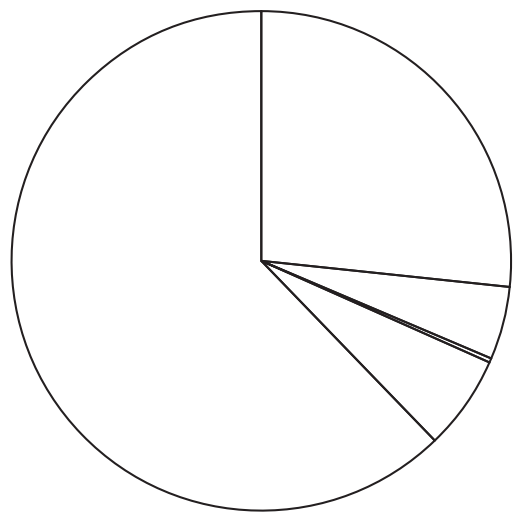
The **Governor** recommends \$1.3 million, including \$640,000 from the State General Fund, for capital improvements for FY 2019. This is a decrease of \$10.4 million, or 88.8 percent, below the requested amount. The decrease is due to the Governor not recommending the agency's supplemental requests to rebuild the Expo Center or to upgrade the Bison Arena.

| PERFORMANCE MEASURES                           |                          |                   |                      |                      |
|------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                        | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| Grandstand attendance                          | 24,887                   | 37,218            | 23,778               | 25,000               |
| Fair week gate attendance (officially audited) | 359,808                  | 359,808           | 322,178              | 350,000              |
| Number of non-fair events                      | 430                      | 568               | 550                  | 500                  |
| Number of non-fair event days                  | 850                      | 1,437             | 1,400                | 1,300                |

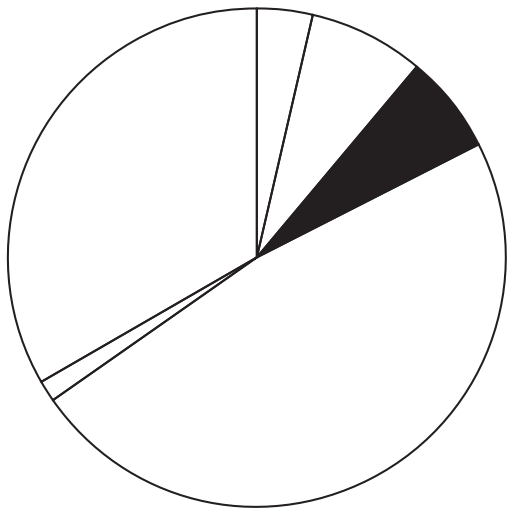


# TRANSPORTATION

State General Fund



All Funds



Transportation includes the Department of Transportation that has responsibility for the construction and maintenance of highways and other transportation functions.

The Governor's FY 2019 recommendation for the Transportation function totals \$1.1 billion from all funding sources.

The FY 2019 recommendation includes no State General Funds.

| Agencies in this Function:                      |            |
|-------------------------------------------------|------------|
| <i>Kansas Department of Transportation.....</i> | <i>837</i> |

A total of 2,355.3 FTE positions are recommended by the Governor for the Transportation function for FY 2019, which is unchanged from FY 2018. Of all state FTE positions, 5.9 percent are in this function.

Agencies in this function compose 0.0 percent of the total State General Fund budget for FY 2019, which is unchanged from FY 2018. They compose 6.5 percent of expenditures from all funding sources for FY 2019, down from 6.4 percent from in FY 2018.

# KANSAS DEPARTMENT OF TRANSPORTATION

| Expenditure                    | Actual<br>FY 2017       | Agency Est.<br>FY 2018  | Gov. Rec.<br>FY 2018    | Agency Est.<br>FY 2019  | Gov. Rec.<br>FY 2019    |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Operating Expenditures:        |                         |                         |                         |                         |                         |
| State General Fund             | \$ 0                    | \$ 0                    | \$ 0                    | \$ 0                    | \$ 0                    |
| Other Funds                    | 596,657,061             | 649,291,746             | 651,055,529             | 651,010,243             | 653,045,284             |
| Subtotal                       | \$ 596,657,061          | \$ 649,291,746          | \$ 651,055,529          | \$ 651,010,243          | \$ 653,045,284          |
| Capital Improvements:          |                         |                         |                         |                         |                         |
| State General Fund             | \$ 0                    | \$ 0                    | \$ 0                    | \$ 0                    | \$ 0                    |
| Other Funds                    | 489,623,587             | 390,510,184             | 390,510,184             | 446,963,067             | 446,963,067             |
| Subtotal                       | \$ 489,623,587          | \$ 390,510,184          | \$ 390,510,184          | \$ 446,963,067          | \$ 446,963,067          |
| Reportable Exp. -<br>TOTAL     | 1,086,280,648           | 1,039,801,930           | 1,041,565,713           | 1,097,973,310           | 1,100,008,351           |
| Non-Reportable Exp.<br>- TOTAL | 185,125,451             | 412,640,717             | 412,640,717             | 438,630,364             | 438,630,364             |
| <b>GRAND TOTAL</b>             | <b>\$ 1,271,406,099</b> | <b>\$ 1,452,442,647</b> | <b>\$ 1,454,206,430</b> | <b>\$ 1,536,603,674</b> | <b>\$ 1,538,638,715</b> |
| Percentage Change:             |                         |                         |                         |                         |                         |
| Operating Expenditures         |                         |                         |                         |                         |                         |
| State General Fund             | -- %                    | -- %                    | -- %                    | -- %                    | -- %                    |
| All Funds                      | 10.4                    | 8.8                     | 9.1                     | 0.3                     | 0.3                     |
| FTE Positions                  | 2,310.0                 | 2,355.3                 | 2,355.3                 | 2,355.3                 | 2,355.3                 |

**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

The Kansas Department of Transportation (KDOT) is a cabinet-level agency headed by a secretary appointed by the Governor. The purpose of KDOT is to coordinate the planning, development, and operation of the various modes and systems of transportation within the state. KDOT has administrative and planning responsibilities for aviation, highways, public transportation, railroads, and waterways. However, the agency's efforts focus primarily on approximately 10,000 of the state highway system's 140,000 miles of public roads and highways (KSA 68-406(a)). KDOT has five programs: Administration and Transportation Planning, Transportation Planning and Modal Support, Local Support, Maintenance, and Construction.

## Reportable and Non-reportable Expenditures

In order to gauge the full magnitude of spending by KDOT, a number of tables include non-reportable expenditures, including bond payments (largest), inter-agency transfers, inter-agency motor fuel sales, payments for the Rail Loan program, and leasing of radios and tower space as part of KDOT's inter-operable 800 MHz communication system. However, for state budgeting and accounting purposes, an expenditure is categorized as reportable only when it initially is spent to avoid double-counting. Consequently, when reviewing KDOT's budget, most tabular data (including those in the *Governor's Budget Report*) reflect reportable expenditures and exclude spending of non-reportable money. The magnitude of non-reportable spending by KDOT is significant. Within the agency's budget submission, non-reportable expenditures include \$185.1 million in FY 2017, \$412.6 million in FY 2018, and \$438.6 million for FY 2019.

## State Operations and Capital Improvements

In a state agency budget, state operations include agency operating costs for salaries and wages and other operating expenditures. Other operating expenditures include contractual services, commodities, and capital outlay. Agency budgets also include separate categories for aid to local units of government, other assistance, and capital improvements. The KDOT budget differs from other agency budgets in that expenditures typically considered state operations are included with budgeted capital improvements expenditures. For example, the Construction program includes capital improvements expenditures but also contains expenditures classified as state operations.

## MAJOR ISSUES FROM PRIOR YEARS

### Comprehensive Transportation Program

The **1999 Legislature** passed a ten-year Comprehensive Transportation Program (CTP) for FY 2000 through FY 2009. The CTP included maintenance and substantial maintenance; construction and reconstruction, with major modifications and priority bridges; system enhancement projects; and a highway demonstration project to evaluate pavement guarantees by the contractor. The CTP also provided enhanced assistance to local units of government and programs for other transportation elements, including rail, air, and public transit.

Total CTP expenditures of \$12.9 billion were proposed in 1999 with total revenues estimated at \$12.7 billion. To fund the program, the Legislature included revenue enhancements totaling \$2.3 billion from motor fuels taxes, a State General Fund sales tax transfer, interest on funds, and bonds. With the completion of the CTP, actual revenues and expenditures from FY 2000 to FY 2009 totaled \$13.3 billion.

The Legislature made a series of adjustments to the financing of the CTP. The following describes the major revenue sources of the CTP, the original funding mechanisms, and the changes adopted by subsequent sessions of the Legislature:

- **Motor Fuels Taxes.** The **1999 Legislature** authorized a 4¢-per-gallon increase in motor fuel taxes. The tax was implemented in phases, with a 2¢ increase on July 1, 1999; a 1¢ increase on July 1, 2001; and the remaining 1¢ increase on July 1, 2003. The 2002 Legislature increased the motor fuel tax an additional 2¢ per gallon beginning on July 1, 2002, for a total increase of 6¢ between 1999 and July 1, 2003. The additional 2¢ increase in 2002 was estimated to generate an additional \$253.7 million for the CTP from FY 2003 to FY 2009;



- **State General Fund Sales Tax Transfer.** Beginning in 1983, a portion of sales tax receipts were transferred from the State General Fund to the State Highway Fund. The Legislature took the following actions regarding these transfers:
  - The **1999 Legislature** approved the transfer of 7.628 percent of sales tax receipts from the State General Fund to the State Highway Fund for FY 2000 and FY 2001. The original intent was to increase the transfer over the next five fiscal years to a rate of 12.0 percent in FY 2005 and subsequent fiscal years; and
  - The **2000 Legislature** reduced the transfers in FY 2000 and FY 2001 by \$27.2 million and \$39.2 million, respectively. The 2001 Legislature approved a further reduction of \$3.0 million in the FY 2001 transfer and reduced the FY 2002 transfer by \$20.0 million. The 2002 Legislature eliminated the FY 2003 sales tax transfer, estimated at \$149.0 million. The 2003 Legislature eliminated the estimated \$128.0 million sales tax transfer in FY 2004. The sales tax transfer was eliminated for the remainder of the CTP by the 2004 Legislature;
- **Sales and Compensating Use Tax Direct Deposit.** The **1989 Legislature** increased the sales and compensating use tax from 4.00 percent to 4.25 percent, and directed that the additional 0.25 percent go to the State Highway Fund; the State Highway Fund also received a direct deposit attributable to this portion of all sales and use tax receipts. The 2004 Legislature increased the sales and use tax direct deposit to 0.38 percent beginning for FY 2007 and to 0.65 percent for FY 2008 and subsequent fiscal years;
- **Motor Vehicle Registration Fees.** Motor vehicle registration fees are deposited in the State Highway Fund. The **2002 Legislature** increased motor vehicle registration fees for passenger automobiles and pickup trucks by \$5, and for other trucks in amounts ranging from \$2 to \$10, beginning July 1, 2002. The increases were estimated to generate an additional \$84.6 million for the CTP from FY 2003 to FY 2009;
- **Federal Construction Reimbursement.** The **2004 Legislature** included an estimated additional \$250.0 million in federal aid from FY 2005 to FY 2009;
- **Bonding Authority.** The **1999 Legislature** authorized the issuance of CTP bonds of \$995.0 million, backed by the State Highway Fund. The 2001 Legislature authorized additional bond authority of \$277.0 million for the CTP. This additional bonding was authorized to offset the reduction in the sales tax transfer approved by the 2001 Legislature. To compensate for the elimination of the sales tax transfer, the 2004 Legislature authorized the issuance of \$150.0 million in State General Fund-backed bonds with the proceeds deposited in the State Highway Fund. In addition, the 2004 Legislature authorized the issuance of up to an additional \$60.0 million in State General Fund bonds if the Federal Highway Trust Fund did not generate an additional \$50.0 million annually for the CTP. The agency reports that all the authorized CTP and State General Fund bonds have been issued. The debt service for the \$210.0 million in State General Fund bonds appears in the Department of Administration's budget; and

- **Other Adjustments.** The **2002 Legislature** transferred \$94.6 million from the State Highway Fund to the State General Fund. This funding was equal to the FY 2002 sales tax transfer amount and was considered a loan with repayment scheduled for FY 2003. The 2003 Legislature delayed repayment until FY 2007 with the repayment to be spread over four fiscal years.

The **2003 Legislature** transferred \$28.9 million from the State Highway Fund to the State General Fund to finance the Kansas Highway Patrol for FY 2004. This transfer was considered to be a loan with repayment scheduled each year from FY 2007 to FY 2010. The 2003 Legislature also transferred \$1.6 million from the State Highway Fund to the State General Fund to finance a portion of the Department of Revenue's Division of Vehicles. This loan was scheduled for repayment in FY 2007.

The **2006 Legislature** approved a \$32.5 million transfer for FY 2007 from the State General Fund to the State Highway Fund for loan repayments. Payments of \$31.9 million annually were scheduled in FY 2008, FY 2009, and FY 2010 (as noted later, Governor and legislative action canceled both the FY 2009 and FY 2010 loan repayments to the State Highway Fund).

## Other Major Issues

The **2008 Legislature** passed SB 359, which authorized up to \$1.0 million for FY 2009 and FY 2010 from the North Central Kansas Air Passenger Service Support Fund for the Manhattan, Kansas, regional airport to secure passenger service, with reimbursements for any expenditures to be paid from the Economic Development Initiatives Fund in subsequent fiscal years.

The **2009 Legislature** approved the transfer of \$25,287,150, all from the State Highway Fund, to the State General Fund to reimburse the State General Fund in FY 2009 and FY 2010 for Comprehensive Transportation Plan bond payments.

The **2010 Legislature** took the following action on the agency's budget:

- Approved expenditure reductions and transfers from the State Highway Fund to the State General Fund, which totaled \$143.3 million in FY 2010 and included: 1) \$108.0 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance; 2) \$25.3 million transferred to reimburse the State General Fund for debt service principal and interest payments on CTP bonds (as part of 2009 Senate Sub. for HB 2373); and 3) \$10.0 million transferred as part of \$11.0 million in federal funding the agency is eligible to receive as part of the passage of HB 2130, the primary safety belt law;
- Approved expenditure reductions and transfers from the State Highway Fund to the State General Fund totaling \$149.3 million in FY 2011, which included: 1) \$124.3 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance; and 2) \$25.0 million to reimburse the State General Fund for debt service principal and interest payments on CTP bonds;

- Approved cancellation of the transfer of \$10.1 million from the State General Fund to the Special City and County Highway Fund in FY 2011;
- Approved cancellation of the FY 2011 loan repayment from the State General Fund to the State Highway Fund of \$30,896,209. The amount was originally delayed from FY 2010 to FY 2011;
- Added language that would repay the 5 previously underpaid counties a total of \$11.1 million from FY 2012 to FY 2016 from the Special City and County Highway Fund. The payments are deducted from the quarterly distributions from the Special City and County Highway Fund for 5 years from the 100 remaining counties that were overpaid from FY 2000 to FY 2009; and
- Passed the ten-year T-WORKS transportation program (2010 Senate Sub. for Senate Sub. for HB 2650) for the period of FY 2011 to FY 2020. Expenditures for the period are estimated at \$8.2 billion. New revenue enhancements of \$2.7 billion during the period are authorized, including authority to issue new bonds up to an 18.0 percent debt service bonding cap (such that debt service on agency bonds owed in a year cannot exceed 18.0 percent of expected State Highway Fund revenues). It is estimated that \$1.7 billion in bonds will be issued over the ten-year period.

The **2011 Legislature** transferred \$205.0 million from the State Highway Fund to the State General Fund for FY 2012. In order to capture the necessary savings for the FY 2012 transfer, preservation projects were reduced by \$22.0 million in both FY 2011 and FY 2012. The additional \$5.0 million was to capture administrative savings experienced by the agency in FY 2011.

The **2013 Legislature** took the following action on the agency's budget:

- Transferred \$3.5 million from the State Highway Fund to the new Municipal University Forensic Laboratory Fund for FY 2014 and added language to provide that the transfer shall be repaid in full by Washburn University before the end of FY 2015. The 2013 Legislature then added \$3.5 million, all from the new Municipal University Forensic Laboratory Fund, for FY 2014 to provide funding for a new forensic science laboratory at Washburn University for use by the Kansas Bureau of Investigation;
- Transferred \$6,751,952 from the State Highway Fund to the Department of Revenue's Division of Vehicles Modernization Fund in FY 2013; transferred \$893,036 from the State Highway Fund to the Department of Education in FY 2013, \$143.5 million for FY 2014, and \$107.5 million for FY 2015; and increased the transfer from the State Highway Fund to the Kansas Highway Patrol Operations Fund by \$315,986 in FY 2013;
- Deleted \$25,000 in FY 2013, \$321,267 and 3.0 FTE positions for FY 2014, and \$305,161 and 3.0 FTE positions for FY 2015, all from special revenue funds, to transfer certain emergency response responsibilities from the Department of Transportation to the Adjutant General's Department;

- Approved direct transfers from the State Highway Fund to the Highway Patrol Operations Fund, totaling \$55.1 million for FY 2014 and \$56.5 million for FY 2015 to support the operations of the Highway Patrol;
- Reduced the sales tax to 6.15 percent, effective July 1, 2013. This change in sales tax also led to a recalculation of the amount the State Highway Fund receives in order to keep them whole. It was estimated that KDOT would receive sales tax in the amount of \$478.5 million for FY 2014 and \$510.3 million for FY 2015; and
- Passed HB 2234, which names the Secretary of Transportation (Secretary) as the director of operations of the Kansas Turnpike Authority (KTA). The director of operations is responsible for the daily administration of the toll roads, bridges, structures, and facilities constructed, maintained, or operated by the KTA and the director or the director's designee would have such powers as are necessary to carry out those responsibilities. The bill set this provision to expire July 1, 2016 (this sunset provision was later removed by the 2015 Legislature in HB 2085):
  - The bill provided the KTA cannot use KTA toll or other revenue in ways other than those established in existing law: maintaining, repairing, and operating turnpike projects; paying principal and interest on bonds and creating reserves for the same; fixing and collecting tolls; and entering into certain types of contracts;
  - The bill changed authority for contracting between KTA and the Kansas Department of Transportation (KDOT) for three years. The bill adds an effective date of July 1, 2016, to provisions in existing law regarding contracting between the KTA and KDOT (generally, allowing KTA to contract with KDOT for use of KDOT resources for certain types of work related to KTA projects); and
  - In a new section, the bill stated the KTA retains its separate identity, powers, and duties as an instrumentality of the State; however, the bill in this new section requires duplication of effort, facilities, and equipment between KDOT and the KTA be minimized in operation and maintenance of turnpikes and highways in the state. The KTA and the Secretary are authorized to take actions, including the temporary transfer of personnel, property, and equipment from the KTA to the Secretary and from the Secretary to the KTA. Further, the bill requires the integrity of the bonded indebtedness be maintained through the actions of the KTA. The provisions of this new section were set by the bill to expire July 1, 2016 (this sunset provision was later removed by the 2015 Legislature in HB 2085).

The **2014 Legislature** took the following action on the agency's budget:

- Deleted \$4.8 million in FY 2014 and \$10.5 million for FY 2015 in debt service expenditures based on the most recent estimates from the Highway Revenue Estimating Group;
- Deleted \$1.4 million in FY 2014 and \$1.7 million for FY 2015 in Special City and County Highway Fund expenditures based on the most recent estimates from the Highway Revenue Estimating Group;

- Deleted \$3.5 million, all from the Municipal University Forensic Laboratory Fund, to reflect expenditures not made from the Fund in FY 2014. These funds were later transferred to the State General Fund as part of 2014 HB 2506;
- Transferred \$7.5 million, all from the State Highway Fund, to the State General Fund to provide for Statehouse grounds renovation and repair payments in FY 2014;
- Transferred \$20.0 million, all from the State Highway Fund, to the Statehouse Debt Service account of the Department of Administration to pay for Statehouse Debt Service payments for FY 2015; and
- Added \$20,800, all from the State Highway Fund, from 2014 Sub. for HB 2424, which allows the agency to expend gifts and donations for designations and memorial signage for FY 2015.

The **2015 Legislature** approved reductions to preservation projects and lettings of \$51.0 million in FY 2015, \$491.0 million for FY 2016, and \$30.0 million for FY 2017, and reductions to agency operations of \$7.8 million in FY 2015, \$13.3 million for FY 2016, and \$13.8 million for FY 2017. These approved reductions helped achieve savings for various transfers, including those to the State General Fund as follows: \$158.5 million in FY 2015 as part of House Sub. for SB 4, and \$129.3 million for FY 2016 and \$130.8 million for FY 2017 as part of House Sub. for SB 112. House Sub. for SB 112 also included language suspending the restriction capping Bond Debt Service expenditures to 18.0 percent of projected State Highway Fund revenues for both FY 2016 and FY 2017.

Additional legislation affecting the agency passed during the **2015 Session** and effective for FY 2016 includes:

- HB 2085 removed the sunset on the KDOT and KTA partnership. Additionally, the legislation designated the Secretary of Transportation as the Director of the Kansas Turnpike Authority. The Secretary previously had been designated the Director of Operations for the KTA;
- SB 270 made several changes to tax law, including raising the state sales tax rate from 6.15 percent to 6.50 percent. The bill requires 16.226 percent for FY 2016 and 16.154 percent beginning July 1, 2016, of state sales tax collections to be deposited in the State Highway Fund. The overall portion of state sales tax receipts directed to the State Highway Fund remains at four-tenths above the Comprehensive Transportation Program level;
- SB 127 requires the Secretary of Transportation, prior to installing any memorial signs, to have received donations that cover the costs associated with designing and installing the signs plus 50.0 percent to help defray future maintenance costs;
- HB 2391 provides state agencies the authority to hire and promote individuals into regular unclassified positions; and

- The Legislature, through the passage of Senate Sub for HB 2135, authorized the Director of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund, up to a total of \$100.0 million, at any time during FY 2016 if the Director determined the unencumbered ending balance of the State General Fund for FY 2016 would be less than \$100.0 million. This authority did not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund.

The **2016 Legislature**, through the passage of House Sub. for SB 161, added language to reinstate the maximum annual debt service on outstanding bonds issued shall not exceed 18.0 percent of projected annual State Highway Fund revenues, and set the cap to 19.0 percent for FY 2017. After FY 2017, the cap would continue at 18.0 percent annual debt service to projected annual State Highway Fund revenues. This bill also created the Conversion of Materials and Equipment Fund.

Additional legislation affecting the agency passed during the **2016 Session** includes:

- House Sub. for SB 249 added language directing certain duties for the Director of Unmanned Aircraft Systems (UAS) for FY 2017;
- SB 245 created the DUI memorial signage program, and the Legislature added \$70,000, all from the State Highway Fund, for expenditures related to the administration and operation of this program for FY 2017; and
- In HB 2610, the Legislature added \$19,300 for four memorial signage designations for FY 2017. These FY 2017 designations included: the Chief Warrant Officer 5 David Carter Fallen Veterans Memorial Interchange; the John Troy, Pete Hughes, and Earl Seifert Highway; the Captain Chris Norgren Memorial Interchange; and the SGT Lavern W. Tegtmeier Memorial Highway.

The **2017 Legislature** took the following action on the agency's budget:

- Transferred \$3.3 million, all from the Agency Operations account of the State Highway Fund to the State General Fund, which reflects the information technology savings certified under 2015 House Sub. for SB 112, Sec. 80(s)(1);
- Added \$252,380, all from the State Highway Fund, for costs associated with the implementation of 2017 HB 2096 for FY 2018. This amount includes \$250,000 for transit bus operation on certain highway shoulders in Wyandotte County and \$2,380 for the Eldon K Miller memorial highway designation contained within 2017 HB 2096 for FY 2018;
- Added \$3.2 million in FY 2017, \$1.8 million for FY 2018, and \$2.7 million for FY 2019, all from the Special City and County Highway Fund, to reflect November 2016 estimated expenditures from the highway revenue estimate;

- Transferred the following amounts from the State Highway Fund to the State General Fund: \$266.6 million in FY 2017, \$288.3 million for FY 2018, and \$293.1 million for FY 2019;
- Deleted State Highway Fund preservation projects expenditures of \$284.1 million in FY 2017, \$393.1 million for FY 2018, and \$194.6 million for FY 2019. Additionally, the Legislature deleted State Highway Fund state projects expenditures of \$19.5 million in FY 2017 and \$185.0 million for FY 2019. These deletions provided for recommended revenue transfers from the State Highway Fund for each respective fiscal year;
- Appropriated the Seat Belt Safety Fund created in 2017 SB 89, which increases the fine from \$10 to \$30 for a person 18 years and older not wearing a seat belt, and deposits this increase into this newly created fund as a no limit fund for FY 2018 and FY 2019;
- Added language to provide bonding authority up to an additional \$400.0 million, at the discretion of the Secretary of Transportation, for reconstruction and maintenance of existing highways over the course of FY 2018 and FY 2019;
- Added language limiting total debt issuance for the Transportation Works for Kansas (T-WORKS) program to \$1.7 billion for FY 2018 and FY 2019; and
- Added \$1.2 million, all from special revenue funds, for a 2.5 percent adjustment for all state employees with less than five years of service (except for Highway Patrol law enforcement personnel, legislators, teachers and licensed personnel and employees at the Schools for the Deaf and the Blind, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other statewide elected officials); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019.

## BUDGET SUMMARY AND KEY POINTS

**FY 2018 – Current Year.** The **agency** requests a revised reportable FY 2018 estimate totaling \$1.0 billion, all from special revenue funds, which is an increase of \$135.0 million, or 14.9 percent, above the amount approved by the 2017 Legislature. The agency notes the increase is due largely to ongoing projects that were delayed from FY 2017 into FY 2018. The agency states this is the eighth year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2018, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. This includes additional preservation spending as part of new bonding authorized by the 2017 Legislature, additional debt service for bonds issued, additional local construction projects, an increase in contractual engineering services in the Local Construction subprogram, and Seat Belt Safety Fund expenditures. The agency notes the submitted budget includes \$1.9 million in expenditures associated with the 2.5 percent pay increase for those converting to unclassified service.

The FY 2018 revised estimate includes salaries and wages expenditures totaling \$144.8 million, which is an increase of \$1.3 million, or 0.9 percent, above the amount approved by the 2017 Legislature. Salaries and wages in the FY 2018 revised reportable estimate support 2,355.3 FTE positions, which is an increase of 45.3 FTE positions above the number approved by the 2017 Legislature. The agency states there are some position classification adjustments, but the positions primarily reflect the agency's intention to increase engineering associate positions and equipment operator positions. The agency states these positions reflect anticipated staffing necessary to continue to provide services in an efficient and effective manner.

The agency's FY 2018 revised estimate includes federal and local aid reimbursement estimates totaling \$328.3 million. This is a decrease of \$133.9 million, or 29.0 percent, below the FY 2017 actual amount due to uncertainty in federal funding. The agency states not only were more federal funds able in FY 2017 than originally anticipated, but also that the agency was able to draw down funding earlier than expected in FY 2017, which lead to reductions to the anticipated federal funding to be drawn down in FY 2018.

The **Governor** recommends reportable FY 2018 expenditures of \$1.0 billion, all from special revenue funds. The recommendation is an all funds increase of \$1.8 million, or 0.2 percent, above the agency's revised FY 2018 estimate. The increase is attributable to the Governor's recommendation to add \$1.8 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2017 Highway Consensus Revenue Estimating group in FY 2018. Additional adjustments included within the Governor's recommendation in FY 2018 are as follows:

- Increase the transfer from the State Highway Fund to the Department of Revenue Division of Vehicles Operating Fund by \$632,968 to fully provide for the 2017 Legislature's approved pay plan. The pay plan increased Department of Revenue operating costs but the transfer from the State Highway Fund was not correspondingly increased.

**FY 2019 – Budget Year.** The **agency** requests a revised reportable FY 2019 estimate totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$71.1 million, or 6.1 percent, below the amount approved by the 2017 Legislature. The agency states this is the ninth year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2018, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. This includes additional preservation spending as part of new bonding authorized by the 2017 Legislature, additional debt service for bonds issued, additional local construction projects, an increase in contractual engineering services in the Local Construction subprogram, and Seat Belt Safety Fund expenditures. The agency notes the submitted budget includes \$1.9 million in expenditures associated with the 2.5 percent pay increase for those converting to unclassified service.

The FY 2019 revised estimate includes salaries and wages expenditures totaling \$147.8 million, which is an increase of \$2.1 million, or 1.4 percent, above the amount approved by the 2017 Legislature. Salaries and wages in the revised reportable FY 2019 estimate support 2,355.3 FTE positions, which is an increase of 45.3 FTE positions above the number approved by the 2017 Legislature. The agency states there are some position classification adjustments, but the positions primarily reflect the agency's intention to increase engineering associate positions and equipment operator positions. The agency states these positions reflect anticipated staffing necessary to continue to provide services in an efficient and effective manner.



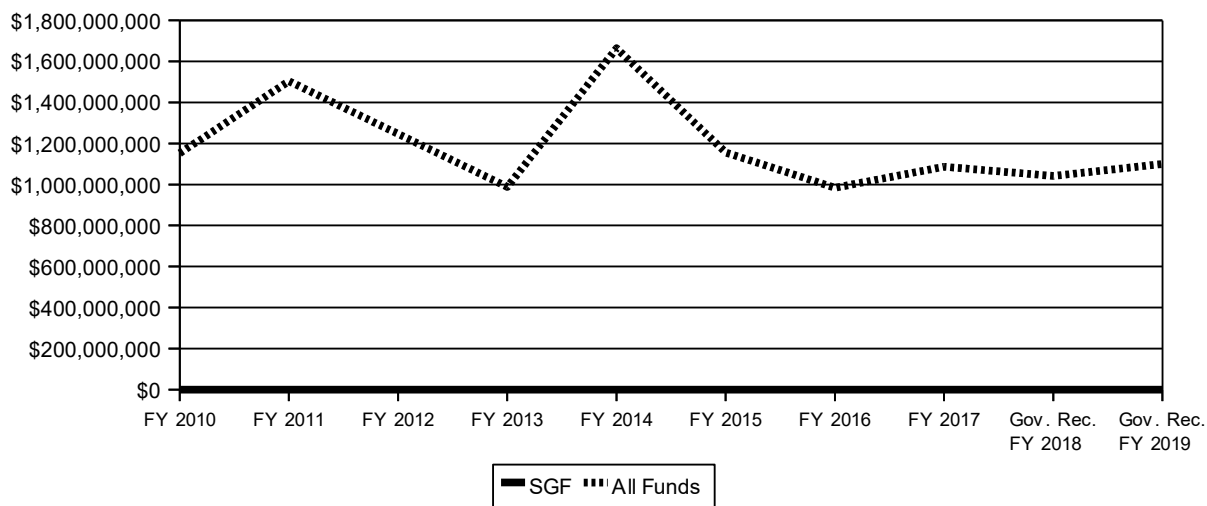
The agency's FY 2019 revised estimate includes federal and local aid reimbursement estimates totaling \$408.6 million. This is an increase of \$80.3 million, or 24.5 percent, above the FY 2018 revised estimate due to uncertainty in federal funding. The agency states as Federal Funds were drawn down early in FY 2017, the FY 2018 receipts amount was lower than normal. This increase reflects the agency returning to a more normal timing of receipts.

The **Governor** recommends reportable FY 2019 expenditures of \$1.1 billion, all from special revenue funds. The recommendation is an all funds increase of \$2.0 million, or 0.2 percent, above the agency's revised FY 2019 estimate. The increase is attributable to the Governor's recommendations to add \$2.0 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2017 Highway Consensus Revenue Estimating group for FY 2019. Additional adjustments included within the Governor's recommendation for FY 2019 are as follows:

- Increase the transfer from the State Highway Fund to the Department of Revenue Division of Vehicles Operating Fund by \$632,968 to fully provide for the 2017 Legislature's approved pay plan. The pay plan increased Department of Revenue operating costs but the transfer from the State Highway Fund was not correspondingly increased; and
- Decrease the transfer from the State Highway Fund to the Department of Education used to support education transportation by \$5.0 million from \$10.0 million to \$5.0 million. These funds are recommended to be replaced by State General Fund moneys.

# BUDGET TRENDS

## OPERATING EXPENDITURES - REPORTABLE FY 2010 – FY 2019



## OPERATING EXPENDITURES - REPORTABLE FY 2010 – FY 2019

| Fiscal Year     | SGF  | % Change | All Funds        | % Change | FTE     |
|-----------------|------|----------|------------------|----------|---------|
| 2010            | \$ 0 | -- %     | \$ 1,152,389,464 | (27.6)%  | 3,164.5 |
| 2011            | 0    | --       | 1,503,382,472    | 30.5     | 3,164.5 |
| 2012            | 0    | --       | 1,246,526,150    | (17.1)   | 2,967.5 |
| 2013            | 0    | --       | 987,928,803      | (20.7)   | 2,880.5 |
| 2014            | 0    | --       | 1,663,870,780    | 68.4     | 2,737.5 |
| 2015            | 0    | --       | 1,155,650,548    | (30.5)   | 2,737.5 |
| 2016            | 0    | --       | 984,172,447      | (14.8)   | 2,515.6 |
| 2017            | 0    | --       | 1,086,280,648    | 10.4     | 2,310.0 |
| 2018 Gov. Rec.  | 0    | --       | 1,041,565,713    | (4.1)    | 2,355.3 |
| 2019 Gov. Rec.  | 0    | --       | 1,100,008,351    | 5.6      | 2,355.3 |
| Ten-Year Change |      |          |                  |          |         |
| Dollars/Percent | \$ 0 | -- %     | \$ (52,381,113)  | (4.5)%   | (809.3) |

**Summary of Operating Budget FY 2017 - FY 2019**

|                                        |                         | Agency Estimate         |                         |                      |                                |                                 | Governor's Recommendation |                      |                                |                                 |
|----------------------------------------|-------------------------|-------------------------|-------------------------|----------------------|--------------------------------|---------------------------------|---------------------------|----------------------|--------------------------------|---------------------------------|
|                                        |                         | Actual<br>FY 2017       | Estimate<br>FY 2018     | Estimate<br>FY 2019  | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019      | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>By Program:</b>                     |                         |                         |                         |                      |                                |                                 |                           |                      |                                |                                 |
| Admin. & Trans. Plan.                  | \$ 44,200,296           | \$ 50,344,211           | \$ 49,796,084           | \$ (548,127)         | (1.1) %                        | \$ 50,344,211                   | \$ 49,796,084             | \$ (548,127)         | (1.1) %                        |                                 |
| Trans. Plan. & Modal Support           | 0                       | 57,734,414              | 57,701,432              | (32,982)             | (0.1)                          | 57,734,414                      | 57,701,432                | (32,982)             | (0.1)                          |                                 |
| Local Support                          | 240,301,793             | 182,922,152             | 184,299,486             | 1,377,334            | 0.8                            | 184,685,935                     | 186,334,527               | 1,648,592            | 0.9                            |                                 |
| Maintenance                            | 131,210,686             | 141,812,379             | 145,306,475             | 3,494,096            | 2.5                            | 141,812,379                     | 145,306,475               | 3,494,096            | 2.5                            |                                 |
| Construction                           | 670,567,873             | 606,988,774             | 660,869,833             | 53,881,059           | 8.9                            | 606,988,774                     | 660,869,833               | 53,881,059           | 8.9                            |                                 |
| <b>TOTAL - Reportable</b>              | <b>\$ 1,086,280,648</b> | <b>\$ 1,039,801,930</b> | <b>\$ 1,097,973,310</b> | <b>\$ 58,171,380</b> | <b>5.6</b>                     | <b>1,041,565,713</b>            | <b>1,100,008,351</b>      | <b>58,442,638</b>    | <b>5.6</b>                     |                                 |
| Admin. & Trans. Plan.                  | \$ 204,366              | \$ 251,000              | \$ 251,000              | \$ 0                 | --                             | 251,000                         | 251,000                   | 0                    | --                             |                                 |
| Trans. Plan. & Modal Support           | 0                       | 4,599,043               | 4,548,543               | (50,500)             | (1.1)                          | 4,599,043                       | 4,548,543                 | (50,500)             | (1.1)                          |                                 |
| Local Support                          | 4,006,120               | 0                       | 0                       | 0                    | --                             | 0                               | 0                         | 0                    | --                             |                                 |
| Maintenance                            | 1,050,114               | 1,200,000               | 1,200,000               | 0                    | --                             | 1,200,000                       | 1,200,000                 | 0                    | --                             |                                 |
| Construction                           | 179,864,851             | 406,590,674             | 432,630,821             | 26,040,147           | 6.4                            | 406,590,674                     | 432,630,821               | 26,040,147           | 6.4                            |                                 |
| <b>TOTAL - Non-Report.</b>             | <b>\$ 185,125,451</b>   | <b>\$ 412,640,717</b>   | <b>\$ 438,630,364</b>   | <b>\$ 25,989,647</b> | <b>6.3</b>                     | <b>412,640,717</b>              | <b>438,630,364</b>        | <b>25,989,647</b>    | <b>6.3</b>                     |                                 |
| <b>GRAND TOTAL</b>                     | <b>\$ 1,271,406,099</b> | <b>\$ 1,452,442,647</b> | <b>\$ 1,536,603,674</b> | <b>\$ 84,161,027</b> | <b>5.8 %</b>                   | <b>\$ 1,454,206,430</b>         | <b>\$ 1,538,638,715</b>   | <b>\$ 84,432,285</b> | <b>5.8 %</b>                   |                                 |
| <b>By Major Object of Expenditure:</b> |                         |                         |                         |                      |                                |                                 |                           |                      |                                |                                 |
| Salaries and Wages                     | \$ 135,822,361          | \$ 144,777,193          | \$ 147,827,230          | \$ 3,050,037         | 2.1 %                          | \$ 144,777,193                  | \$ 147,827,230            | \$ 3,050,037         | 2.1 %                          |                                 |
| Contractual Services                   | 89,754,908              | 129,252,456             | 120,118,449             | (9,134,007)          | (7.1)                          | 129,252,456                     | 120,118,449               | (9,134,007)          | (7.1)                          |                                 |
| Commodities                            | 29,204,896              | 40,851,433              | 43,054,367              | 2,202,934            | 5.4                            | 40,851,433                      | 43,054,367                | 2,202,934            | 5.4                            |                                 |
| Capital Outlay                         | 17,945,619              | 16,319,168              | 15,806,696              | (512,472)            | (3.1)                          | 16,319,168                      | 15,806,696                | (512,472)            | (3.1)                          |                                 |
| Debt Service                           | 87,802,402              | 89,323,530              | 94,065,011              | 4,741,481            | 5.3                            | 89,323,530                      | 94,065,011                | 4,741,481            | 5.3                            |                                 |
| <i>Subtotal-Operations</i>             | <b>\$ 360,530,186</b>   | <b>\$ 420,523,780</b>   | <b>\$ 420,871,753</b>   | <b>\$ 347,973</b>    | <b>0.1 %</b>                   | <b>\$ 420,523,780</b>           | <b>\$ 420,871,753</b>     | <b>\$ 347,973</b>    | <b>0.1 %</b>                   |                                 |
| Aid to Local Units                     | 204,814,327             | 204,956,624             | 206,352,476             | 1,395,852            | 0.7                            | 206,720,407                     | 208,387,517               | 1,667,110            | 0.8                            |                                 |
| Other Assistance                       | 31,312,548              | 23,811,342              | 23,786,014              | (25,328)             | (0.1)                          | 23,811,342                      | 23,786,014                | (25,328)             | (0.1)                          |                                 |
| Capital Improvements                   | 489,623,587             | 390,510,184             | 446,963,067             | 56,452,883           | 14.5                           | 390,510,184                     | 446,963,067               | 56,452,883           | 14.5                           |                                 |
| <b>TOTAL - Reportable</b>              | <b>\$ 1,086,280,648</b> | <b>\$ 1,039,801,930</b> | <b>\$ 1,097,973,310</b> | <b>\$ 58,171,380</b> | <b>5.6</b>                     | <b>\$ 1,041,565,713</b>         | <b>\$ 1,100,008,351</b>   | <b>58,442,638</b>    | <b>5.6</b>                     |                                 |
| <b>TOTAL - Non-Report.</b>             | <b>185,125,451</b>      | <b>412,640,717</b>      | <b>438,630,364</b>      | <b>25,989,647</b>    | <b>6.3</b>                     | <b>412,640,717</b>              | <b>438,630,364</b>        | <b>25,989,647</b>    | <b>6.3</b>                     |                                 |
| <b>GRAND TOTAL</b>                     | <b>\$ 1,271,406,099</b> | <b>\$ 1,452,442,647</b> | <b>\$ 1,536,603,674</b> | <b>\$ 84,161,027</b> | <b>5.8 %</b>                   | <b>\$ 1,454,206,430</b>         | <b>\$ 1,538,638,715</b>   | <b>\$ 84,432,285</b> | <b>5.8 %</b>                   |                                 |

## Summary of Operating Budget FY 2017 - FY 2019 continued

|                        | Actual<br>FY 2017       | Agency Estimate         |                         |                                |                                 | Governor's Recommendation |                         |                                |                                 |
|------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|---------------------------------|---------------------------|-------------------------|--------------------------------|---------------------------------|
|                        |                         | Estimate<br>FY 2018     | Estimate<br>FY 2019     | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 | Rec.<br>FY 2018           | Rec.<br>FY 2019         | Dollar<br>Change<br>from FY 18 | Percent<br>Change<br>from FY 18 |
| <b>Financing:</b>      |                         |                         |                         |                                |                                 |                           |                         |                                |                                 |
| State Highway Fund     | \$ 707,975,571          | \$ 667,306,305          | \$ 711,947,752          | \$ 44,641,447                  | 6.7 %                           | \$ 667,306,305            | \$ 711,947,752          | \$ 44,641,447                  | 6.7 %                           |
| All Other Funds        | 378,305,077             | 372,495,625             | 386,025,558             | 13,529,933                     | 3.6                             | 374,259,408               | 388,060,599             | 13,801,191                     | 3.7                             |
| TOTAL - Reportable     | \$ 1,086,280,648        | \$ 1,039,801,930        | \$ 1,097,973,310        | \$ 58,171,380                  | 5.6                             | \$ 1,041,565,713          | 1,100,008,351           | 58,442,638                     | 5.6                             |
| State Highway Fund     | \$ 180,665,824          | \$ 207,047,174          | \$ 233,036,821          | \$ 25,989,647                  | 12.6                            | \$ 207,047,174            | \$ 233,036,821          | \$ 25,989,647                  | 12.6                            |
| All Other Funds        | 4,459,627               | 205,593,543             | 205,593,543             | 0                              | --                              | 205,593,543               | 205,593,543             | 0                              | --                              |
| TOTAL - Non-reportable | \$ 185,125,451          | \$ 412,640,717          | \$ 438,630,364          | \$ 25,989,647                  | 6.3                             | \$ 412,640,717            | \$ 438,630,364          | \$ 25,989,647                  | 6.3                             |
| <b>GRAND TOTAL</b>     | <b>\$ 1,271,406,099</b> | <b>\$ 1,452,442,647</b> | <b>\$ 1,536,603,674</b> | <b>\$ 84,161,027</b>           | <b>5.8 %</b>                    | <b>\$ 1,454,206,430</b>   | <b>\$ 1,538,638,715</b> | <b>\$ 84,432,285</b>           | <b>5.8 %</b>                    |

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED REPORTABLE BUDGET |                                    |                               |                                   |                             |                                     |
|----------------------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                                        | Legislative<br>Approved<br>FY 2018 | Agency<br>Estimate<br>FY 2018 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2018 | Governor<br>Change from<br>Approved |
| State Highway Fund                     | \$ 538,036,282                     | \$ 667,306,305                | \$ 129,270,023                    | \$ 667,306,305              | \$ 129,270,023                      |
| All Other Funds                        | 366,723,678                        | 372,495,625                   | 5,771,947                         | 374,259,408                 | 7,535,730                           |
| <b>TOTAL</b>                           | <b>\$ 904,759,960</b>              | <b>\$ 1,039,801,930</b>       | <b>\$ 135,041,970</b>             | <b>\$ 1,041,565,713</b>     | <b>\$ 136,805,753</b>               |
| FTE Positions                          | 2,310.0                            | 2,355.3                       | 45.3                              | 2,355.3                     | 45.3                                |

The **agency** requests a revised reportable FY 2018 estimate totaling \$1.0 billion, all from special revenue funds, which is an increase of \$135.0 million, or 14.9 percent, above the amount approved by the 2017 Legislature. The agency notes the increase is due largely to ongoing projects that were delayed from FY 2017 into FY 2018. The agency states this is the eighth year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2018, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. The agency notes the submitted budget includes \$1.9 million in expenditures associated with the 2.5 percent pay increase for those converting to unclassified service.

Changes from the FY 2018 budget approved by the 2017 Legislature include the following adjustments:

- A \$117.8 million increase in revised estimated State Highway Fund projects expenditures moved, added, or continued into FY 2018. The agency notes this includes additional preservation spending as part of new bonding authorized by the 2017 Legislature, and additional local construction projects;
- A \$11.5 million increase in revised estimated State Highway Fund operations expenditures from special revenue fund receipts in FY 2018. The agency notes this increase is largely due to increased contractual engineering services in the Local Construction subprogram;
- A \$383,058 increase in expenditures from the newly appropriated Seat Belt Safety Fund created in 2017 SB 89. The bill increased the fine from \$10 to \$30 for a person 18 years and older not wearing a seat belt, and deposits this increase into this newly created fund as a no limit fund in FY 2018. The agency

states it anticipates expending revenues received in each fiscal year on seat belt safety programs. The programs and presentations will target all age groups of children and increase the reach and support of the Seatbelts Are For Everyone (SAFE) program to all high school students in the state. The agency anticipates that during federal fiscal year 2018 it will provide services to 175 schools and 750 presentations, with a focus on high schools and new drivers;

- A \$5.4 million increase in debt service interest expenditures related to the issuance of \$200.0 million for projects in FY 2018; and
- An increase of 45.3 FTE positions from the approved amount.

The FY 2018 revised estimate includes salaries and wages expenditures totaling \$144.8 million, which is an increase of \$1.3 million, or 0.9 percent, above the amount approved by the 2017 Legislature. Salaries and wages in the FY 2018 revised reportable estimate support 2,355.3 FTE positions, which is an increase of 45.3 FTE positions above the number approved by the 2017 Legislature. The agency states there are some position classification adjustments, but the positions primarily reflect the agency's intention to increase engineering associate positions and equipment operator positions. The agency states these positions reflect anticipated staffing necessary to continue to provide services in an efficient and effective manner.

The agency's FY 2018 revised estimate includes federal and local aid reimbursement estimates totaling \$328.3 million. This is a decrease of \$133.9 million, or 29.0 percent, below the FY 2017 actual amount. The agency states not only were more federal funds able in FY 2017 than originally anticipated, but also the agency was able to draw down funding earlier than expected in FY 2017, which lead to reductions to the anticipated federal funding to be drawn down in FY 2018.

## **Adjustments by Program**

**Administration and Transportation Planning.** The agency requests revised FY 2018 reportable operating expenditures totaling \$50.3 million, all from special revenue funds. This is an all funds decrease of \$6.7 million, or 11.7 percent, below the amount approved by the 2017 Legislature. Most of the decrease is in salaries and wages (\$3.0 million), contractual services (\$2.9 million), capital outlay (\$504,007), and commodities (\$287,549).

**Transportation Planning and Modal Support.** The agency requests revised FY 2018 reportable operating expenditures totaling \$57.7 million, all from special revenue funds, for the Transportation Planning and Modal Support program. This program did not exist as part of the budget approved by the 2017 Legislature.

**Local Support.** The agency requests revised FY 2018 reportable operating expenditures totaling \$182.9 million, all from special revenue funds, for the Local Support program. This is an all funds decrease of \$49.8 million, or 21.4 percent, below the amount approved by the 2017 Legislature. This decrease occurs within other assistance (\$23.5 million), aid to local units of government (\$20.5 million), contractual services (\$3.6 million), salaries and wages (\$1.7 million), commodities (\$315,410), and capital outlay (\$163,061).

**Maintenance.** The agency requests revised FY 2018 reportable operating expenditures totaling \$141.8 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$1.2 million, or 0.9 percent, above the amount approved by the 2017 Legislature. This increase occurs within salaries and wages (\$1.7 million) and capital outlay (\$631,843), partially offset by decreases in contractual services (\$699,560) and commodities (\$410,467).

**Construction.** The agency requests revised FY 2018 reportable operating expenditures totaling \$607.0 million, all from special revenue funds. This amount includes operations expenditures totaling \$216.5 million and capital improvements totaling \$390.5 million for the Construction program. Operations expenditures are an all funds increase of \$16.1 million, or 8.0 percent, above the amount approved by the 2017 Legislature, and primarily occur within contractual services (\$11.3 million) and debt service (\$5.4 million). Capital Improvements expenditures are an increase of \$117.8 million, or 43.2 percent, above the amount approved by the 2017 Legislature.

The **Governor** recommends reportable FY 2018 expenditures of \$1.0 billion, all from special revenue funds. The recommendation is an all funds increase of \$1.8 million, or 0.2 percent, above the agency's revised FY 2018 estimate. The increase is attributable to the Governor's recommendation to add \$1.8 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2017 Highway Consensus Revenue Estimating group in FY 2018. Additional adjustments included within the Governor's recommendation in FY 2018 are as follows:

- Increase the transfer from the State Highway Fund to the Department of Revenue Division of Vehicles Operating Fund by \$632,968 to fully provide for the 2017 Legislature's approved pay plan. The pay plan increased Department of Revenue operating costs but the transfer from the State Highway Fund was not correspondingly increased.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund expenditures.

| CHANGE FROM APPROVED REPORTABLE BUDGET |                                    |                               |                                   |                             |                                     |
|----------------------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                                        | Legislative<br>Approved<br>FY 2019 | Agency<br>Estimate<br>FY 2019 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2019 | Governor<br>Change from<br>Approved |
| State Highway Fund                     | \$ 798,450,912                     | \$ 711,947,752                | \$ (86,503,160)                   | \$ 711,947,752              | \$ (86,503,160)                     |
| All Other Funds                        | 370,642,500                        | 386,025,558                   | 15,383,058                        | 388,060,599                 | 17,418,099                          |
| <b>TOTAL</b>                           | <b>\$ 1,169,093,412</b>            | <b>\$ 1,097,973,310</b>       | <b>\$ (71,120,102)</b>            | <b>\$ 1,100,008,351</b>     | <b>\$ (69,085,061)</b>              |
| FTE Positions                          | 2,310.0                            | 2,355.3                       | 45.3                              | 2,355.3                     | 45.3                                |

The **agency** requests a revised reportable FY 2019 estimate totaling \$1.1 billion, all from special revenue funds, which is a decrease of \$71.1 million, or 6.1 percent, below the amount approved by the 2017 Legislature. The agency states this is the ninth year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2018, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. The agency notes the submitted budget includes \$1.9 million in expenditures associated with the 2.5 percent pay increase for those converting to the unclassified service.

Changes from the FY 2019 budget approved by the 2017 Legislature include the following adjustments:

- A \$98.0 million decrease in revised estimated State Highway Fund projects expenditures moved, added, or continued into FY 2019. The agency states this reduction is primarily due to reducing expenditures to account for the \$200.0 million in additional bonding for FY 2019 that the was approved by the 2017 Legislature;
- A \$11.5 million increase in revised estimated State Highway Fund operations expenditures from special revenue fund receipts for FY 2019. The agency notes this increase is largely due to increased contractual engineering services in the Local Construction subprogram;
- A \$383,058 increase in expenditures from the newly appropriated Seat Belt Safety Fund created in 2017 SB 89. The bill increased the fine from \$10 to \$30 for a person 18 years and older not wearing a seat belt, and deposits this increase into this newly created fund as a no limit fund in FY 2018. The agency states it anticipates expending revenues received in each fiscal year on seat belt safety programs. The programs and presentations will target all age groups of children and increase the reach and support of the Seatbelts Are For Everyone (SAFE) program to all high school students in the state. The agency anticipates that during federal fiscal year 2019 it will provide services to 185 schools and 775 presentations, with a focus on high schools and new drivers;
- A \$15.0 million increase in debt service interest expenditures related to the issuance of \$200.0 million for projects in FY 2018 and FY 2019; and
- An increase of 45.3 FTE positions above the approved amount.

The FY 2019 revised estimate includes salaries and wages expenditures totaling \$147.8 million, which is an increase of \$2.1 million, or 1.4 percent, above the amount approved by the 2017 Legislature. Salaries and wages in the revised reportable FY 2019 estimate support 2,355.3 FTE positions, which is an increase of 45.3 FTE positions above the number approved by the 2017 Legislature. The agency states there are some position classification adjustments, but the positions primarily reflect the agency's intention to increase engineering associate positions and equipment operator positions. The agency states these positions reflect anticipated staffing necessary to continue to provide services in an efficient and effective manner.

The agency's FY 2019 revised estimate includes federal and local aid reimbursement estimates totaling \$408.6 million. This is an increase of \$80.3 million, or 24.5 percent, above the FY 2018 revised estimate due to uncertainty in federal funds. The agency states that as Federal Funds were drawn down early in FY 2017, the FY 2018 receipts amount was lower than normal. This increase reflects the agency returning to a more normal timing of receipts.

## Adjustments by Program

**Administration and Transportation Planning.** The agency requests revised FY 2019 reportable operating expenditures totaling \$49.8 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds decrease of \$6.2 million, or 11.0 percent, below the amount approved by the 2017 Legislature. Most of the decrease is in salaries and wages (\$3.0 million), contractual services (\$2.4 million), capital outlay (\$482,836), and commodities (\$363,389).



**Transportation Planning and Modal Support.** The agency requests revised FY 2019 reportable operating expenditures totaling \$57.7 million, all from special revenue funds, for the Transportation Planning and Modal Support program. This is an decrease of \$32,982, or 0.1 percent, below the revised FY 2018 estimate.

**Local Support.** The agency requests revised FY 2019 reportable operating expenditures totaling \$184.3 million, all from special revenue funds, for the Local Support program. This is an all funds decrease of \$50.0 million, or 21.3 percent, below the amount approved by the 2017 Legislature. This decrease occurs within other assistance (\$23.5 million), aid to local units of government (\$20.6 million), contractual services (\$3.7 million), commodities (\$322,109), and capital outlay (\$157,861).

**Maintenance.** The agency requests revised FY 2019 reportable operating expenditures totaling \$145.3 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$585,789, or 0.4 percent, above the amount approved by the 2017 Legislature. This increase occurs within salaries and wages (\$2.2 million), partially offset by decreases in contractual services (\$653,191), capital outlay (\$536,684), and commodities (\$420,225).

**Construction.** The agency requests revised FY 2019 reportable operating expenditures totaling \$660.9 million, all from special revenue funds, for the Construction program. This amount includes operations expenditures totaling \$213.9 million and capital improvements totaling \$447.0 million for the Construction program. Operations expenditures are an all funds increase of \$25.9 million, or 13.8 percent, above the amount approved by the 2017 Legislature, and primarily occur within contractual services (\$11.3 million) and debt service (\$15.0 million). Capital Improvements expenditures are a decrease of \$98.0 million, or 18.0 percent, below the amount approved by the 2017 Legislature.

The **Governor** recommends reportable FY 2019 expenditures of \$1.1 billion, all from special revenue funds. The recommendation is an all funds increase of \$2.0 million, or 0.2 percent, above the agency's revised FY 2019 estimate. The increase is attributable to the Governor's recommendation to add \$2.0 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2017 Highway Consensus Revenue Estimating group for FY 2019. Additional adjustments included within the Governor's recommendation for FY 2019 are as follows:

- Increase the transfer from the State Highway Fund to the Department of Revenue Division of Vehicles Operating Fund by \$632,968 to fully provide for the 2017 Legislature's approved pay plan. The pay plan increased Department of Revenue operating costs but the transfer from the State Highway Fund was not correspondingly increased; and
- Decrease the transfer from the State Highway Fund to the Department of Education used to support education transportation by \$5.0 million. These funds are recommended to be replaced by State General Fund moneys.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for 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 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$515,680, all from special revenue funds, and FY 2019 longevity payments total \$542,840, all from special revenue funds.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

| Reportable Funding                                 | Agency Est.<br>Percent of<br>Total FY 2019 | Gov. Rec.<br>Percent of<br>Total FY 2019 |
|----------------------------------------------------|--------------------------------------------|------------------------------------------|
| State Highway Fund                                 | 64.8 %                                     | 64.7 %                                   |
| Highway Bonds Debt<br>Service                      | 19.3                                       | 19.2                                     |
| Special City and County<br>Highway Fund            | 13.7                                       | 13.8                                     |
| Coordinated Public<br>Transportation<br>Assistance | 1.0                                        | 1.0                                      |
| Rail Service Improvement<br>Fund                   | 0.2                                        | 0.2                                      |
| All Other Funds                                    | 1.1                                        | 1.1                                      |
| <b>TOTAL</b>                                       | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

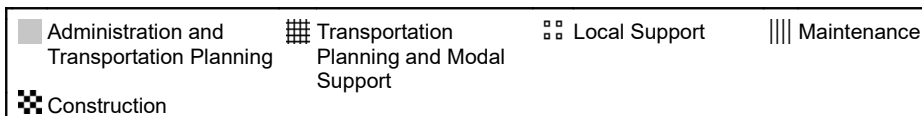
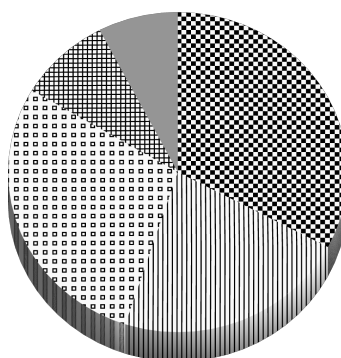
**Note:** Details may not add to totals due to rounding.

## PROGRAM DETAIL

### Reportable Operating Expenditures by Program

#### Governor's FY 2019 Recommendation

All Funds



\*Pie chart does not include capital improvements expenditures

| Program                                    | Gov. Rec.<br>All Funds<br>FY 2019 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2019 | Percent of<br>Total |
|--------------------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration and Transportation Planning | \$ 49,796,084                     | 7.6 %               | \$ 0                        | -- %                |
| Transportation Planning and Modal Support  | 57,701,432                        | 8.8                 | 0                           | --                  |
| Local Support                              | 186,334,527                       | 28.5                | 0                           | --                  |
| Maintenance                                | 145,306,475                       | 22.3                | 0                           | --                  |
| Construction                               | 213,906,766                       | 32.8                | 0                           | --                  |
| <b>TOTAL</b>                               | <b>\$ 653,045,284</b>             | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

| <b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b>                                                                                                                                                                                                                   |                           |                                |                              |                                |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| <b>Program</b>                                                                                                                                                                                                                                                      | <b>Actual<br/>FY 2017</b> | <b>Agency Est.<br/>FY 2018</b> | <b>Gov. Rec.<br/>FY 2018</b> | <b>Agency Est.<br/>FY 2019</b> | <b>Gov. Rec.<br/>FY 2019</b> |
| Administration and<br>Transportation<br>Planning                                                                                                                                                                                                                    | 388.0                     | 348.0                          | 348.0                        | 348.0                          | 348.0                        |
| Transportation Planning<br>and Modal Support                                                                                                                                                                                                                        | 0.0                       | 76.0                           | 76.0                         | 76.0                           | 76.0                         |
| Local Support                                                                                                                                                                                                                                                       | 42.0                      | 18.0                           | 18.0                         | 18.0                           | 18.0                         |
| Maintenance                                                                                                                                                                                                                                                         | 1,220.0                   | 1,257.0                        | 1,257.0                      | 1,257.0                        | 1,257.0                      |
| Construction                                                                                                                                                                                                                                                        | 660.0                     | 656.3                          | 656.3                        | 656.3                          | 656.3                        |
| <b>TOTAL</b>                                                                                                                                                                                                                                                        | <b>2,310.0</b>            | <b>2,355.3</b>                 | <b>2,355.3</b>               | <b>2,355.3</b>                 | <b>2,355.3</b>               |
| <i>Note:</i> For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week. |                           |                                |                              |                                |                              |

### ***A. Administration and Transportation Planning***

The goal of the Administration and Transportation Planning program is to “provide the direction, planning, coordination, communication, and administrative support that foster an integrated, multi-modal transportation system to meet the needs of Kansas.” Direction, planning, coordination, communication, and administrative support are included in this program. KDOT maintains a central office with the state divided into six districts. This program coordinates public outreach through media, legislative, and intergovernmental relations. To achieve these goals, the management program is comprised of the following three subprograms: Administration; Office of the Secretary; and Operations Support.

| ADMINISTRATION AND TRANSPORTATION PLANNING<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                      |                        |                      |                        |                      |
|-----------------------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                    | Actual<br>FY 2017    | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                    |                      |                        |                      |                        |                      |
| Salaries and Wages                                                                      | \$ 27,459,489        | \$ 25,487,166          | \$ 25,487,166        | \$ 26,001,858          | \$ 26,001,858        |
| Contractual Services                                                                    | 14,673,709           | 22,331,359             | 22,331,359           | 21,168,606             | 21,168,606           |
| Commodities                                                                             | 556,135              | 570,536                | 570,536              | 596,727                | 596,727              |
| Capital Outlay                                                                          | 465,333              | 1,355,150              | 1,355,150            | 1,428,893              | 1,428,893            |
| Debt Service                                                                            | 0                    | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                            | <i>\$ 43,154,666</i> | <i>\$ 49,744,211</i>   | <i>\$ 49,744,211</i> | <i>\$ 49,196,084</i>   | <i>\$ 49,196,084</i> |
| Aid to Local Units                                                                      | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance                                                                        | 1,045,630            | 600,000                | 600,000              | 600,000                | 600,000              |
| Capital Improvements                                                                    | 0                    | 0                      | 0                    | 0                      | 0                    |
| Reportable Exp.                                                                         | \$ 44,200,296        | \$ 50,344,211          | \$ 50,344,211        | \$ 49,796,084          | \$ 49,796,084        |
| Non-Reportable Exp.                                                                     | 204,366              | 251,000                | 251,000              | 251,000                | 251,000              |
| <b>TOTAL</b>                                                                            | <b>\$ 44,404,662</b> | <b>\$ 50,595,211</b>   | <b>\$ 50,595,211</b> | <b>\$ 50,047,084</b>   | <b>\$ 50,047,084</b> |
| <b>Financing:</b>                                                                       |                      |                        |                      |                        |                      |
| State General Fund                                                                      | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                         | 44,404,662           | 50,595,211             | 50,595,211           | 50,047,084             | 50,047,084           |
| <b>TOTAL</b>                                                                            | <b>\$ 44,404,662</b> | <b>\$ 50,595,211</b>   | <b>\$ 50,595,211</b> | <b>\$ 50,047,084</b>   | <b>\$ 50,047,084</b> |
| FTE Positions                                                                           | 388.0                | 348.0                  | 348.0                | 348.0                  | 348.0                |

The **agency** requests revised FY 2018 reportable operating expenditures totaling \$50.3 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds decrease of \$6.7 million, or 11.7 percent, below the amount approved by the 2017 Legislature. The decrease is in expenditures for salaries and wages (\$3.0 million), contractual services (\$2.9 million), capital outlay (\$504,007), and commodities (\$287,549). The agency states the Roads, Rail, and Water subprogram along with the Aviation Planning subprogram were moved as part of the performance based budgeting initiative to the Transportation Planning and Modal Support Program. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$25.5 million, all from special revenue funds, to fund 348.0 FTE positions in FY 2018. The request is an all funds decrease of \$3.0 million, or 10.7 percent, and 40.0 FTE positions below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in unclassified temporary pay (\$4.1 million), classified regular pay (\$889,271), employer contributions to state employee health insurance (\$445,916), employer contributions to state employee retirement (\$253,114), and Medicare (\$160,669). The decreases are partially offset by an increase primarily in expenditures for unclassified regular pay (\$3.0 million);
- **Contractual Services.** The agency requests expenditures of \$22.3 million, all from special revenue funds, in FY 2018. The request is a decrease of \$2.9 million, or 11.4 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in state buildings operating charge (\$1.5 million), consulting services—other (\$1.1 million), information systems consulting (\$434,280), equipment rental (\$386,788), computer software maintenance and service (\$341,927), other communication (\$207,021), other professional fees

(\$196,865), and other fees (\$151,163). These decreases are partially offset by an increase primarily in expenditures for state buildings capital charge (\$1.5 million);

- **Commodities.** The agency requests expenditures of \$570,536, all from special revenue funds, in FY 2018. This request is a decrease of \$287,549, or 33.5 percent, below the amount approved by the 2017 Legislature. Expenditure decreases occur in gasoline (\$123,571), professional and scientific supplies—other (\$52,286), other supplies and materials (\$38,124), other equipment materials parts (\$31,477), and stationery and office supplies (\$11,117);
- **Capital Outlay.** The agency requests expenditures of \$1.4 million, all from special revenue funds, in FY 2018. This request is a decrease of \$504,007, or 27.1 percent, below the amount approved by the 2017 Legislature. Expenditure decreases occur in trucks (\$245,248), professional and scientific equipment (\$222,100), software (\$46,000), and microcomputer equipment (\$5,159);
- **Other Assistance.** The agency requests \$600,000, all from the State Highway Fund, for expenditures for property damage or loss claims in FY 2018. This is no change from the amount approved by the 2017 Legislature; and
- **Non-reportable Expenditures.** The agency requests expenditures of \$251,000 from two sources: expenditures from the conference fees account (\$250,000) and the remittance of collected sales tax (\$1,000). This is no change from the amount approved by the 2017 Legislature.

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

The **agency** requests revised FY 2019 reportable operating expenditures totaling \$49.8 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds decrease of \$6.2 million, or 11.0 percent, below the amount approved by the 2017 Legislature. The decrease is in expenditures for salaries and wages (\$3.0 million), contractual services (\$2.4 million), capital outlay (\$482,836), and commodities (\$363,389). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$26.0 million, all from special revenue funds, to fund 348.0 FTE positions for FY 2019. The request is an all funds decrease of \$3.0 million, or 10.2 percent, below the FY 2018 request. Expenditure decreases occur in unclassified temporary pay (\$4.1 million), classified regular pay (\$889,276), employer contributions to state employee health insurance (\$362,600), and employer contributions to state employee retirement (\$285,951). These decreases are partially offset by an increase primarily in expenditures for unclassified regular pay (\$3.0 million);
- **Contractual Services.** The agency requests expenditures of \$21.2 million, all from special revenue funds, for FY 2019. This request is a decrease of \$2.4 million, or 10.1 percent, and 40.0 FTE positions below the amount approved by the 2017 Legislature. Expenditure decreases occur in state buildings operating charge (\$2.0 million), consulting services—other (\$698,768), advertising (\$475,452), equipment rental (\$386,823), computer software and maintenance services (\$344,017), and computer programming operations (\$213,374). These decreases are partially offset by increases in expenditures for state buildings

capital charge (\$1.5 million), information systems consulting (\$1.4 million), computer software rental (\$213,064), and other communication (\$208,835);

- **Commodities.** The agency requests expenditures of \$596,727, all from special revenue funds, for FY 2019. This request is a decrease of \$363,389, or 37.8 percent, below the amount approved by the 2017 Legislature. Expenditure decreases include gasoline (\$126,058), professional and scientific supplies—other (\$66,598), other supplies and materials (\$52,133), stationery and office supplies (\$37,657), other equipment materials and parts (\$31,501), data processing supplies (\$22,066), and aircraft fuel (\$9,535);
- **Capital Outlay.** The agency requests expenditures of \$1.4 million, all from special revenue funds, for FY 2019. This request is a decrease of \$482,836, or 25.3 percent, below the amount approved by the 2017 Legislature. Expenditure decreases occur in trucks (\$260,568), microcomputer equipment (\$126,072), professional and scientific equipment (\$62,100), and software (\$46,000). These decreases are partially offset by an increase primarily in expenditures for office furniture (\$7,000);
- **Other Assistance.** The agency requests \$600,000, all from the State Highway Fund, for expenditures for property damage or loss claims for FY 2019. This is no change from the amount approved by the 2017 Legislature; and
- **Non-reportable Expenditures.** The agency requests expenditures of \$251,000 from two sources: expenditures from the conference fees account (\$250,000) and the remittance of collected sales tax (\$1,000). This is no change from the amount approved by the 2017 Legislature.

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

## ***B. Transportation Planning and Modal Support***

The goal of the Transportation Planning and Modal Support program is to “provide planning, coordination, and assistance to ensure a safe, efficient, and reliable multi-modal transportation network on and off the State Highway System.” The Transportation Planning and Modal Support program handles planning and management of the agency's transportation program efforts, such as T-WORKS. The program provides for capital and operating assistance for public transportation; preservation or improvement of rail service through loans or grants; improvement of public-use aviation facilities; and highway safety activities designed to reduce traffic accidents and fatalities through modification of driver behavior. To achieve these goals, the management program is comprised of the following five subprograms: Traffic Safety; Transit; Transportation Planning; Aviation; and Rail and Freight.



| TRANSPORTATION PLANNING AND MODAL SUPPORT<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                   |                        |                      |                        |                      |
|----------------------------------------------------------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Item                                                                                   | Actual<br>FY 2017 | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| <b>Expenditures:</b>                                                                   |                   |                        |                      |                        |                      |
| Salaries and Wages                                                                     | \$ 0              | \$ 6,015,793           | \$ 6,015,793         | \$ 6,132,321           | \$ 6,132,321         |
| Contractual Services                                                                   | 0                 | 6,786,567              | 6,786,567            | 6,761,048              | 6,761,048            |
| Commodities                                                                            | 0                 | 454,432                | 454,432              | 490,913                | 490,913              |
| Capital Outlay                                                                         | 0                 | 717,736                | 717,736              | 525,192                | 525,192              |
| Debt Service                                                                           | 0                 | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal - Operations</i>                                                           | <i>\$ 0</i>       | <i>\$ 13,974,528</i>   | <i>\$ 13,974,528</i> | <i>\$ 13,909,474</i>   | <i>\$ 13,909,474</i> |
| Aid to Local Units                                                                     | 0                 | 20,548,544             | 20,548,544           | 20,605,944             | 20,605,944           |
| Other Assistance                                                                       | 0                 | 23,211,342             | 23,211,342           | 23,186,014             | 23,186,014           |
| Capital Improvements                                                                   | 0                 | 0                      | 0                    | 0                      | 0                    |
| Reportable Exp.                                                                        | \$ 0              | \$ 57,734,414          | \$ 57,734,414        | \$ 57,701,432          | \$ 57,701,432        |
| Non-Reportable Exp.                                                                    | 0                 | 4,599,043              | 4,599,043            | 4,548,543              | 4,548,543            |
| <b>TOTAL</b>                                                                           | <b>\$ 0</b>       | <b>\$ 62,333,457</b>   | <b>\$ 62,333,457</b> | <b>\$ 62,249,975</b>   | <b>\$ 62,249,975</b> |
| <b>Financing:</b>                                                                      |                   |                        |                      |                        |                      |
| State General Fund                                                                     | \$ 0              | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                                                                        | 0                 | 62,333,457             | 62,333,457           | 62,249,975             | 62,249,975           |
| <b>TOTAL</b>                                                                           | <b>\$ 0</b>       | <b>\$ 62,333,457</b>   | <b>\$ 62,333,457</b> | <b>\$ 62,249,975</b>   | <b>\$ 62,249,975</b> |
| FTE Positions                                                                          | 0.0               | 76.0                   | 76.0                 | 76.0                   | 76.0                 |

The **agency** requests revised FY 2018 reportable operating expenditures totaling \$57.7 million, all from special revenue funds, for the Transportation Planning and Modal Support program. This program did not exist as part of the budget approved by the 2017 Legislature. The agency states that the creation of this program was to meet the objectives of the performance based budgeting initiative, does not contain any new functions, and is comprised of currently existing positions and some existing vacant positions that the agency intends to fill. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$6.0 million, all from special revenue funds, to fund 76.0 FTE positions in FY 2018;
- **Contractual Services.** The agency requests expenditures of \$6.8 million, all from special revenue funds, in FY 2018;
- **Commodities.** The agency requests expenditures of \$454,432, all from special revenue funds, in FY 2018;
- **Capital Outlay.** The agency requests expenditures of \$717,736, all from special revenue funds, in FY 2018;
- **Aid to Local Units of Government.** The agency requests \$20.5 million, all from special revenue funds, in FY 2018;
- **Other Assistance.** The agency requests \$23.2 million, all from special revenue funds, in FY 2018; and

- **Non-reportable Expenditures.** The agency requests expenditures of \$4.6 million, which includes payments for the Rail Loan program and transfers to other state agencies for safety programs.

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

The **agency** requests revised FY 2019 reportable operating expenditures totaling \$57.7 million, all from special revenue funds, for the Transportation Planning and Modal Support program. This is an decrease of \$32,982, or 0.1 percent, below the revised FY 2018 estimate. This program did not exist as part of the budget approved by the 2017 Legislature, so comparisons are made to the FY 2018 agency request. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$6.1 million, all from special revenue funds, to fund 76.0 FTE positions for FY 2019. The request is an all funds increase of \$116,528, or 1.9 percent, above the FY 2018 request. Expenditure increases occur primarily in employer contributions to state employee retirement (\$62,122), employer contributions to state employee health insurance (\$42,636), and workers compensation (\$10,494);
- **Contractual Services.** The agency requests expenditures of \$6.8 million, all from special revenue funds, for FY 2019. This request is a decrease of \$25,519, or 0.4 percent, below the FY 2018 request. The primary expenditure decrease occurs in consulting services—other (\$812,478). This decrease is offset partially by an expenditure increase for advertising and marketing (\$695,672) and print and bind state facility services (\$84,200);
- **Commodities.** The agency requests expenditures of \$490,913, all from special revenue funds, for FY 2019. This request is an increase of \$36,481, or 8.0 percent, above the FY 2018 request. Expenditure increases occur primarily in personal protective equipment (\$33,024) and gasoline (\$2,957);
- **Capital Outlay.** The agency requests expenditures of \$525,192, all from special revenue funds, for FY 2019. This request is a decrease of \$192,544, or 26.8 percent, below the FY 2018 request. Expenditure decreases occur primarily in professional and scientific equipment (\$160,000) and microcomputer equipment (\$28,844);
- **Aid to Local Units of Government.** The agency requests \$20.6 million, all from special revenue funds, for FY 2019. This is an increase of \$57,400, or 0.6 percent, above the FY 2018 revised estimate. This amount includes state aid to local units of government (\$16.0 million) and federal aid to local units of government (\$4.6 million);
- **Other Assistance.** The agency requests \$23.2 million, all from special revenue funds, for FY 2019. This is a decrease of \$25,328, or 0.1 percent, below the FY 2018 revised estimate. This amount includes state aid (\$2.1 million) and federal aid (\$21.0 million); and
- **Non-reportable Expenditures.** The agency requests expenditures of \$4.5 million from two sources: federal sub-grant transfer (\$1.7 million) and other loans

(\$2.8 million). This amount includes payments for the Rail Loan program and transfers to other state agencies for safety programs.

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

### C. Local Support

The goal of the Local Support program is to “assist in providing safe, efficient, and reliable transportation network on and off the State Highway System.” This program provides planning and financial assistance to local governments and administers both state and federal funding for city and county roads, street, and bridge improvements; rural public transportation planning and assistance; transportation for the elderly and disabled; and highway safety plans and programs. The Local Support program includes aid to local units of government through the Special City and County Highway Fund (SCCHF). The SCCHF receives funding from motor fuel taxes and motor carrier property taxes. The funds are distributed quarterly, with 57.0 percent distributed to counties and 43.0 percent distributed to cities. Each county receives a base allocation of \$5,000 with the remainder distributed on a formula based on motor vehicle registration fees, average daily vehicle miles traveled, and total road miles within each county. The city distribution is based on population. This program includes safety programs targeting seat belt usage, drunk driving, underage drinking, and community awareness such as the “Click It or Ticket” and “You Drink, You Drive, You Lose” media campaigns. To achieve these goals, the local support program is comprised of the following subprograms: Special City and County Aid; and Local Projects.

| LOCAL SUPPORT<br>SUMMARY OF EXPENDITURES FY 2017 – FY 2019 |                       |                        |                       |                        |                       |
|------------------------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item                                                       | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
| <b>Expenditures:</b>                                       |                       |                        |                       |                        |                       |
| Salaries and Wages                                         | \$ 3,089,173          | \$ 1,600,568           | \$ 1,600,568          | \$ 1,631,196           | \$ 1,631,196          |
| Contractual Services                                       | 4,016,773             | 225,550                | 225,550               | 225,210                | 225,210               |
| Commodities                                                | 195,381               | 39,572                 | 39,572                | 48,948                 | 48,948                |
| Capital Outlay                                             | 435,173               | 8,382                  | 8,382                 | 7,600                  | 7,600                 |
| Debt Service                                               | 0                     | 0                      | 0                     | 0                      | 0                     |
| <b>Subtotal - Operations</b>                               | <b>\$ 7,736,500</b>   | <b>\$ 1,874,072</b>    | <b>\$ 1,874,072</b>   | <b>\$ 1,912,954</b>    | <b>\$ 1,912,954</b>   |
| Aid to Local Units                                         | 202,298,375           | 181,048,080            | 182,811,863           | 182,386,532            | 184,421,573           |
| Other Assistance                                           | 30,266,918            | 0                      | 0                     | 0                      | 0                     |
| Capital Improvements                                       | 0                     | 0                      | 0                     | 0                      | 0                     |
| <b>Reportable Exp.</b>                                     | <b>\$ 240,301,793</b> | <b>\$ 182,922,152</b>  | <b>\$ 184,685,935</b> | <b>\$ 184,299,486</b>  | <b>\$ 186,334,527</b> |
| Non-Reportable Exp.                                        | 4,006,120             | 0                      | 0                     | 0                      | 0                     |
| <b>TOTAL</b>                                               | <b>\$ 244,307,913</b> | <b>\$ 182,922,152</b>  | <b>\$ 184,685,935</b> | <b>\$ 184,299,486</b>  | <b>\$ 186,334,527</b> |
| <b>Financing:</b>                                          |                       |                        |                       |                        |                       |
| State General Fund                                         | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  |
| All Other Funds                                            | 244,307,913           | 182,922,152            | 184,685,935           | 184,299,486            | 186,334,527           |
| <b>TOTAL</b>                                               | <b>\$ 244,307,913</b> | <b>\$ 182,922,152</b>  | <b>\$ 184,685,935</b> | <b>\$ 184,299,486</b>  | <b>\$ 186,334,527</b> |
| FTE Positions                                              | 42.0                  | 18.0                   | 18.0                  | 18.0                   | 18.0                  |

The **agency** requests revised FY 2018 reportable operating expenditures totaling \$182.9 million, all from special revenue funds, for the Local Support program. This is an all funds

decrease of \$49.8 million, or 21.4 percent, below the amount approved by the 2017 Legislature. This decrease occurs within expenditures for other assistance (\$23.5 million), aid to local units of government (\$20.5 million), contractual services (\$3.6 million), salaries and wages (\$1.7 million), commodities (\$315,410), and capital outlay (\$163,061). The agency states the Categorical Aid subprogram was abolished for budget reporting purposes. The Categorical Aid subprogram included assistance expenditures for transit, aviation, rail, safety, metropolitan planning, and intelligent transportation systems. These funds will now be reflected in the subprogram in which they are being distributed. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$1.6 million, all from special revenue funds, to fund 18.0 FTE positions in FY 2018. The request is an all funds decrease of \$1.7 million, or 51.3 percent, and 24.0 FTE positions below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in unclassified temporary pay (\$675,889), unclassified regular pay (\$377,705), classified regular pay (\$190,028), employer contributions to employee retirement (\$158,833), employer contributions to state employee health insurance (\$152,074), and Medicare (\$94,600);
- **Contractual Services.** The agency requests expenditures of \$225,550, all from special revenue funds, in FY 2018. The request is a decrease of \$3.6 million, or 94.1 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in advertising and marketing (\$1.1 million), other professional fees (\$1.1 million), computer software maintenance and service (\$688,934), outsourced program administration (\$285,600), and other fees (\$112,208);
- **Commodities.** The agency requests expenditures of \$39,572, all from special revenue funds, in FY 2018. The request is a decrease of \$315,410, or 88.9 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in other supplies and materials (\$283,614) and gasoline (\$22,338);
- **Capital Outlay.** The agency requests expenditures of \$8,382, all from special revenue funds, in FY 2018. This request is a decrease of \$163,061, or 95.1 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in software (\$155,600) and microcomputer equipment (\$6,600);
- **Aid to Local Units of Government.** The agency requests expenditures of \$181.0 million, all from special revenue funds, for expenditures for Special City and County Highway Aid (\$151.0 million) and State Aid (\$30.0 million) in FY 2018. This is a decrease of \$20.5 million, or 10.2 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in State Aid (\$16.0 million) and the elimination of federal aid to local units of government (\$4.5 million) within the FY 2018 revised estimate;
- **Other Assistance.** The agency's request does not include any funding for other assistance in FY 2018. This is a decrease of 100.0 percent below the approved amount of \$23.5 million.

The **Governor** concurs with the agency's revised FY 2018 estimate, with the following adjustment:

- Add \$1.8 million, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2017 Highway Consensus Revenue Estimating group in FY 2018.

The **agency** requests revised FY 2019 reportable operating expenditures totaling \$184.3 million, all from special revenue funds, for the Local Support program. This is an all funds decrease of \$50.0 million, or 21.3 percent, below the amount approved by the 2017 Legislature. This decrease occurs within expenditures for other assistance (\$23.5 million), aid to local units of government (\$20.6 million), contractual services (\$3.7 million), commodities (\$322,109), and capital outlay (\$157,861). The agency states the Categorical Aid subprogram was abolished for budget reporting purposes. The Categorical Aid subprogram included assistance expenditures for transit, aviation, rail, safety, metropolitan planning, and intelligent transportation systems. These funds will now be reflected in the subprogram in which they are being distributed. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$1.6 million, all from special revenue funds, to fund 18.0 FTE positions for FY 2019. The request is an all funds decrease of \$1.7 million, or 51.1 percent, and 24.0 FTE positions below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in unclassified temporary pay (\$675,889), unclassified regular pay (\$377,705), classified regular pay (\$190,029), employer contributions to state employee retirement (\$177,163), and employer contributions to state employee health insurance (\$152,621) and old age, survivor, and disability insurance (\$94,610);
- **Contractual Services.** The agency requests expenditures of \$225,210, all from special revenue funds, for FY 2019. This request is a decrease of \$3.7 million, or 94.2 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in advertising and marketing (\$1.2 million), other professional fees (\$1.1 million), computer software maintenance and service (\$691,341), outsourced program administration (\$291,598), and other fees (\$114,573);
- **Commodities.** The agency requests expenditures of \$48,948, all from special revenue funds, for FY 2019. This request is a decrease of \$322,109, or 86.8 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in other supplies and materials (\$289,573) and gasoline (\$22,808);
- **Capital Outlay.** The agency requests expenditures of \$7,600, all from special revenue funds, for FY 2019. This request is a decrease of \$157,861, or 95.4 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in software (\$155,600) and microcomputer equipment (\$3,000);
- **Aid to Local Units of Government.** The agency requests expenditures of \$182.4 million, all from special revenue funds, for expenditures for Special City and County Highway Aid (\$152.4 million) and State Aid (\$30.0 million) for FY 2019. This is a decrease of \$20.6 million, or 10.2 percent, below the amount

approved by the 2017 Legislature. Primary expenditure decreases occur in State Aid (\$16.0 million) and the elimination of federal aid to local units of government (\$4.6 million) within the FY 2019 revised estimate;

- **Other Assistance.** The agency's request does not include any funding for other assistance for FY 2019. This is a decrease of 100.0 percent below the approved amount of \$23.5 million.

The **Governor** concurs with the agency's revised FY 2019 estimate with the following adjustment:

- Add \$2.0 million, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2017 Highway Consensus Revenue Estimating group for FY 2019.

#### ***D. Maintenance***

The Maintenance program contains all regular highway and bridge maintenance functions performed by the State. Regular maintenance activities are designed to preserve, repair, and restore the roadway system to its designed or accepted standards. System elements include travel-way surfaces, shoulders, roadsides, drainage facilities, bridges, signs, and markings. Also included are traffic services, such as lighting and signal operation, snow and ice removal, and operation of roadside rest areas.

Maintenance activities are undertaken to offset the effects of deterioration, damage, and vandalism. Deterioration includes the effects of aging, weather, material fatigue, and design and construction weaknesses. Activities also include repair of buildings and equipment essential to perform maintenance activities.

Funds also are provided to cities to assist in maintenance of routes designated as highway connecting links. Costs for maintenance of these links are apportioned between KDOT and the city as determined by agreement. KDOT reimburses cities and counties at the rate of \$3,000-per-lane mile for links maintained.

In addition, funds are available for substantial maintenance on city connecting links, and costs for maintenance of these links are apportioned between KDOT and the city as determined by agreement. When cities enter into an agreement for the city connecting links to be maintained by the State, KDOT then becomes responsible for all maintenance on the connecting link. Agency leasing expenditures are included as non-reportable expenditures while federal funds for the program are included as reportable expenditures. To achieve these goals, the local support program is comprised of the following subprograms: Regular Maintenance and Communications System—On Budget.

| <b>MAINTENANCE</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                       |                        |                       |                        |                       |
|------------------------------------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item                                                                   | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
| <b>Expenditures:</b>                                                   |                       |                        |                       |                        |                       |
| Salaries and Wages                                                     | \$ 61,888,931         | \$ 65,664,841          | \$ 65,664,841         | \$ 67,177,826          | \$ 67,177,826         |
| Contractual Services                                                   | 22,125,439            | 21,459,476             | 21,459,476            | 21,874,156             | 21,874,156            |
| Commodities                                                            | 26,507,713            | 38,632,951             | 38,632,951            | 40,595,035             | 40,595,035            |
| Capital Outlay                                                         | 16,040,028            | 12,695,111             | 12,695,111            | 12,299,458             | 12,299,458            |
| Debt Service                                                           | 0                     | 0                      | 0                     | 0                      | 0                     |
| <i>Subtotal - Operations</i>                                           | <i>\$ 126,562,111</i> | <i>\$ 138,452,379</i>  | <i>\$ 138,452,379</i> | <i>\$ 141,946,475</i>  | <i>\$ 141,946,475</i> |
| Aid to Local Units                                                     | 2,515,952             | 3,360,000              | 3,360,000             | 3,360,000              | 3,360,000             |
| Other Assistance                                                       | 0                     | 0                      | 0                     | 0                      | 0                     |
| Capital Improvements                                                   | 0                     | 0                      | 0                     | 0                      | 0                     |
| Reportable Exp.                                                        | \$ 129,078,063        | \$ 141,812,379         | \$ 141,812,379        | \$ 145,306,475         | \$ 145,306,475        |
| Non-Reportable Exp.                                                    | 1,050,114             | 1,200,000              | 1,200,000             | 1,200,000              | 1,200,000             |
| <b>TOTAL</b>                                                           | <b>\$ 130,128,177</b> | <b>\$ 143,012,379</b>  | <b>\$ 143,012,379</b> | <b>\$ 146,506,475</b>  | <b>\$ 146,506,475</b> |
| <b>Financing:</b>                                                      |                       |                        |                       |                        |                       |
| State General Fund                                                     | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  |
| All Other Funds                                                        | 130,128,177           | 143,012,379            | 143,012,379           | 146,506,475            | 146,506,475           |
| <b>TOTAL</b>                                                           | <b>\$ 130,128,177</b> | <b>\$ 143,012,379</b>  | <b>\$ 143,012,379</b> | <b>\$ 146,506,475</b>  | <b>\$ 146,506,475</b> |
| FTE Positions                                                          | 1,220.0               | 1,257.0                | 1,257.0               | 1,257.0                | 1,257.0               |

The **agency** requests revised FY 2018 reportable operating expenditures totaling \$141.8 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$1.2 million, or 0.9 percent, above the amount approved by the 2017 Legislature. This increase occurs within expenditures for salaries and wages (\$1.7 million) and capital outlay (\$631,843), partially offset by decreases in expenditures for contractual services (\$699,560) and commodities (\$410,467). The request is detailed below by category of expenditure:

- Salaries and Wages.** The agency requests expenditures of \$65.7 million, all from special revenue funds, to fund 1,257.0 FTE positions in FY 2018. The request is an all funds increase of \$1.7 million, or 2.7 percent, and 37.0 FTE positions above the amount approved by the 2017 Legislature. Primary expenditure increases occur in unclassified regular pay (\$7.6 million) and employer contributions to state employee retirement (\$220,090). These increases are partially offset by expenditure decreases primarily in classified regular pay (\$5.4 million) and unclassified temporary pay (\$701,601). The agency states it funded positions that were filled at the time of budget submission, vacant positions that the agency intends to fill, and increases associated with the 2.5 percent executive allowance for those positions not receiving a pay increase as part of the 2017 Legislative pay plan;
- Contractual Services.** The agency requests expenditures of \$21.5 million, all from special revenue funds, in FY 2018. This request is a decrease of \$699,560, or 3.2 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in self-propelled repair (\$403,158), natural gas (\$252,748), electricity (\$164,535), other professional fees (\$130,586), repair and service equipment and furniture (\$125,219), and surety bond and insurance premiums (\$99,991). These decreases are partially offset by expenditure

increases primarily in repair and service building grounds (\$288,139) and other fees (\$237,735);

- **Commodities.** The agency requests expenditures of \$38.6 million, all from special revenue funds, in FY 2018. This request is a decrease of \$410,467, or 1.1 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in other vehicle parts and supplies (\$273,489), gasoline (\$249,999), highway asphalt (\$243,608), motor oil (\$88,835), highway aggregate for ice control (\$78,369), other equipment-material and parts (\$77,584), highway asphaltic concrete (\$73,956), tires (\$64,298), highway lighting repair supplies (\$60,505), buildings and grounds materials (\$44,376), and liquid propane gas and butane (44,088). These decreases are partially offset by an expenditure increase primarily in diesel fuel (\$883,720);
- **Capital Outlay.** The agency requests expenditures of \$12.7 million, all from special revenue funds, in FY 2018. The request is an increase of \$631,843, or 5.2 percent, above the amount approved by the 2017 Legislature. Primary expenditure increases occur in telecommunications switching equipment (\$400,000), portable radio equipment (\$215,417), and telecommunication transmission equipment (\$100,000). These increases are partially offset by an expenditure decrease primarily in radio equipment—fixed (\$104,501). The agency states that these expenditures are mainly attributable to new fiber switches needed to meet an IRS requirement;
- **Aid to Local Units of Government.** The agency requests expenditures of \$3.4 million, all from special revenue funds, for expenditures for highway to city connecting link maintenance in FY 2018. This is no change from the amount approved by the 2017 Legislature; and
- **Non-reportable Expenditures.** Non-reportable expenditures total \$1.2 million in FY 2018 and are for inter-agency transfers, including motor fuel sales and radio purchases. This is no change from the amount approved by the 2017 Legislature.

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

The **agency** requests revised FY 2019 reportable operating expenditures totaling \$145.3 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$585,789, or 0.4 percent, above the amount approved by the 2017 Legislature. This increase occurs within expenditures for salaries and wages (\$2.2 million), partially offset by decreases in expenditures for contractual services (\$653,191), capital outlay (\$536,684), and commodities (\$420,225). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$67.2 million, all from special revenue funds, to fund 1,257.0 FTE positions for FY 2019. The request is an all funds increase of \$2.2 million, or 3.4 percent, and 37.0 FTE positions above the amount approved by the 2017 Legislature. Primary expenditure increases occur in unclassified regular pay (\$7.6 million) and employer contributions to state employee retirement (\$220,090). These increases are partially offset by expenditure decreases primarily in classified regular pay (\$5.4 million) and unclassified temporary pay (\$701,601). The agency states it funded positions that were filled at the time of budget



submission, vacant positions that the agency intends to fill, and increases associated with the 2.5 percent executive allowance for those positions not receiving a pay increase as part of the 2017 Legislative pay plan;

- **Contractual Services.** The agency requests expenditures of \$21.9 million, all from special revenue funds, for FY 2019. This request is a decrease of \$653,191, or 2.9 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur within self-propelled repair–other (\$423,161), natural gas (\$246,187), other professional fees (\$141,862), electricity (\$137,480), and repair and service equipment and furniture (\$132,262). Decreases are partially offset by increases primarily in repair and service building grounds (\$306,926) and other fees (\$191,408);
- **Commodities.** The agency requests expenditures of \$40.6 million, all from special revenue funds, for FY 2019. This request is a decrease of \$420,225, or 1.0 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur within gasoline federal excise tax (\$911,639), other vehicle parts and supplies (\$187,772), motor oil (\$90,519), and tires (\$59,587). These decreases are partially offset by expenditure increases primarily in gasoline (\$750,000) and highway glass beads (\$111,330);
- **Capital Outlay.** The agency requests expenditures of \$12.3 million, all from special revenue funds, for FY 2019. This request is a decrease of \$536,684, or 4.2 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in trucks (\$708,503) and radio equipment (\$162,743). These decreases are partially offset by increases primarily in portable radio equipment (\$207,776) and telecommunications transmission equipment (\$100,000). This decrease is related to one-time expenditures made in the FY 2018 budget for new fiber switches needed to meet an IRS requirement;
- **Aid to Local Units of Government.** The agency requests expenditures of \$3.4 million, all from special revenue funds, for expenditures for highway to city connecting link maintenance for FY 2019; and
- **Non-reportable Expenditures.** Non-reportable expenditures total \$1.2 million for FY 2019 and are for inter-agency transfers, including motor fuel sales.

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

## ***E. Construction***

The Construction program includes functions and activities associated with constructing new highways and performing major renovations of existing state highways and facilities. The program is divided into seven subprograms: Debt Service; Design/Right of Way; Construction Inspection; Expansion; State Projects; Modernization; and Buildings, Local Construction, and Preservation. Activities include road and bridge design, surveying and geological testing, appraisal and land acquisition, utility adjustments, bridge inspection, materials inspection and testing, construction inspection, highway construction, and preservation functions. Preservation functions are intended to protect public investment by preserving the as-built condition as long as possible and minimizing the need for major improvements. Preservation activities include: resurfacing, bridge painting, bridge and culvert repair, major sign replacement, and safety improvements.

Program activities include right-of-way purchase, design, construction supervision, materials testing, facilities construction and remodeling, debt service, and federal aid to local units of government. Also included within this program are construction-related transfers.

Highway construction projects are classified as Preservation, Modernization, and Expansion/Enhancement.

**Preservation.** This program includes maintenance activities completed by contract staff with selection based on statewide need and includes the Priority Bridge program, which replaces or rehabilitates substandard bridges.

**Modernization.** The projects in this program are designed to improve the safety and service of the existing roadway system by bringing it up to current design standards. Projects include widening or adding shoulders, flattening hills, or removing curves in a road.

**Expansion/Enhancement.** This program is designed to improve safety, relieve congestion, improve access, and enhance economic development. This includes corridor improvements, bypass construction, and interchange/separation improvements. The projects must be on the State Highway System or a logical addition to the State Highway System.

| <b>CONSTRUCTION</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                       |                         |                         |                         |                         |
|-------------------------------------------------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Item                                                                    | Actual<br>FY 2017     | Agency Est.<br>FY 2018  | Gov. Rec.<br>FY 2018    | Agency Est.<br>FY 2019  | Gov. Rec.<br>FY 2019    |
| <b>Expenditures:</b>                                                    |                       |                         |                         |                         |                         |
| Salaries and Wages                                                      | \$ 43,384,768         | \$ 46,008,825           | \$ 46,008,825           | \$ 46,884,029           | \$ 46,884,029           |
| Contractual Services                                                    | 48,938,987            | 78,449,504              | 78,449,504              | 70,089,429              | 70,089,429              |
| Commodities                                                             | 1,945,667             | 1,153,942               | 1,153,942               | 1,322,744               | 1,322,744               |
| Capital Outlay                                                          | 1,005,085             | 1,542,789               | 1,542,789               | 1,545,553               | 1,545,553               |
| Debt Service                                                            | 87,802,402            | 89,323,530              | 89,323,530              | 94,065,011              | 94,065,011              |
| Subtotal - Operations                                                   | \$ 183,076,909        | \$ 216,478,590          | \$ 216,478,590          | \$ 213,906,766          | \$ 213,906,766          |
| Aid to Local Units                                                      | 0                     | 0                       | 0                       | 0                       | 0                       |
| Other Assistance                                                        | 0                     | 0                       | 0                       | 0                       | 0                       |
| Capital Improvements                                                    | 487,490,964           | 390,510,184             | 390,510,184             | 446,963,067             | 446,963,067             |
| Reportable Exp.                                                         | \$ 670,567,873        | \$ 606,988,774          | \$ 606,988,774          | \$ 660,869,833          | \$ 660,869,833          |
| Non-Reportable Exp.                                                     | 179,864,851           | 406,590,674             | 406,590,674             | 432,630,821             | 432,630,821             |
| <b>TOTAL</b>                                                            | <b>\$ 850,432,724</b> | <b>\$ 1,013,579,448</b> | <b>\$ 1,013,579,448</b> | <b>\$ 1,093,500,654</b> | <b>\$ 1,093,500,654</b> |
| <b>Financing:</b>                                                       |                       |                         |                         |                         |                         |
| State General Fund                                                      | \$ 0                  | \$ 0                    | \$ 0                    | \$ 0                    | \$ 0                    |
| All Other Funds                                                         | 850,432,724           | 1,013,579,448           | 1,013,579,448           | 1,093,500,654           | 1,093,500,654           |
| <b>TOTAL</b>                                                            | <b>\$ 850,432,724</b> | <b>\$ 1,013,579,448</b> | <b>\$ 1,013,579,448</b> | <b>\$ 1,093,500,654</b> | <b>\$ 1,093,500,654</b> |
| FTE Positions                                                           | 660.0                 | 656.3                   | 656.3                   | 656.3                   | 656.3                   |

The **agency** requests revised FY 2018 reportable operating expenditures totaling \$607.0 million, all from special revenue funds, for the Construction program. This amount includes operations expenditures totaling \$216.5 million and capital improvements totaling \$390.5 million for the Construction program. Operations expenditures are an all funds increase of \$16.1 million, or 8.0 percent, above the amount approved by the 2017 Legislature, and primarily occur within contractual services (\$11.3 million) and debt service (\$5.4 million). Capital improvements

expenditures are an increase of \$117.8 million, or 43.2 percent, above the amount approved by the 2017 Legislature. The agency notes this includes additional preservation spending as part of new bonding authorized by the 2017 Legislature, additional local construction projects, and increased contractual engineering services in the Local Construction subprogram. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's revised estimate includes expenditures of \$46.0 million, all from special revenue funds, to fund 656.3 FTE positions in FY 2018. This is an all funds decrease of \$507,542, or 1.1 percent, and a decrease of 3.8 FTE positions below the approved budget by the 2017 Legislature. Primary decreases occur in unclassified temporary pay (\$2.2 million), classified regular pay (\$1.9 million), classified overtime pay (\$366,540), and group health and hospitalization payments (\$154,684). These decreases are partially offset by an increase in expenditures for unclassified regular pay (\$4.2 million);
- **Contractual Services.** The agency's revised estimate includes expenditures of \$78.4 million, all from special revenue funds, in FY 2018. This is an all funds increase of \$11.3 million, or 16.8 percent, above the amount approved by the 2017 Legislature. Primary expenditure increases occur in architects and engineers (\$11.5 million), meals and lodging (\$68,105), and private vehicle miles (\$25,400). These expenditure increases are partially offset by expenditure decreases primarily in in-state meals and lodging (\$284,183), private in-state vehicle miles (\$61,030), and intergovernmental local communications services operations (\$10,051). The agency notes this increase is largely due to increased contractual engineering services in the Local Construction subprogram;
- **Commodities.** The agency requests expenditures of \$1.2 million, all from special revenue funds, in FY 2018. This is an all funds decrease of \$80,431, or 6.5 percent, below the amount approved by the 2017 Legislature. Primary expenditure decreases occur in gasoline expenditures (\$58,558) and stationery and office supplies expenditures (\$6,033);
- **Capital Outlay.** The agency requests expenditures of \$1.5 million, all from special revenue funds, in FY 2018. This is all funds increase of \$5,400, or 0.4 percent, above the amount approved by the 2017 Legislature;
- **Debt Service Interest.** The agency requests expenditures of \$89.3 million, all from special revenue funds, in FY 2018. This is an all funds increase of \$5.4 million, or 6.4 percent, above the amount approved by the 2017 Legislature. This increase is due to the agency's FY 2018 debt issuance of \$200.0 million to provide for rehabilitation and repair expenditures, as approved by the 2017 Legislature;
- **Capital Improvements.** The agency requests expenditures of \$390.5 million, all from special revenue funds, in FY 2018. This is an all funds increase of \$117.8 million, or 43.2 percent, above the amount approved by the 2017 Legislature. Primary expenditure increases occur in highway bridge construction contracts (\$112.1 million), land and interest in land (\$2.6 million), and highway bridge utility adjustments (\$2.1 million). The agency notes this includes additional preservation spending as part of new bonding authorized by the 2017 Legislature, and additional local construction projects; and

- **Non-reportable Expenditures.** The agency requests expenditures of \$406.6 million, all from special revenue funds, in FY 2018 for inter-fund transfers (\$405.2 million) and traffic control expenditures for the Highway Patrol (\$1.4 million).

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

The **agency** requests revised FY 2019 reportable operating expenditures totaling \$660.9 million, all from special revenue funds, for the Construction program. This amount includes operations expenditures totaling \$213.9 million and capital improvements totaling \$447.0 million for the Construction program. Operations expenditures are an all funds increase of \$25.9 million, or 13.8 percent, above the amount approved by the 2017 Legislature, and primarily occur within contractual services (\$11.3 million) and debt service (\$15.0 million). Capital improvements expenditures are a decrease of \$98.0 million, or 18.0 percent, below the amount approved by the 2017 Legislature. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$46.9 million, all from special revenue funds, to fund 656.3 FTE positions for FY 2019. The request is an all funds decrease of \$333,863, or 0.7 percent, and a decrease of 3.8 FTE positions below the budget approved by the 2017 Legislature. Primary expenditure decreases occur in unclassified temporary pay (\$2.2 million); old age, survivor, and disability insurance (\$2.1 million); classified regular pay (\$1.9 million); and classified overtime pay (\$420,484). These decreases are partially offset by increases in expenditures for unclassified regular pay (\$4.2 million) and Medicare expenditures (\$2.0 million);
- **Contractual Services.** The agency requests expenditures of \$70.1 million, all from special revenue funds, for FY 2019. The request is an increase of \$11.3 million, or 19.3 percent, above the amount approved by the 2017 Legislature. The primary expenditure increase occurs in architects and engineers (\$11.5 million). This increase is offset partially by a decrease primarily in expenditures for in-state meals and lodging (\$211,949). The agency notes this increase is largely due to increased contractual engineering services in the Local Construction subprogram;
- **Commodities.** The agency requests expenditures of \$1.3 million, all from special revenue funds, for FY 2019. The request is a decrease of \$80,543, or 5.7 percent, below the amount approved by the 2017 Legislature. The primary expenditure decreases occur in gasoline (\$59,338), stationery and office supplies (\$8,679), professional and scientific supplies—other (\$5,336), other vehicle parts and supplies (\$3,331), and highway iron (\$2,500);
- **Capital Outlay.** The agency requests expenditures of \$1.5 million, all from special revenue funds, for FY 2019. The request is an increase of \$28,699, or 1.9 percent, above the amount approved by the 2017 Legislature. The primary increase is in expenditures for microcomputer equipment (\$36,039) and software (\$4,600). These decreases are offset partially by a decrease in expenditures for software non-capital (\$14,300);
- **Debt Service Interest.** The agency requests expenditures of \$94.1 million, all from special revenue funds, for FY 2019. This is an all funds increase of \$15.0 million, or 19.0 percent, above the amount approved by the 2017 Legislature. This increase is due to the FY 2018 debt issuance of \$200.0 million and the anticipated issuance of an additional \$200.0 million authorized by the 2017 Legislature;

- **Capital Improvements.** The agency requests expenditures of \$447.0 million, all from special revenue funds, for FY 2019. This request is a decrease of \$98.0 million, or 18.0 percent, below the amount approved by the 2017 Legislature. The primary expenditure decrease occurs in highway bridge construction contracts (\$108.1 million). This decrease is partially offset by increases in land and interest in land (\$6.0 million) and highway bridge utility adjustments (\$4.2 million). The agency states this reduction is primarily due to reducing expenditures to account for the \$200.0 million in additional bonding for FY 2019 that the was approved by the 2017 Legislature; and
- **Non-reportable Expenditures.** The agency's FY 2019 budget includes \$432.6 million, all from special revenue funds, for inter-fund transfers (\$431.1 million) and traffic control expenditures for the Highway Patrol (\$1.4 million).

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

## ***F. Debt Service***

This section details principal, interest, and administrative costs related to bond debt for the Kansas Department of Transportation. These expenditures are included as part of the Construction program; the following table is provided as a breakout for additional detail on debt service expenditures.

Total outstanding transportation programs debt in FY 2018 totals \$2.04 billion. This amount is comprised of \$1.375 billion from T-WORKS Program issuance as of October 2017 and \$0.669 billion outstanding from the prior Comprehensive Transportation Program (CTP). The agency's budget anticipates paying off outstanding CTP debt for FY 2024.

Senate Sub. for HB 2002 (2017) included the following provisions in FY 2018 and FY 2019: Authorized the issuance of bonds not to exceed \$400.0 million, in total, over the course of FY 2018 and FY 2019, at the discretion of the Secretary of Transportation. This authorization was provided outside of the 18.0 percent annual bond debt service expenditures to annual projected state highway fund revenues cap restriction that was part of the original T-WORKS Program debt issuance provisions. The legislation also set the limit on total allowable debt issuance for the T-WORKS Program at \$1.70 billion. The agency's revised budget estimate includes the issuance of \$200.0 million of the newly provided bonding authority in FY 2018, and anticipates issuing the remaining \$200.0 million for FY 2019. The current total debt issuance for the T-WORKS program listed above (\$1.375 billion), includes the October issuance of the first \$200.0 million (\$425.0 million under the T-WORKS debt issuance cap).

| <b>DEBT SERVICE</b><br><b>SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b> |                       |                        |                       |                        |                       |
|-------------------------------------------------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item                                                                    | Actual<br>FY 2017     | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018  | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019  |
| <b>Expenditures:</b>                                                    |                       |                        |                       |                        |                       |
| Debt Service Interest                                                   | \$ 87,802,402         | \$ 89,323,530          | \$ 89,323,530         | \$ 94,065,011          | \$ 94,065,011         |
| Debt Service Principal                                                  | 107,310,000           | 108,285,000            | 108,285,000           | 116,635,000            | 116,635,000           |
| Administrative Costs                                                    | 901,837               | 660,000                | 660,000               | 660,000                | 660,000               |
| <b>TOTAL</b>                                                            | <b>\$ 196,014,239</b> | <b>\$ 198,268,530</b>  | <b>\$ 198,268,530</b> | <b>\$ 211,360,011</b>  | <b>\$ 211,360,011</b> |
| <b>Financing:</b>                                                       |                       |                        |                       |                        |                       |
| State General Fund                                                      | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  |
| All Other Funds                                                         | 196,014,239           | 198,268,530            | 198,268,530           | 211,360,011            | 211,360,011           |
| <b>TOTAL</b>                                                            | <b>\$ 196,014,239</b> | <b>\$ 198,268,530</b>  | <b>\$ 198,268,530</b> | <b>\$ 211,360,011</b>  | <b>\$ 211,360,011</b> |

The **agency** requests a revised FY 2018 estimate of debt service expenditures totaling \$198.3 million, all from special revenue funds, in FY 2018.

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

The **agency** requests a FY 2019 estimate of debt service expenditures totaling \$211.4 million, all from special revenue funds, for FY 2019.

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

## CAPITAL IMPROVEMENTS

KDOT maintains approximately 968 buildings, composing more than 2.8 million square feet. Structures include 211 primary buildings housing KDOT and Highway Patrol personnel, offices, shops, and labs; 757 support structures functioning as chemical, equipment, and materials storage buildings; and 39 Safety Rest Areas throughout the state.

| CAPITAL IMPROVEMENTS - BUILDING PROJECTS |                        |                      |                        |                      |
|------------------------------------------|------------------------|----------------------|------------------------|----------------------|
| Project                                  | Agency Est.<br>FY 2018 | Gov. Rec.<br>FY 2018 | Agency Est.<br>FY 2019 | Gov. Rec.<br>FY 2019 |
| Rehabilitation and Repair                | \$ 4,043,711           | \$ 4,043,711         | \$ 3,740,000           | \$ 3,740,000         |
| Re-roof Buildings—Various Locations      | 891,190                | 891,190              | 1,025,818              | 1,025,818            |
| Subarea Modernization—Various Locations  | 3,704,932              | 3,704,932            | 4,128,728              | 4,128,728            |
| Remote Chemical Storage Bunkers          | 79,303                 | 79,303               | 81,447                 | 81,447               |
| Chemical Storage Facilities              | 0                      | 0                    | 242,574                | 242,574              |
| Purchase Land—Various Locations          | 5,696                  | 5,696                | 45,000                 | 45,000               |
| <b>TOTAL</b>                             | <b>\$ 8,724,832</b>    | <b>\$ 8,724,832</b>  | <b>\$ 9,263,567</b>    | <b>\$ 9,263,567</b>  |
| <b>Financing:</b>                        |                        |                      |                        |                      |
| State Highway Fund                       | \$ 8,724,832           | \$ 8,724,832         | \$ 9,263,567           | \$ 9,263,567         |
| All Other Funds                          | 0                      | 0                    | 0                      | 0                    |
| <b>TOTAL</b>                             | <b>\$ 8,724,832</b>    | <b>\$ 8,724,832</b>  | <b>\$ 9,263,567</b>    | <b>\$ 9,263,567</b>  |

**FY 2018 – Current Year.** The **agency** requests a revised FY 2018 estimate of building expenditures totaling \$8.7 million, all from the State Highway Fund. This is an increase of \$924,449, or 11.9 percent, above the amount approved by the 2017 Legislature. The revised estimate includes \$4.7 million for projects and \$4.0 million for rehabilitation and repair. The agency states this increase is due to reappropriations for projects that were delayed from the previous fiscal year. The agency notes it utilizes the state architect and staff, and that priority for projects is given to those projects funded by the State General Fund and are subject to lapsing. Additionally, the agency notes that zoning and regulations can affect the progress of a project. The agency's revised FY 2018 estimate includes: 1) estimated re-roofing expenditures for ten locations; 2) subarea bay modernizations for three locations; 3) building two remote chemical storage bunkers; and 4) land purchases totaling \$5,696, all from the State Highway Fund.

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

**FY 2019 – Budget Year.** The **agency** requests a revised FY 2019 estimate of building expenditures totaling \$9.3 million, all from the State Highway Fund. This is no change from the amount approved by the 2017 Legislature. The request includes \$5.5 million for projects and \$3.7 million for rehabilitation and repair. The agency's revised FY 2019 estimate includes: 1) estimated re-roofing expenditures for ten locations; 2) subarea bay modernizations for three locations; 3) building two remote chemical storage bunkers; 4) land purchases totaling \$45,000; and 5) building one chemical storage facility in Sublette, Kansas.

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

## **State Funding Sources**

The Kansas Department of Transportation receives revenue into the State Highway Fund from a number of sources. Three notable state sources of funding include: motor fuels taxes, the sales tax direct deposit, and vehicle registration fees. A history of revenue generated from these three sources from FY 2000 to FY 2019 request are included in the following table.

**Motor Fuels Taxes.** Motor fuels taxes are generated on a number of fuel types, including gasoline and gasohol, diesel, E-85, liquified petroleum, and other special fuels. The current fuel tax on gasoline is 24¢ per gallon and the current tax on diesel is 26¢ per gallon.

**Sales and Compensating Use Tax Direct Deposit.** With the passage of 2015 House Sub. for SB 270, the sales and compensating use tax, as of July 1, 2015, was increased from 6.150 percent to 6.500 percent. The State Highway Fund received a direct deposit of 16.226 percent of this tax in FY 2016, and is set to receive 16.154 percent for FY 2017.

**Vehicle Registration and Licensing Fees.** The State Highway Fund receives revenues from vehicle registration and licensing fees on commercial class vehicles and commercial endorsements. These include the following:

- Type A — truck / tractor, trailer / semitrailer, and truck and trailer / semitrailer combinations weighing more than 26,000 pounds;
- Type B — trucks weighing more than 26,000 pounds;
- Type C — trucks weighing 26,000 pounds or less, farm trucks, cars, and passenger vehicles; and
- Type M — motorcycle licenses.

As part of the enhanced revenues for the T-WORKS program, Heavy Truck Registration increased \$100 in FY 2013 and was estimated to generate \$132.0 million over the life of the program.



| STATE FUNDING SOURCES FY 2000-FY 2019 ESTIMATE<br>(IN THOUSANDS) |                     |                                   |                                         |                                 |                     |  |
|------------------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------------|---------------------------------|---------------------|--|
| Fiscal Year                                                      | Motor Fuels Tax     | Sales Tax<br>Transfer<br>Received | Revised Sales<br>Tax Direct<br>Deposit* | Vehicle<br>Registration<br>Fees | Totals              |  |
| 2000 Actual                                                      | \$ 356,069          | \$ 62,240                         | \$ 88,598                               | \$ 134,289                      | \$ 641,196          |  |
| 2001 Actual                                                      | 356,399             | 51,709                            | 89,241                                  | 132,439                         | 629,788             |  |
| 2002 Actual                                                      | 371,201             | 94,288                            | 91,611                                  | 132,969                         | 690,069             |  |
| 2003 Actual                                                      | 408,119             | 0                                 | 89,369                                  | 146,306                         | 643,794             |  |
| 2004 Actual                                                      | 420,353             | 0                                 | 90,137                                  | 149,369                         | 659,859             |  |
| 2005 Actual                                                      | 422,760             | 0                                 | 93,353                                  | 154,108                         | 670,221             |  |
| 2006 Actual                                                      | 424,666             | 0                                 | 98,914                                  | 155,834                         | 679,414             |  |
| 2007 Actual                                                      | 430,547             | 0                                 | 158,393                                 | 163,047                         | 751,987             |  |
| 2008 Actual                                                      | 427,808             | 0                                 | 273,293                                 | 162,100                         | 863,201             |  |
| 2009 Actual                                                      | 417,771             | 0                                 | 268,740                                 | 162,655                         | 849,166             |  |
| <b>CTP TOTAL</b>                                                 | <b>\$ 4,035,693</b> | <b>\$ 208,237</b>                 | <b>\$ 1,341,649</b>                     | <b>\$ 1,493,116</b>             | <b>\$ 7,078,695</b> |  |
| 2010 Actual                                                      | \$ 421,071          | \$ 0                              | \$ 259,445                              | \$ 166,178                      | \$ 846,694          |  |
| 2011 Actual                                                      | 432,730             | 0                                 | 292,641                                 | 167,386                         | 892,757             |  |
| 2012 Actual                                                      | 431,549             | 0                                 | 312,358                                 | 166,316                         | 910,223             |  |
| 2013 Actual                                                      | 411,852             | 0                                 | 319,382                                 | 186,962                         | 918,196             |  |
| 2014 Actual                                                      | 433,806             | 0                                 | 485,458                                 | 201,051                         | 1,120,315           |  |
| 2015 Actual                                                      | 436,058             | 0                                 | 511,724                                 | 208,935                         | 1,156,717           |  |
| 2016 Actual                                                      | 447,300             | 0                                 | 517,698                                 | 204,363                         | 1,169,361           |  |
| 2017 Actual                                                      | 454,808             | 0                                 | 514,510                                 | 211,159                         | 1,180,477           |  |
| 2018 Estimate*                                                   | 454,498             | 0                                 | 525,006                                 | 211,000                         | 1,190,504           |  |
| 2019 Estimate*                                                   | 459,198             | 0                                 | 534,639                                 | 211,000                         | 1,204,837           |  |

\*2018 and 2019 revised estimates are based upon projections provided by the November 2017 consensus revenue estimating process.

| PERFORMANCE MEASURES                                                                                      |                          |                   |                      |                      |
|-----------------------------------------------------------------------------------------------------------|--------------------------|-------------------|----------------------|----------------------|
| Measure                                                                                                   | Gov. Rec.<br>for FY 2017 | Actual<br>FY 2017 | Gov. Rec.<br>FY 2018 | Gov. Rec.<br>FY 2019 |
| <b>Administration and Transportation Planning:</b>                                                        |                          |                   |                      |                      |
| Percent of bridges on the state highway system in "good" condition (goal: above 70.0 percent)             | 86.0%                    | 76.0%             | 75.0%                | 74.0%                |
| Percent of non-interstate miles on the state highway system that are classified as "good" or "acceptable" | 88.0%                    | 90.0%             | 90.0%                | 89.0%                |
| Number of modernization miles programmed                                                                  | 3                        | 3                 | 25                   | 24                   |
| Number of preservation miles programmed                                                                   | 2,392                    | 1,348             | 1,669                | 1,590                |
| Number of preservation bridges programmed                                                                 | 175                      | 33                | 50                   | 65                   |
| <b>Transportation Planning &amp; Modal Support</b>                                                        |                          |                   |                      |                      |
| Annual ridership for rural public transportation operations                                               | 2,978,579                | 2,978,579         | 3,003,482            | 3,014,633            |
| Average number of days to complete a road safety audit                                                    | 450                      | 180               | 210                  | 210                  |
| Injuries per hundred million vehicle miles                                                                | 46                       | 56                | 55                   | 54                   |
| Number of accidents related to alcohol                                                                    | 2,200                    | 2,100             | 2,050                | 2,000                |
| <b>Local Support:</b>                                                                                     |                          |                   |                      |                      |
| Number of programmed local road and street projects contracted in the programmed year                     | 190                      | 160               | 190                  | 190                  |
| <b>Maintenance:</b>                                                                                       |                          |                   |                      |                      |
| Percent of lane miles of connecting links maintained                                                      | 70.0%                    | 73.0%             | 71.0%                | 71.0%                |
| Percent of shoulder miles on the state highway system that are repaired                                   | 33.0%                    | 33.0%             | 34.0%                | 34.0%                |
| Lane miles of state highway system repaired                                                               | 1,300                    | 1,498             | 1,385                | 1,385                |
| <b>Construction:</b>                                                                                      |                          |                   |                      |                      |
| Number of project miles designed                                                                          | 48                       | 8                 | 11                   | 18                   |
| Number of bridge projects designed                                                                        | 27                       | 8                 | 34                   | 34                   |
| Number of preservation projects                                                                           | 247                      | 142               | 237                  | 244                  |
| Number of preservation miles resurfaced                                                                   | 1,987                    | 894               | 1,216                | 1,140                |
| Number of bridges repaired and repainted                                                                  | 137                      | 14                | 26                   | 28                   |